

STAR ALLIANCE 

AIR NEW ZEALAND 

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

Investor presentation
28 August 2026

Annual Results 2026





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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 financial statements and Five-Year Statistical Review contained in the 2026 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 39 for a glossary of the key terms used in this presentation.

Contents

2026 Highlights

2026 Financial Performance

Outlook

Supplementary Information



2026 Highlights

Nikhil Ravishankar – Chief Executive Officer



2026 was a year of rebuilding our fleet, demonstrating operational resilience and setting Our Future strategy

Financial performance was significantly and adversely impacted by **high fuel prices** resulting from the Middle East conflict and by engine availability issues

Through the extraordinary efforts of our people across the airline, we delivered a significant **step-change in operational performance**, with on-time performance and customer satisfaction reaching strong levels by the end of 2026

Engine availability improved late in the financial year. Residual risks remain but the airline enters 2027 in a considerably more reliable fleet position

Continuing to build momentum on underlying cost management and profit improvement – delivered \$94m of incremental transformation benefits in 2026 and identified an additional ~\$135m of annualised savings, to accrue from 2027

We reset our strategy around three strategic pillars; customer first, targeted growth, and resilient and future fit, to deliver sustainable returns to shareholders over time



2026 year in review

External forces impacted earnings but we delivered improvements in operational performance



\$336m loss before taxation Compared to earnings before taxation of \$164m¹ in 2025

~\$465m adverse impact to 2026 earnings before tax
Engine issues ~\$190m², net fuel price impact ~\$135m and \$139m³ higher aircraft maintenance costs

\$94m of incremental transformation benefits

\$6.1b passenger revenue
up 4.8% on 2025

ASKs up 1.3%

Return of grounded aircraft offset by capacity response to elevated fuel prices

RASK up 3.4%

Increased yield in response to higher fuel prices on constrained capacity

Passenger Load Factor
83.7% up 0.3pts on 2025

16.0m passengers flown
up 0.6% on 2025

On-time Performance³
84.0% H2 2026, up 6.5pts from 2025

Customer satisfaction
84.5 H2 2026, up 0.9pts from 2025

> 5.4m loyalty members
Up 8.3% on 2025

AirlineRatings.com
Seven Star PLUS
safety-rated airline 2026

1. 2025 earnings before taxation restated. Refer to Note 27 of the 2026 Group financial statements.

2. 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.

3. Total maintenance cost year on year increase was \$144 million, including FX.

4. On-time performance (OTP) refers to 'A15', which is an industry-standard measure of arrivals within 15 minutes of scheduled arrival time.

Return of grounded aircraft means the airline ends 2026 in a materially better place than when it started



The airline is focused on mitigating residual risk and unwinding engine availability related costs



- Last of the 787s returned from long-term storage in June 2026, expect up to 2 x A320/1neos to be AOG through 2027
- Of the four short-term leased aircraft used in 2026, one has been returned, one is being returned now, and the remaining two in 2028
- Renegotiating new compensation terms with Rolls-Royce and Pratt & Whitney
- While grounded aircraft are returned from long-term storage, there will still be residual risks and costs to work through, but the airline enters 2027 in a considerably more reliable fleet position

1. Aircraft On Ground or "Grounded Aircraft". Presented in this slide as aircraft grounded solely as a result of the engine issues. Does not include 2 aircraft currently in maintenance and retrofit.
2. Teal indicates aircraft on ground; purple indicates aircraft available.

Te Pae Hou | Our Future: delivering against three strategic priorities

Customer first

- Safe, reliable and punctual
- Unique Kiwi service and innovative products
- Deliver smarter, more relevant offers

What we are doing now

- Granular, clean-sheet schedule implementation
- Fine tune premium service, product and lounges
- Investment in new aircraft and interior product
- Further improve disruption management
- Dual Koru lounge proposition
- Deliver transition to offer order / NDC (Next Gen retailing)
- Shift from above-the-line to precision marketing

Delivered to Date

84.0%

H2 2026 OTP¹
(+6.5pts vs. 2025)

84.5

H2 2026 CSAT
(+0.9pts vs. 2025)

9 / 14

787 retrofits complete;
the balance by end of
November 2026

Up to 20%

CASK efficiency²
from new/returning fleet

\$94 million

**incremental
transformation benefits;**
Additional \$135 million
annualised cost savings
identified

#1

**Randstad NZ #1 most
attractive employer**
for three consecutive
years (2023 - 2025) and
nine times overall

Targeted growth

- Targeted, profitable network growth
- Loyalty transformation and partner expansion
- Revenue diversification

What we are doing now

- Pivot to inbound premium leisure growth
- New 787s and A321neos – fit for mission
- Strengthen hub advantage and alliance network
- Grow SME market share
- Optimise inbound tourism to domestic network
- Regional connectivity and partnerships
- Maximise flight-adjacent revenue growth
- Continue loyalty partner expansion

Resilient and future fit

- Cost transformation
- Financially sustainable regional network
- Delivering on our capital management metrics

What we are doing now

- Cost out and labour productivity programmes
- Engineering and maintenance team transformation
- Unwind of cost inefficiencies as fleet returns
- New deliveries to drive superior operating economics
- Rephase 787 aircraft deliveries
- Restore capital management metrics post fuel crisis
- Advocacy and bilateral airport negotiations

1. On-time performance (OTP) refers to 'A15', which is an industry-standard measure of arrivals within 15 minutes of scheduled arrival time.
2. Relative unit economics of A321neo vs. A320ceo and of 787 vs. 777-300ER depends on sector flown and fuel price, among other factors.



Key customer metrics improved in 2026

Investment in the customer proposition, operating reliability and in our people are delivering positive customer results

	2025	H2 2026	H2 2026 vs 2025
On-time performance ¹	77.5%	84.0%	 +6.5pts
Customer satisfaction ("CSAT")	83.6	84.5	 +0.9pts
Controllable cancellations	2.2%	1.3%	 +0.9pts

- On-time performance finished the year with continued momentum, at 84.0% in the second half of the year, up from 77.5% in 2025
- Granular, clean-sheet schedule implementation
- Commenced the Next Gen Kiosk rollout and a new and improved web check-in
- Successfully trialled Starlink on the domestic network
- Improved disrupt self-service for customers, empowering customers to find a new flight that suits them best
- Continued introduction of retrofitted aircraft, with Business Premier +3% CSAT higher than the previous product

1. On-time performance (OTP) refers to 'A15', which is an industry-standard measure of arrivals within 15 minutes of scheduled arrival time.

Higher inbound volumes across international markets. New Zealand outbound and domestic demand remains soft



ASIA

- Higher inbound passenger fares from across Asia
- Premium cabin mix and revenue growth in Q4 driving elevated RASK
- Softer cargo volumes through 2026, with improved yields

Passengers	(0.6%)
ASKs	(4.3%)
Load factor change	+2.8 pts
RASK ²	+12.1%

TASMAN & PACIFIC ISLANDS

- Solid passenger growth, underpinned by strong inbound Australian demand across 2026
- Capacity growth through delivery of two new A321neo leased aircraft in the past 2 years

Passengers	+5.2%
ASKs	+7.7%
Load factor change	(1.4 pts)
RASK ²	(0.1%)

NORTH AMERICA

- Flat inbound passenger demand from North America
- Sales from New Zealand remained soft, impacted by weak NZD
- Softer cargo volume through 2026, with improved yields

Passengers	+0.4%
ASKs	+1.1%
Load factor change	(0.5 pts)
RASK ²	+1.6%

PRODUCT MIX

Premium cabin revenue growth	+14%
Economy cabin revenue growth	+3%
Ancillary revenue	+12%

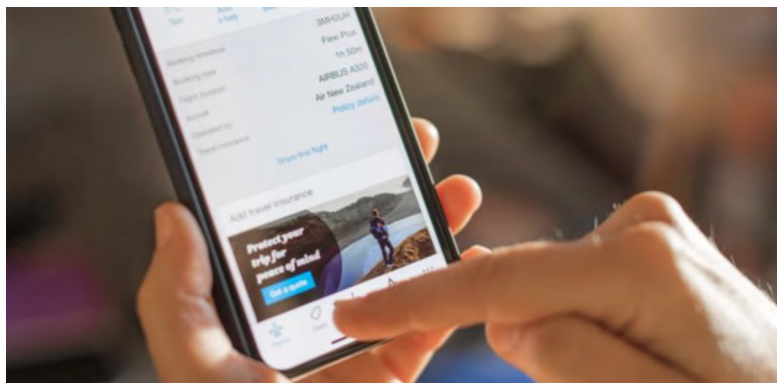
NEW ZEALAND DOMESTIC

- Reduced passenger demand offset by increased yield in response to increased fuel price
- Capacity management to match demand, with up-gauging being explored on routes with strong demand

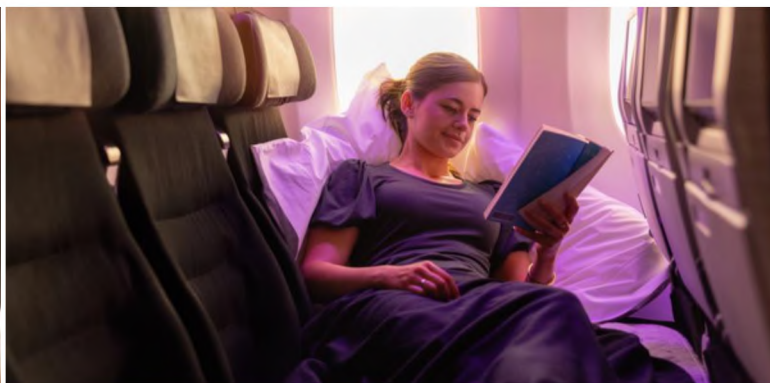
Passengers	(0.9%)
ASKs	+0.5%
Load factor change	+0.2 pts
RASK ²	0.2%

1. Figures represent year-on-year change in 2026 compared to 2025.
2. RASK is excluding FX and unused customer credit breakage.

Transformation initiatives delivered an incremental \$94 million of benefits in 2026



Next Generation revenue management across the full network



Direct Ancillary buy-ups



Contact Centre efficiencies, including the roll out of Live Chat



Koru programme transformation



Automated disrupt rebooking system



Cargo Revenue Management transformation

2026 Financial Performance

Richard Thomson – Chief Financial Officer (outgoing)

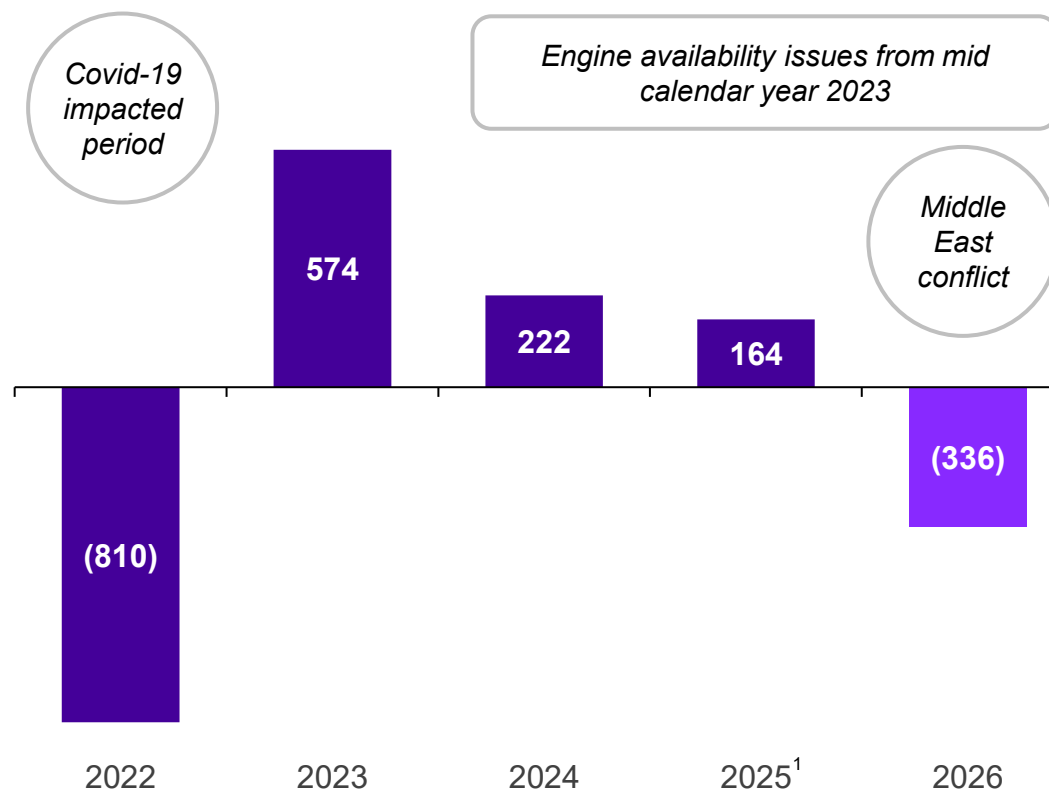


Financial summary



- **Operating revenue \$7.0 billion**, up 3.9% on prior year
- **Passenger revenue \$6.1 billion**, up 4.8% on prior year
- **Cargo revenue \$484 million**, down 0.6% on prior year
- **Loss before taxation \$336 million**, compared to profit before tax of \$164 million in 2025¹
- **Net loss after taxation \$242 million**, compared to net profit after tax of \$108 million in 2025¹
- **Liquidity \$1.6 billion**² (2025: \$1.7 billion) and just above the target range of \$1.2 billion to \$1.5 billion.
- **Operating cashflow \$819 million**, compared to \$940 million in 2025
- **Net Debt to EBITDA 3.8x** (2025: 1.2x)¹
- No final dividend in line with Capital Management Framework

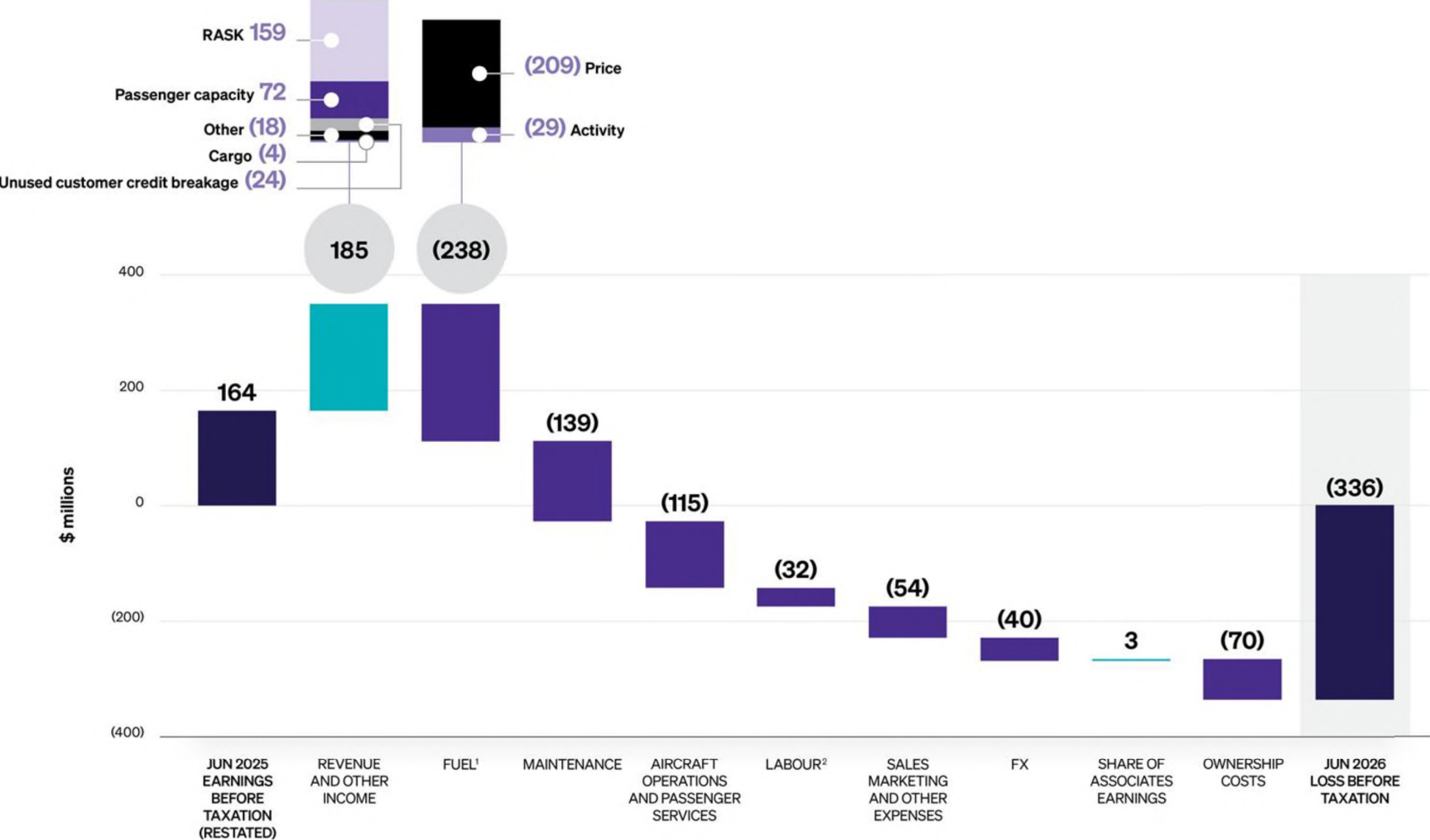
Earnings/(Loss) Before Taxation
(\$ millions)



1. 2025 earnings before taxation restated. Refer to Note 27 of the 2026 Group financial statements.

2. Includes \$989 million cash and \$604 million in undrawn funds under revolving facilities..

Profitability waterfall



Additional commentary

- Revenue and Other Income includes a \$39m unfavourable movement in engine-related compensation received; \$65m in 2026 compared to \$104m in 2025
- Non-fuel costs saw moderate price inflation, with the exception of aviation system costs which increased more significantly
- Maintenance costs increased due to lifecycle maintenance and additional maintenance costs on leased engines
- This graph includes benefits of the \$94 million transformation initiatives

1. Refer to Slide 35 for further details on fuel cost movement.
 2. Full-time equivalent staff levels were broadly flat at ~11,700.

~\$465m adverse impact to 2026 earnings before taxation due to global engine issues, Middle East conflict and timing of lifecycle maintenance costs



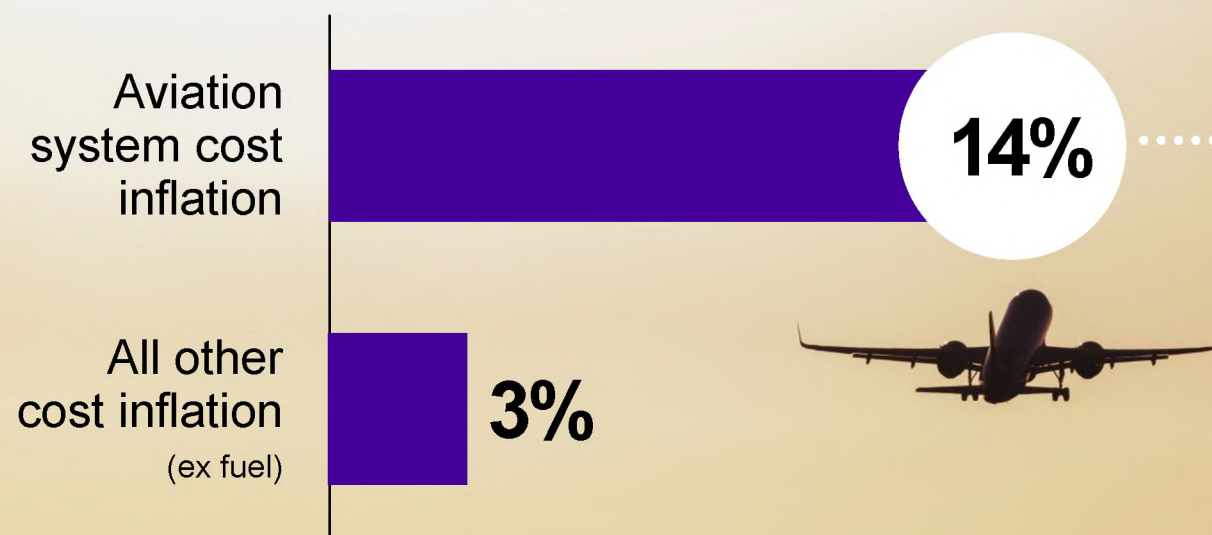
Engine issues	~\$190m Additional costs due to engine issues and delays (net of compensation received)	Continuing engine issues resulted in additional lease cost, reduced capacity and lost scale economies, partially offset by compensation received.	
Middle East conflict and fuel price crisis	\$205m fuel price impact net of hedging	~\$70m fuel price mitigation actions	Jet fuel costs increased from US\$88/barrel in 2025 to US\$111/barrel in 2026. Compared to H2 forecast, earnings before tax was adversely impacted by ~\$135m.
Aircraft maintenance costs	\$139m Higher costs due to increased activity, timing of lifecycle maintenance events, and additional maintenance on leased engines	2026 was a peak year for aircraft maintenance. We expect maintenance costs to be \$50m to \$100m lower in 2027 than in 2026.	



While general inflation is moderating, aviation system costs - most importantly airport charges - continue to increase



Aviation system costs continue to rise faster than general inflation



Air New Zealand's exposure to these charges was \$142 million higher in 2026¹

6.8% System-wide landing charge inflation

5.8% Air navigation charges

92% CAA safety and AvSec security levies

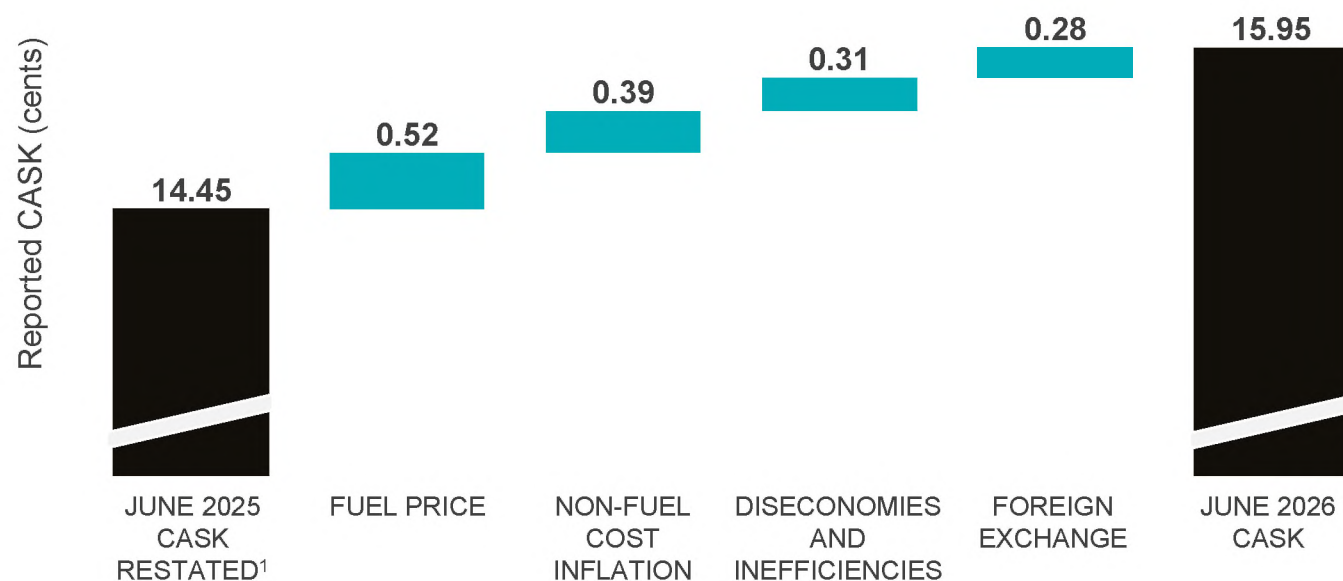
15% International passenger charges and levies²

The significant increase in AvSec and passenger levies is not expected to repeat in 2027, but landing charges are expected to continue running well ahead of CPI.

1. Aviation system costs increased \$142 million in 2026 compared to 2025, including a \$83 million increase in direct costs in the Air New Zealand income statement, and \$59 million increase in passenger charges and levies paid by customers and therefore impacting demand.

2. These charges and levies are not recognised as costs in the Air New Zealand financial statements, but are costs payable by customers.

Unit cost impacted by fuel price, fleet constraints and continued price pressure across the aviation ecosystem



- **Reported CASK increased 10.4%**, largely due to increased jet fuel price and inefficiencies associated with fleet constraints.
- **Underlying CASK increased 4.8%**, excluding the impact of fuel price and FX, primarily due to:
 - Non-fuel operating cost inflation of ~4.4% across the cost base
 - Increased maintenance activity, representing 0.32c/ASK of CASK increase
 - Increased aircraft operations and passenger services pricing and activity, representing 0.23c/ASK of CASK increase

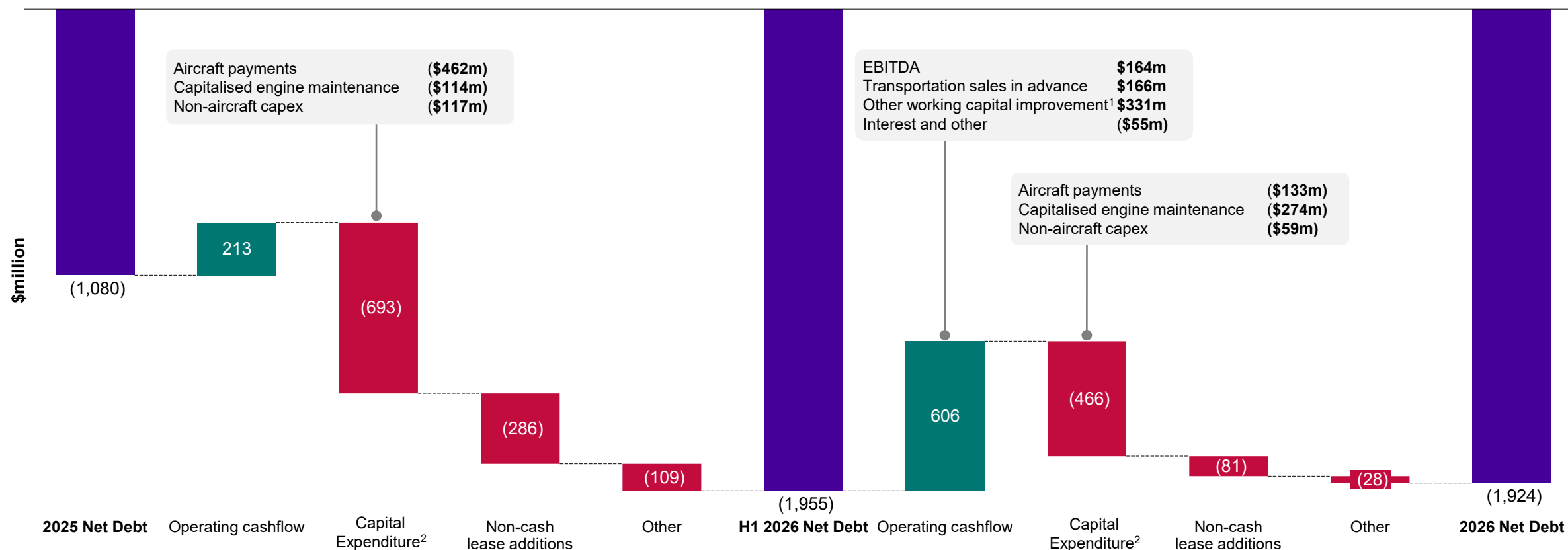
1. 2025 has been restated. Refer to Note 27 of the 2026 Group financial statements.

Net debt increased in H1 2026 but was relatively flat in H2 2026, despite the impact of the elevated fuel prices on earnings



H1 2026
(\$875m)

H2 2026
+\$31m



¹ Excludes non-cash working capital movements.

² Capital expenditure is primarily acquisition of property, plant and equipment, right-of-use assets and intangibles from the 2026 Group Statement of Cash Flows.

Outlook

Nikhil Ravishankar – Chief Executive Officer

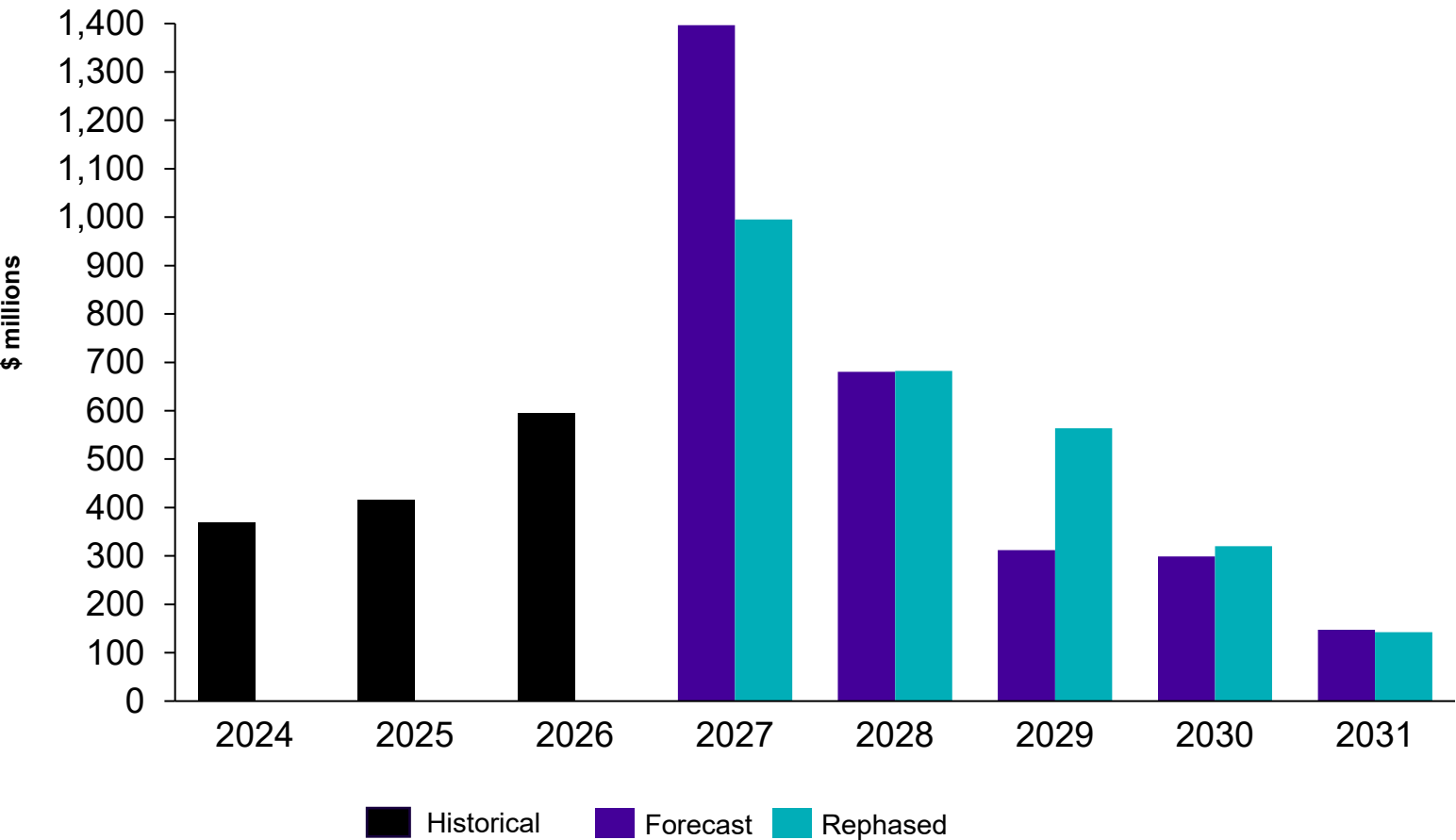
Kris Cudmore – Chief Financial Officer



Fleet investment update



Actual and forecast aircraft capital expenditure¹



1. Includes progress payments on aircraft and aircraft improvements (e.g. refurbishment); excludes engine maintenance. Refer to Slide 38 for fleet delivery table. Assumes NZD/USD FX rate of 0.59.
2. Based on expected delivery dates, not contractual delivery dates.

- Forecast investment of **~\$2.7 billion** in aircraft and associated assets through to 2031²
 - We are in active negotiations with Boeing to rephase the delivery profile of 787 aircraft, smoothing the capital investments to support capacity growth
 - There are further deliveries beyond 2031
- Chart includes the cost of interior retrofit of 14 existing 787 aircraft and refresh of seven 777 aircraft
 - **Estimated remaining cost of ~\$200 million** for both programmes over the next ~2 years
 - 787 retrofit **completed by end of calendar year 2026**
 - First 777 cabin refresh starting **early calendar year 2027**
- In 2027 we expect incremental depreciation of between \$110 million to \$130 million, driven largely by 787 retrofit and new 787 deliveries.

Capacity set to recover in 2027



In 2026 we were still operating at ~10% below pre-Covid capacity and passenger levels, but slightly up on 2025.

Looking forward to 2027, capacity will partially recover with the return of the majority of historically grounded aircraft with improving inbound demand and strong international forward bookings.

Sector	ASKs (million)	2026		2027	Capacity Outlook Commentary
		vs. 2025	vs. 2019 (pre-Covid)	estimated % growth	
Domestic	6,439	+1%	(9%)	(2%) to 0%	- H1 2027 impacted by tactical fuel-related capacity reductions - Expected delivery of 2 x new A321 in H2 2027
Tasman and Pacific Islands	12,454	+8%	2%	+3% to +5%	- New 787 deliveries in Q2 and return to service of grounded widebody aircraft in Q3 - New routes: Christchurch to Perth and Auckland to Western Sydney operating from October 2026
International long-haul	22,153	(2%)	(17%)	+2% to +4%	- Return of grounded widebody aircraft available for service and 2 new 787 deliveries in 2027 787 retrofit completed by Nov 2026 and rollout of 777 refresh - New routes: Christchurch to Tokyo and Singapore. Increased capacity Auckland to Singapore and Auckland to Taipei - H1 will be affected by tactical fuel-related reductions, including changes from 777 to 787 - Strong inbound forward bookings for next 6 months.
Group Capacity	41,046	+1%	(11%)	+2% to +4%	

~60% hedged against Brent Crude oil price and USD for 2027



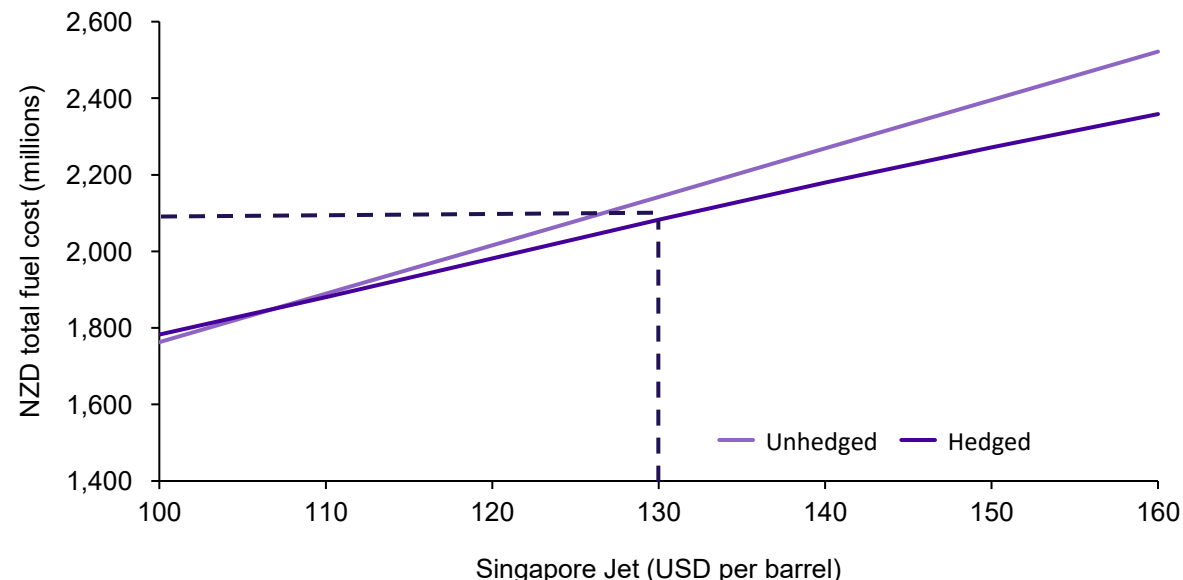
Fuel hedging

- Mostly hedged in Brent Crude with ~20% overlay of Crack spread swaps to mitigate some basis risk in H1 2027
- Brent is predominantly hedged with collar structures, with a small layer of calls
- Assuming an average jet fuel price of ~US\$130 per barrel for 2027 (Brent ~US\$80 per barrel and Crack ~US\$50 per barrel) fuel cost would be ~\$2.1 billion¹
- 2027 hedges cover ~60% of estimated volumes of ~8.3 million barrels²

Foreign exchange hedging

- US dollar is ~60% hedged for 2027 at NZD/USD ~0.59

2027 Fuel cost sensitivity^{1, 2, 3}



1. Includes cost of carbon and the associated hedging portfolio, in addition to SAF purchases.
2. As at 14 Aug 2026.
3. Assumes NZD/USD rate of 0.59. Scenarios assume US\$5 barrel move in Brent and US\$5 barrel move in Crack.

Fuel hedge position ²		
Period	Hedged volume (in barrels)	% Brent Crude hedged
H1 2027	3,280,000	80
H2 2027	1,620,000	38

2027 Outlook



Prior to the Middle East conflict, the airline would have expected, in its central case, to return to profitability in the 2027 financial year, reflecting the underlying improvements in the business.

Given the continued uncertainty surrounding the conflict, the volatility of jet fuel prices, and with jet fuel currently around US\$150 per barrel, the airline is not in a position to provide earnings guidance for the 2027 financial year at this time.

Excluding fuel, the major factors that impacted the 2026 financial result are expected to continue to have some impact in the 2027 financial year, albeit to a lesser extent:

- Disruption from engine availability is reducing substantially as aircraft return to service. However, there remains an estimated financial impact of between \$70 million to \$90 million in 2027 from a combination of extraordinary costs related to the engine issues and the recovery of our engines in the middle of a fuel crisis.
- We expect maintenance costs to be \$50 million to \$100 million lower in 2027 than in 2026.
- Aviation system costs continue to rise well above inflation, with airport charges expected to increase by upwards of 10 percent at some ports during the 2027 financial year.

The airline expects the 2027 financial year to be both a transition and recovery year, with operational performance continuing to improve even as elevated fuel prices weigh on profitability. We also expect the range of initiatives we have implemented in response to the currently elevated fuel cost will contribute to offsetting a larger portion of the elevated cost of fuel compared to the prior year.

We are seeing encouraging inbound demand, with strong forward bookings into New Zealand. This is a positive signal for tourism and for the country more broadly. New Zealand remains a highly desirable destination, and our investment in our onboard product and unique Kiwi hospitality puts Air New Zealand in a strong position to bring more international visitors to our shores.

We remain focused on executing our strategic priorities, improving financial performance and positioning the airline for long-term sustainable returns.

AIR NEW ZEALAND 

Thank you

A STAR ALLIANCE MEMBER 

Supplementary Information



Key capital management metrics



	30 Jun 2026	30 Jun 2025	Capital management targets ¹
Gross debt ²	(3,188)	(2,838)	
Cash, restricted deposits and net open derivatives ²	1,264	1,758	
Net debt ²	(1,924)	(1,080)	
Gross debt/EBITDA	6.2x	3.0x	
Net debt/EBITDA	3.8x	1.2x	Net Debt to EBITDA ratio of 1.5x to 2.5x
Gearing	53.3%	35.9%	
Return on invested capital (ROIC) ³	(7.8)%	7.3%	ROIC above pre-tax WACC
Total liquidity ²	1,593	1,686	\$1.2 billion to \$1.5 billion
Moody's rating	Baa1 negative (investment grade)	Baa1 stable (investment grade)	Investment grade
Shareholder distributions	No dividends declared	1.25 cps interim and 1.25 cps final unimputed ordinary dividends	Ordinary dividend payout ratio of 40% to 70% of net profit after taxation (NPAT) ⁴

1. Refer to Slide 37 for more information on the Capital Management Framework.

2. In \$ millions.

3. Operating earnings before finance costs and taxation divided by the average capital employed.

4. NPAT is calculated on a rolling twelve-month basis.

Financial overview



	Jun 2026 \$M	Jun 2025 \$M	Movement \$	Movement %
Operating revenue	7,016	6,755	261	3.9%
(Loss) / earnings before taxation	(336)	164	(500)	(305%)
Net (loss) / profit after taxation	(242)	108	(350)	(324%)
Operating cash flow	819	940	(121)	(13%)
Cash position	989	1,436	(447)	(31%)
Ordinary dividends declared	-	2.50 cps	(2.50) cps	(100%)

Group performance metrics



	Jun 2026	Jun 2025	Movement ¹ %
Passengers carried ('000s)	16,010	15,907	0.6%
Available seat kilometres (ASKs, millions)	41,046	40,501	1.3%
Revenue passenger kilometres (RPKs, millions)	34,346	33,769	1.7%
Load factor	83.7%	83.4%	0.3 pts
Passenger revenue per ASKs as reported (RASK, cents)	14.9	14.4	3.4%
Passenger revenue per ASKs, excluding FX (RASK, cents)	14.8	14.4	2.2%
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents) ²	14.7	14.4	2.6%

1. Calculation based on numbers before rounding.

2. This is RASK excluding \$11 million in unused customer flexibility credit breakage (June 2025: \$35 million) which has been recognised within passenger revenue.

Domestic



	Jun 2026	Jun 2025	Movement ¹ %
Passengers carried ('000s)	10,048	10,142	(0.9%)
Available seat kilometres (ASKs, millions)	6,439	6,409	0.5%
Revenue passenger kilometres (RPKs, millions)	5,351	5,311	0.8%
Load factor	83.1%	82.9%	0.2 pts
Passenger revenue per ASKs as reported (RASK, cents)	30.1	30.1	0.3%
Passenger revenue per ASKs, excluding FX (RASK, cents)	30.0	30.1	(0.2%)
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents) ²	30.0	29.9	0.2%

1. Calculation based on numbers before rounding.

2. This is RASK excluding \$3 million in unused customer flexibility credit breakage (June 2025: \$10 million) which has been recognised within passenger revenue.

Tasman & Pacific Islands



	Jun 2026	Jun 2025	Movement ¹ %
Passengers carried ('000s)	4,041	3,840	5.2%
Available seat kilometres (ASKs, millions)	12,454	11,562	7.7%
Revenue passenger kilometres (RPKs, millions)	10,657	10,055	6.0%
Load factor	85.6%	87.0%	(1.4) pts
Passenger revenue per ASKs as reported (RASK, cents)	13.3	13.3	0.5%
Passenger revenue per ASKs, excluding FX (RASK, cents)	13.2	13.3	(0.6%)
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents) ²	13.1	13.2	(0.1%)

1. Calculation based on numbers before rounding.

2. This is RASK excluding \$4 million in unused customer flexibility credit breakage (June 2025: \$11 million) which has been recognised within passenger revenue.

International long-haul



	Jun 2026	Jun 2025	Movement ¹ %
Passengers carried ('000s)	1,921	1,925	(0.2%)
Available seat kilometres (ASKs, millions)	22,153	22,530	(1.7%)
Revenue passenger kilometres (RPKs, millions)	18,338	18,403	(0.4%)
Load factor	82.8%	81.7%	1.1 pts
Passenger revenue per ASKs as reported (RASK, cents)	11.4	10.6	7.5%
Passenger revenue per ASKs, excluding FX (RASK, cents)	11.2	10.6	5.7%
Passenger revenue per ASKs excluding FX and unused credit breakage (RASK, cents) ²	11.2	10.6	6.1%

1. Calculation based on numbers before rounding.

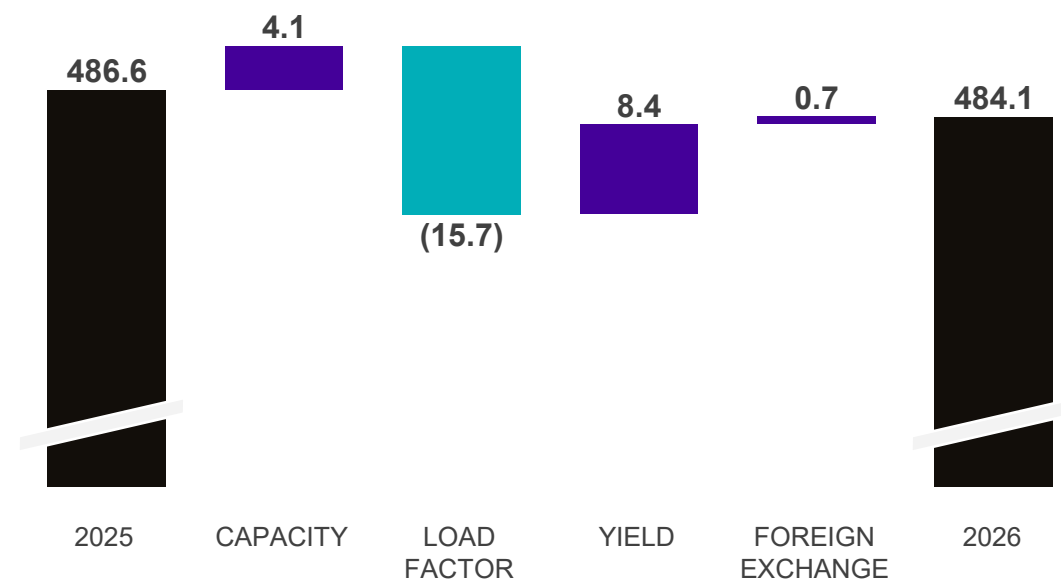
2. This is RASK excluding \$4 million in unused customer flexibility credit breakage (June 2025: \$14 million) which has been recognised within passenger revenue.

Cargo performance



- Cargo revenue of **\$484 million**, down 0.6% on the prior year. Key drivers include:
 - Increased capacity on Asia and Tasman sectors driven by operating 777s on these routes, and additional Pacific long-haul schedule, partly offset by a reduction in Japan capacity.
 - Lower load factors, primarily on the Tasman, with capacity growth outpacing demand.
 - International cargo yield improved, supported by fuel cost pass through introduced in March 2026 in response to higher fuel prices.

Cargo revenue
(\$ millions)



Global engine issues and delays impacted financial performance by ~\$190 million



~\$295 million

Impact on earnings before tax excluding compensation¹

Including lost revenue, WAMOS lease cost, poor aircraft operating economics, additional ownership costs, loss of scale and operating inefficiencies

Compensation received²

\$105 million



~\$190 million

Net impact on earnings before tax¹

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.
2. Refer to Slide 34 for breakdown of where compensation has been reflected in the 2026 Group financial statements.

Compensation summary



Air New Zealand has entered into agreements with several manufacturers to compensate for the impact of engine shortages on the business. Compensation recognised in the Statement of Financial Performance arising from these agreements has been reflected in the following line items:

	June 2026 \$M	June 2025 ¹ \$M	Movement \$M
Other revenue and income	65	104	(39)
Fuel	-	2	(2)
Maintenance	4	3	1
Other expenses	8	3	5
Depreciation and amortisation	26	16	10
Finance costs	2	1	1
Total compensation received from manufacturers	105	129	(24)

1. \$22 million of the \$129 million prior year compensation amount relates to other periods.

The Middle East conflict had a material impact on earnings in the second half



Additional commentary

\$million	H2 2026 Fuel Cost Forecast (Feb 2026)	H2 2026 Actual Fuel Cost	Movement
Fuel cost	741	1,069	+328
Hedging (gains)/losses	18	(105)	(123)
H2 2026 fuel cost	759	964	+205
Mitigations			(70)
H2 2026 Net Impact			+135

- At the time of Interim Results (Feb 2026) when full year guidance provided, jet fuel price was US\$85/barrel. Compared to the Interim Results guidance statement, fuel costs were \$205 million higher than expected.
- Updated guidance provided in May 2026 was based on an assumed average jet fuel price of ~US\$145/barrel for H2 2026. Compared to the May 2026 updated guidance, fuel costs were \$16 million lower than expected.
- Mitigations include fare price increases and selective capacity reductions, alongside increased bookings through Air New Zealand for travel to Europe via Asia and the US to avoid the Middle East.



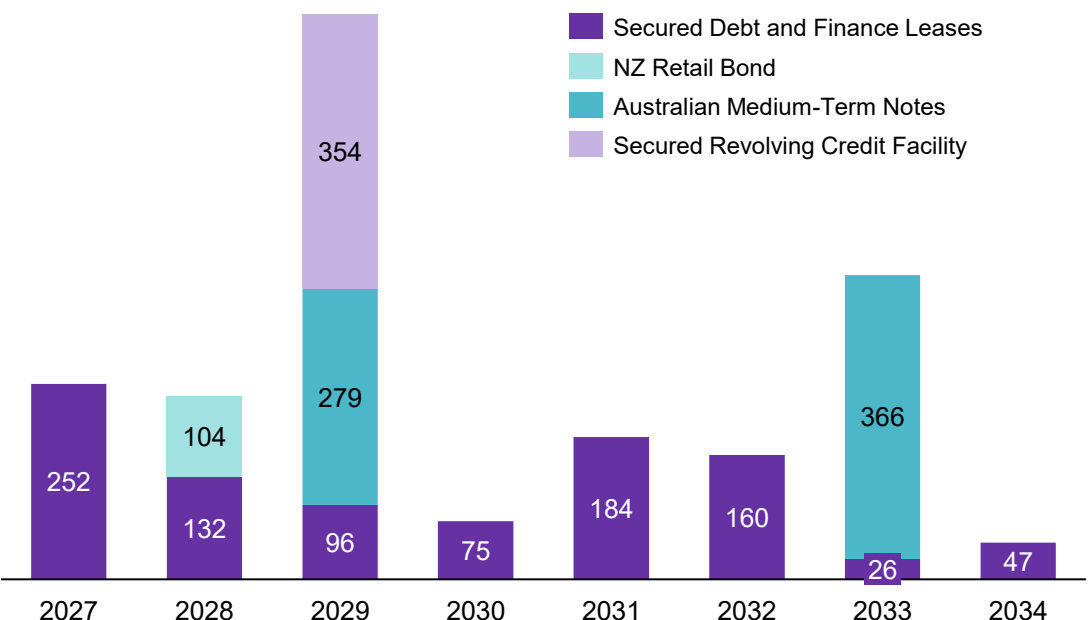
Debt structure and maturity profile

46 unencumbered aircraft at 30 Jun 2026

- Market value of unencumbered aircraft ~\$1.9 billion¹
- In addition, equity headroom of ~\$2.1 billion¹ in aircraft pledged as security within debt facilities
- 15 aircraft were encumbered during H2 2026 in connection with a drawdown under the new secured revolving credit facility

777-300ER		3x
787-9		2x
A320/321neo		6x
A320ceo		5x
ATR72-600		7x
Q300		23x

Debt maturity profile at 30 Jun 2026² (\$ millions)



1. Excludes spare engine assets and operating leases (leases without a purchase option). Aircraft valuations based on Aircraft Value Analysis Company Limited (AVAC) as at 30 June 2026. Aircraft valuations are subject to market conditions, aircraft condition, FX rates, technology advancement and other factors. Aircraft values are in USD and converted to NZD at June 2026 balance sheet rate of 0.5650. Foreign currency denominated debt outstanding as at 30 June 2026 and converted to NZD at balance sheet rates (JPY: 91.50, EUR: 0.4950).

2. Debt maturity profile excludes operating leases. Finance leases are lease liabilities without purchase options. Operating leases are lease liabilities without purchase options.

Capital Management Framework



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)
- Return excess capital via special dividends or share buybacks

Growth capex

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

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.

Fleet profile – as at 30 June 2026



	Aircraft	Engines	Number in Fleet	Average Age ¹ (Years)	Expected Delivery Dates – Financial Year				
					2027	2028	2029	2030	2031
International	777-300ER	 GE90	Core fleet: 7 Short-term leased: 3	14.2 14.5	-	-	-	-	-
	787-9 ³	 Trent 1000 (GE engines for deliveries from 2027)	14	9.8	2	2	2	1	-
	A321neo (short-haul)	 PW1100	9	5.9	-	-	2	-	-
	A320neo (short-haul)	 PW1100	6	6.3	-	-	-	-	-
Domestic	A321neo (domestic)	 PW1100	5	3.1	2	-	-	-	-
	A320ceo (domestic)	 V2500	17	12.4	-	-	-	-	-
	ATR72-600	 PW127	31	8.8	-	-	-	-	-
	Q300	 PW123	23	19.4	-	-	-	-	-
TOTAL			112 ²	10.3 ²	4	2	4	1	-

1. Total fleet average age is seat weighted. This includes aircraft currently grounded due to engine maintenance delays.

2. This excludes short-term leased aircraft.

3. New Boeing 787 deliveries expected from 2027 to 2033 will be a mix of 787-9 and 787-10 aircraft.

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 net 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 Group financial statements and Five-Year Statistical Review contained in the 2026 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.



Find information on Air New Zealand

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>

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AIR NEW ZEALAND 

A STAR ALLIANCE MEMBER 

Stock exchange listings: New Zealand (NZX: AIR) / Australia (ASX: AIZ) / ADR (OTC: ANZLY)

28 August 2026

Air New Zealand announces 2026 annual results

Financial Summary

- Loss before taxation of \$336 million
- Net loss after taxation of \$242 million
- Total revenue of \$7.0 billion, up 3.9% on 2025
- Passenger revenue of \$6.1 billion, up 4.8% on 2025
- Operating cash flow of \$819 million, compared with \$940 million in 2025
- ASK capacity up 1.3% across the network as aircraft returned to service, partly offset by capacity reductions as the airline responded to unprecedented, elevated fuel prices
- Result largely driven by increased fuel prices, the ongoing impact of multi-year engine availability issues, lifecycle maintenance costs and additional maintenance costs on leased engines, and aviation system costs rising at a rate well above inflation
- No final dividend declared, in line with the airline's Capital Management Framework

Air New Zealand today announced a loss before taxation of \$336 million for the 2026 financial year, compared with earnings before taxation of \$164 million¹ in the prior year. The result is slightly better than the guidance range provided to the market in May 2026. Net loss after taxation was \$242 million.

The result was primarily driven by four factors:

- **Jet fuel prices:** The Middle East conflict increased fuel cost by an estimated \$328 million compared to what we expected going into the second half, and by \$205 million after hedging, with an estimated \$135 million impact on the pre-tax result after fare adjustments and capacity reductions.
- **Engine availability:** Ongoing Rolls-Royce Trent 1000 and Pratt & Whitney PW1100 engine issues impacted the result by an estimated \$190 million² through lost capacity, additional lease and engine costs, lower fleet utilisation and operating inefficiencies.
- **Aviation system costs:** New Zealand aviation costs have risen at more than twice the rate of inflation since 2019. Air New Zealand and our customers' share of these aviation system charges across New Zealand and the offshore ports we fly to, was \$1.2 billion in 2026, a price increase of \$142 million on 2025. Of this, approximately \$720 million was recognised as a cost in our financial statements in 2026, a price increase of approximately \$83 million compared to 2025.

¹ 2025 earnings before taxation restated. Refer to Note 27 of the 2026 Group financial statements.

² 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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- **Maintenance:** 2026 was a peak aircraft maintenance year, with an increase of \$139 million, excluding foreign exchange, compared to 2025, driven by lifecycle maintenance costs and additional maintenance costs on leased engines.

Air New Zealand Chair Dame Therese Walsh said this year's result is representative of the significant external pressures the business has faced in the last financial year.

"The Board and management have a well-defined plan to rebuild a financially resilient and commercially sustainable national airline, underpinned by our new strategy, *Te Pae Hou - Our Future*.

"As the national airline, our success is closely connected to New Zealand's success. By strengthening our business and positioning Air New Zealand for sustainable growth, our strategy reset will enable us to play an even greater role in supporting tourism, exports and New Zealand's long-term economic prosperity," said Dame Therese.

Air New Zealand Chief Executive Officer Nikhil Ravishankar said the airline had responded decisively to prolonged engine constraints and the sharp increase in fuel prices, while continuing to improve the customer experience and operational performance of the airline.

"It's been a very challenging year for aviation, and our financial result reflects these challenges. Given the price sensitivity of air travel, airlines globally have not been able to recover the full increase in fuel costs. We took quick and decisive action through fare adjustments and capacity reductions to balance affordability for customers and maximise recovery and will continue to do so.

"However, we are making real progress on what we can control, including improving our on-time performance from 77.5 percent in 2025 to 84.0 percent in the second half of the financial year, alongside an improvement in customer satisfaction.

"These are very significant improvements and have been the result of a detailed operational and resilience-driven review of our schedule that included a focused programme of initiatives across our team, and the rollout of new digital tooling in support of operational communication and decision making. We continue to invest in this area with a goal of being one of the top 5 airlines in the world for reliable and punctual operations.

"We have also taken decisive action to simplify parts of the organisation and evolve our operating model, including restructuring across a number of areas to reduce duplication, sharpen accountability and improve productivity. We have retrofitted 9 out of 14 of our Boeing 787 fleet – and the new interior product is resonating very well with customers. The remaining 787 fleet fit-out will be completed by November this year, slightly ahead of schedule.

"Additionally, after several years of disruption, the engine challenges that have constrained our network are now substantially behind us. Our teams have worked relentlessly with Rolls-Royce and Pratt & Whitney to return grounded aircraft to service earlier than expected, with aircraft availability improving by the end of the financial year. There are still residual risks and costs to work through, but we enter 2027 in a considerably more reliable fleet position.

"This progress matters, but there is still work to be done. We are making deliberate choices on capacity and taking a disciplined approach to both our costs and our capital. Our focus now is on

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translating the operational momentum we have built into stronger and more sustainable financial performance,” said Mr Ravishankar.

2026 financial performance

Passenger revenue increased 4.8 percent from the prior year to \$6.1 billion.

Capacity increased 1.3 percent across the network compared with the prior year as grounded aircraft returned to service, partly offset by capacity reductions in response to elevated fuel prices resulting from the Middle East conflict in the second half. Group Revenue per Available Seat Kilometre (RASK) increased 3.4 percent across the network as the airline managed fares and capacity in an effort to recover the impact of higher fuel prices.

Cargo revenue declined 0.6 percent to \$484 million, as higher fuel costs affected freight demand and customers managed their operations and volumes in response to increased freight costs.

Operating costs increased 11.8 percent, primarily reflecting an increase in fuel costs compared with the prior year. While fuel prices declined four percent in the first half of the financial year compared to the same period last year, this was more than reversed by a sharp 58 percent increase in the second half compared to the same period last year. Jet fuel prices averaged US\$111 per barrel in the 2026 financial year, compared with US\$88 per barrel in 2025.

Non-fuel operating costs increased 10.0 percent, or \$438 million, driven by lifecycle maintenance costs and additional engine maintenance costs on leased engines, and aviation system costs increasing at more than twice the rate of inflation since 2019.

In response, the airline has delivered \$94 million in incremental transformation benefits in 2026. An additional \$135 million annualised savings, including direct and indirect costs, have been identified, which will accrue from the 2027 financial year to reduce the overall cost base and offset expected inflation. This includes the \$100 million previously disclosed in May and this work is ongoing.

Te Pae Hou - Our Future Strategy

In June, Air New Zealand launched *Te Pae Hou - Our Future*, setting out the airline’s ambition to be the world’s most respected airline and three clear strategic priorities.

Mr Ravishankar said: “Our purpose is to enrich our country by connecting New Zealanders to each other and New Zealand to the world. Delivering on that purpose means being clear about where we focus, where we invest and how we create enduring value.”

- **Customer First** - providing safe, reliable and punctual service for our customers, delivering unique Kiwi service and innovative products, and increasing customer reach and sales with smarter, more relevant offers.
- **Targeted Growth** - targeting profitable network growth, transforming our loyalty programme in line with industry leading practice, and diversifying our revenue streams.
- **Resilient and Future Fit** - continuing the cost transformation programme, developing a financially sustainable regional network and delivering on our capital management metrics.

“A stronger Air New Zealand is good for New Zealand. Our focus is on building an airline that can

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grow sustainably, invest with confidence and continue to support the tourism, trade and connections that support New Zealand's long-term economic growth," said Mr Ravishankar.

Outlook

Prior to the Middle East conflict, the airline would have expected, in its central case, to return to profitability in the 2027 financial year, reflecting underlying improvements in the business.

Given the continued uncertainty surrounding the conflict, the volatility of jet fuel prices, and with jet fuel currently around US\$150 per barrel, the airline is not in a position to provide earnings guidance for the 2027 financial year at this time.

Excluding fuel, the major factors that impacted the 2026 financial result are expected to continue to have some impact in the 2027 financial year, albeit to a lesser extent:

- Disruption from engine availability is reducing substantially as aircraft return to service. However, there remains an estimated financial impact of between \$70 million to \$90 million in 2027 from a combination of continuing lease commitments related to engine issues and available aircraft not able to be fully utilised due to the fuel crisis.
- We expect aircraft maintenance costs to be \$50 million to \$100 million lower than in 2026.
- Aviation system costs continue to rise well above inflation, with airport charges expected to increase by upwards of 10 percent at some ports during the 2027 financial year.

The airline expects the 2027 financial year to be both a transition and recovery year, with operational performance continuing to improve even as elevated fuel prices weigh on profitability. We also expect the range of initiatives we have implemented in response to the currently elevated fuel cost will contribute to offsetting a larger portion of the elevated cost of fuel compared to the prior year.

Mr Ravishankar said, "We are seeing encouraging inbound demand, with strong forward bookings into New Zealand. This is a positive signal for tourism and for the country more broadly. New Zealand remains a highly desirable destination, and our investment in our onboard product and unique Kiwi hospitality puts Air New Zealand in a strong position to bring more international visitors to our shores.

"We remain focused on executing our strategic priorities, improving financial performance and positioning the airline for long-term sustainable returns."

The airline will provide a more detailed update on its strategy and medium-term financial objectives at an Investor Day later this year.

Ends

This announcement is authorised for release on the NZX and ASX by Jennifer Page, General Counsel & Company Secretary.

For investor relations queries, please contact:
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+64 21 274 1001

For media enquiries, please contact:
Air New Zealand Communications
media@airnz.co.nz
+64 21 747 320

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 2026	
Previous Reporting Period	12 months to 30 June 2025	
Currency	New Zealand dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$7,016,000	3.9%
Total Revenue	\$7,016,000	3.9%
Net loss from continuing operations	\$(242,000)	(324.1)%
Total net loss	\$(242,000)	(324.1)%
Final Dividend (NZ\$)		
Amount per Quoted Equity Security	The Board has resolved not to declare a 2026 final dividend	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	
	Current Period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.47	\$0.57
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to market release, Annual Report, Annual Financial Statements and Results Presentation.	
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 2026	

Audited financial statements accompany this announcement.

FULL YEAR RESULTS ANNOUNCEMENT

AIR NEW ZEALAND LIMITED

Full Year Ended 30 June 2026 (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).

No dividends were declared in respect of the 2026 financial year.

A final dividend in respect of the 2025 financial year of 1.25 cents per Ordinary Share was paid on 25 September 2025. No imputation credits were attached to the dividends and no supplementary dividends were paid to non-resident shareholders.

	NZ Cents per Share	\$NZm
Distributions recognised		
Final dividend for 2025 financial year on Ordinary Shares	1.25	41
Distributions paid		
Final dividend for 2025 financial year on Ordinary Shares	1.25	41

(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	47	55

(g) Commentary on the results

(i) (ii)

	Measurement	Current Year	Previous Year
Basic and diluted earnings per share	NZ cents per share	(7.4)	3.2
Returns to shareholders (also see section (d) above)			
Interim dividend on Ordinary Shares	\$NZ'm	–	42
Final dividend on Ordinary Shares	\$NZ'm	41	51

(iii) Significant features of operating performance:

Refer to the market 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	4,117	4,140
Australia and Pacific Islands	914	809
Asia, United Kingdom and Europe	1,011	931
America	974	875
Total Operating revenue	7,016	6,755

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.

(v) Discussion of trends in performance

Refer to the market release.

(vi) The Issuer's dividend 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 market 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 2026.

A handwritten signature in black ink, appearing to read 'T Walsh', written in a cursive style.

Dame Therese Walsh
Chair



Climate Statement 2026



Contents

About this Climate Statement	02	Governance	25
1.1 Reporting entity	02	4.1 Role of Board and Management	25
1.2 Statement of compliance	02	4.2 Board skills and competencies	25
1.3 Forward-looking statements and the uncertainty inherent in climate change	02	4.3 Board oversight of climate-related metrics and targets	25
1.4 Enquiries	02		
Strategy	03	Risk Management	26
2.1 Transition plan	03	5.1 Air New Zealand's enterprise risk management approach	26
2.2 Current climate-related impacts	09		
2.3 Material climate-related risks	10	Appendices	28
2.4 Capital deployment	14	6.1 Appendix A: Details of scenario analysis	28
2.5 Scenario analysis	15	6.2 Appendix B: Glossary	28
		6.3 Appendix C: Greenhouse gas emissions inventory	30
Metrics and Targets	18	Assurance	36
3.1 Targets used to manage climate-related risks and opportunities	18	7.1 Assurance report	36
3.2 Metrics relevant to all entities	19		



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 2026. 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 2026 Consolidated Financial Statements.

1.2 Statement of compliance

These climate-related disclosures comply with the Aotearoa New Zealand Climate Standards (NZ CS) 1, 2, and 3 issued by the External Reporting Board.

In preparing this Climate Statement in its third reporting year, the Group has elected to use the following adoption provision outlined in NZ CS 2:

- Adoption provision 2 - Anticipated financial impacts.

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

This Climate Statement contains forward-looking statements, including climate-related metrics, climate scenarios, estimated climate projections, targets, assumptions, judgements, forecasts, and statements of the Group's future intentions. These forward-looking statements, as well as the judgements, assessments, methodologies and models the Group has used in relation to the airline's current understanding of climate-related matters, will continue to evolve as the Group's access to, and understanding of, climate-related information and data improves. The Group has sought to provide accurate disclosures as at publication and a reasonable basis for forward-looking statements but is constrained by the novel and developing nature of this subject matter and cautions reliance being placed on representations that are necessarily subject to significant risks, uncertainties, and/or assumptions.

Descriptions of the qualitative and quantitative current and anticipated impacts and financial impacts of climate change draw on and/or represent estimated figures only. This Climate Statement reflects the Group's current strategy, which remains subject to change in response to evolving market conditions, regulatory developments

and financial circumstances. There are many factors that could cause Air New Zealand's actual results, performance, or achievement of climate-related metrics (including targets) to differ materially from that described, including economic and technological viability, as well as climatic, government, consumer, and market factors outside of Air New Zealand's control. Uncertainties and assumptions that relate specifically to Air New Zealand's targets are provided in section 3.1 of this Climate Statement.

The greenhouse gas (GHG) inventory included in this Climate Statement is based on estimates prepared using the methodologies, assumptions, emission factors and third-party data available at the reporting date. GHG accounting remains an evolving discipline, and these methodologies, assumptions, emission factors and data sources may change over time as standards develop and data quality improves.

To the maximum extent permitted by law, Air New Zealand and its subsidiaries, directors, officers, employees and contractors shall not be liable for any loss or damage arising in any way from or in connection with any information provided or omitted as part of this Climate Statement. The airline does not accept any liability whatsoever for any loss arising directly or indirectly from any use of the information contained in this Climate Statement.

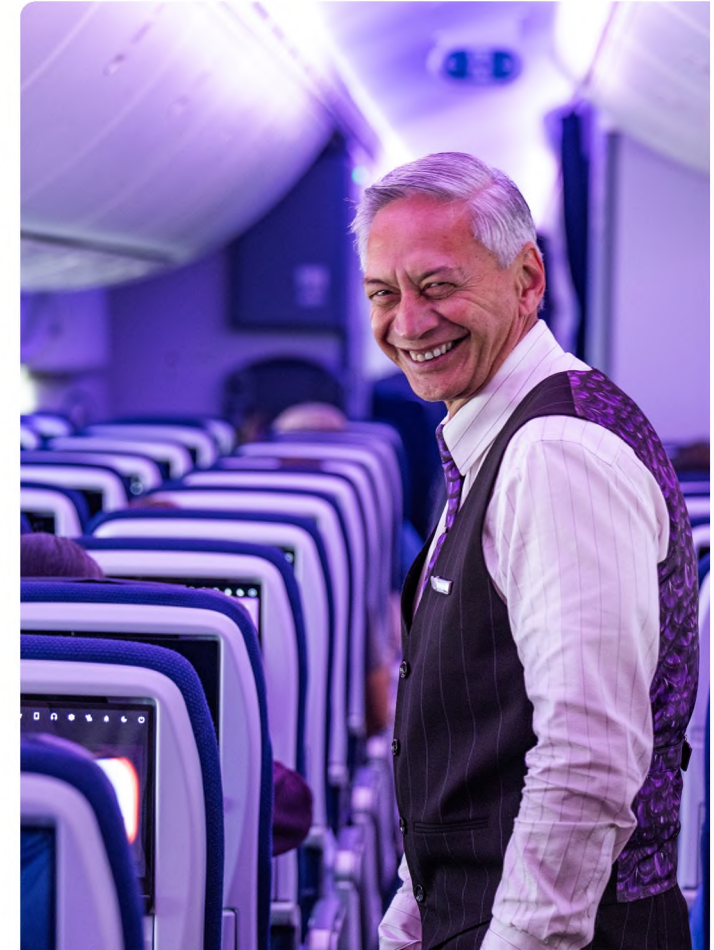
Readers should make their own assessments and take appropriate professional advice in considering this Climate Statement. Nothing in this Climate Statement should be interpreted as capital growth, earnings or any other legal, financial, tax or other advice or guidance. This Climate Statement is not an offer document and does not constitute an offer or invitation or investment recommendation to distribute or purchase securities, shares, or other interests. For detailed information on the airline's financial performance, please refer to our [Annual Report](#).

Unless otherwise stated, all currency amounts are in New Zealand dollars.

1.4 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 2026.



Dame Therese Walsh
Chair

Alison Gerry
Director and Chair of the Audit and Risk Committee

For and on behalf of Air New Zealand Limited and its subsidiaries.



Strategy

2.1 Transition Plan

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. The airline operates a global air passenger and cargo services network to, from and within New Zealand, generating revenue primarily through ticket sales, cargo, and ancillary services.

In the 2026 financial year, Air New Zealand underwent a strategy reset, launching *Te Pae Hou - Our Future*, a strategy built around three key pillars:

- **Customer First:** Delivering top tier reliability and punctuality with a relentless focus on priority segments;
- **Targeted Growth:** Growing a profitable network and building our presence in larger, resilient markets to generate returns and support New Zealand tourism; and
- **Resilient and Future Fit:** Transforming our cost base and applying rigorous capital allocation discipline.

The strategy also has four foundations, one of which (*Sustainable Ecosystems*) relates to sustainability by considering the environment and the communities the airline serves. For more information on *Te Pae Hou - Our Future*, please see [page 15](#) of this year's Annual Report.

Air New Zealand's Sustainability Framework, guided by the vision, 'When New Zealand thrives, we thrive too', focuses on People *He tāngata*, Planet *Te Taiao* and Guardianship *Kaitiakitanga*, and includes a commitment to work towards net zero carbon emissions from jet fuel by 2050 (the 2050 Target).

Transition Plan aspects of the strategy

Like all airlines, Air New Zealand relies on fossil jet fuel and operates in a hard-to-abate sector. Air New Zealand's Transition Plan outlines potential pathways to reduce net carbon emissions from jet fuel over time, acknowledging the substantial industry-wide change required to achieve this.

The Transition Plan is organised around four key decarbonisation levers:

- Fleet and network;
- Sustainable Aviation Fuel (SAF);
- Operational efficiency; and
- Carbon credits.

The Transition Plan includes both short-term and long-term components, reflecting the greater degree of certainty the airline has over the decarbonisation levers available to address emissions in the short-term.

Short-term: 2030 Emissions Guidance

Air New Zealand expects to reduce its Well-to-Wake net GHG emissions from jet fuel by 25 to 30 percent by 2030, compared with a 2019 financial year baseline. This is a revision from the 20 to 25 percent range communicated in 2025¹. For an explanation of the revised 2030 Emissions Guidance range, including the assumptions underpinning it, refer to section 3.1 on [page 18](#).

In publishing its 2030 Emissions Guidance, the airline aims to provide a transparent annual update on the airline's expected net emissions reduction. 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 reference point for tracking near-term decarbonisation progress under the Transition Plan to the 2050 Target.

Long-term: The 2050 Target and an illustrative roadmap

Beyond 2030, Air New Zealand has committed to work towards net zero carbon emissions from jet fuel by 2050. The illustrative roadmap on page 5 shows the airline's long-term roadmap, a central case scenario for how Air New Zealand could potentially transition to meet its net zero 2050 Target.

Two overarching assumptions shape the illustrative roadmap:

- First, a long-term aviation sector growth rate of 2.54 percent per annum from 2031 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.
- Second, that Air New Zealand plans to adopt lower carbon technologies (such as fleet modernisation and SAF) when these options become feasible and when the airline is commercially able to do so.

Neither the 2030 Emissions Guidance nor the 2050 Target or illustrative roadmap are a guarantee or forecast of future performance. The pathway in the 2050 roadmap is illustrative, not predictive - other combinations of levers may emerge, and some assumptions (such as technology development or policy support) may not eventuate.

The 2050 illustrative roadmap does not guarantee future outcomes or the delivery of specific reductions from each lever. Some elements, such as Next Generation Aircraft (NGA), depend on technologies not yet commercialised or scaled so their contributions in the roadmap are highly uncertain. Air New Zealand intends to update the 2050 illustrative roadmap annually in its Climate Statement to reflect evolving data, developments, and assumptions.

¹ The pathway to achieving the net emissions reductions required for the 2030 Emissions Guidance is not expected to be linear. Annual emissions may increase or decrease from year to year and it is possible that they fall outside the guidance range currently indicated.

Strategy (continued)

Table 1: Comparison of key elements of Air New Zealand's short- and long-term Transition Plan

	Short-term	Long-term
Time frame	To 2030	2031-2050
Elements of the Transition Plan	2030 Emissions Guidance The 2030 Emissions Guidance is an annual update on Air New Zealand's expected net GHG emissions reduction from jet fuel by 2030 from a 2019 baseline. The Guidance is underpinned by Air New Zealand's five-year fleet and network plan and the airline's planned emissions reduction initiatives.	2050 Target and illustrative roadmap The illustrative roadmap shows a central case scenario, representing the airline's view of one possible net zero pathway for carbon emissions from jet fuel from 2031 to 2050. The long-term outlook is inherently more uncertain as it is even more dependent on factors outside the airline's direct control (e.g. access to SAF at affordable prices, infrastructure development, technological advancements, carbon credit market maturity, and policy).
Type of measure	Air New Zealand's annual 2030 Emissions Guidance and 2050 Target both express net reductions (i.e. inclusive of net carbon emissions reduction measures such as carbon credits).	
Modelling approach	Short-term modelling reflects the airline's greater certainty over near-term variables and primarily uses internal assumptions (such as the airline's five-year fleet and network plan).	The modelling contains a greater reliance on external assumptions, including Boeing's Commercial Market Outlook for aviation sector growth. See page 3 for further detail.
Scope of emissions ²	Carbon dioxide equivalent (CO ₂ e) emissions (including methane and nitrous oxide). Intentionally designed to cover a larger proportion of Air New Zealand's emissions from jet fuel.	CO ₂ emissions only, in line with the narrower International Air Transport Association (IATA) 2050 net zero target scope.
Scope of jet fuel	Well-to-Wake emissions for fossil fuels and Well-to-Wake emissions for SAF.	Tank-to-Wake emissions 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 towards net zero, among many possible pathways.



2. Non-CO₂ 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 to the 2050 Target (from 2031-2050)

Air New Zealand models three scenarios to understand a range of potential net zero pathways to 2050. The roadmap shown in Figure 1 illustrates a central case scenario, representing the airline's view of one possible net zero pathway for carbon emissions from jet fuel from 2031 to 2050. The airline also models a high case and a low case, with the potential contribution from these cases set out in Figure 2. The coloured segments in the roadmap (Figure 1) illustrate the potential contribution of each decarbonisation lever within the central case only. The central case does not necessarily represent the mid-point between the low and high cases for each decarbonisation lever. The roadmap to the 2050 Target is highly uncertain and significantly dependent on emissions savings becoming available from fleet and network changes, very substantial increases in the availability of SAF at commercially viable prices, and the development and operation of international carbon credit markets through to 2050. Figure 1 should be read alongside the dependencies and constraints detailed in section 3.1.

Figure 1: The central case to the 2050 Target

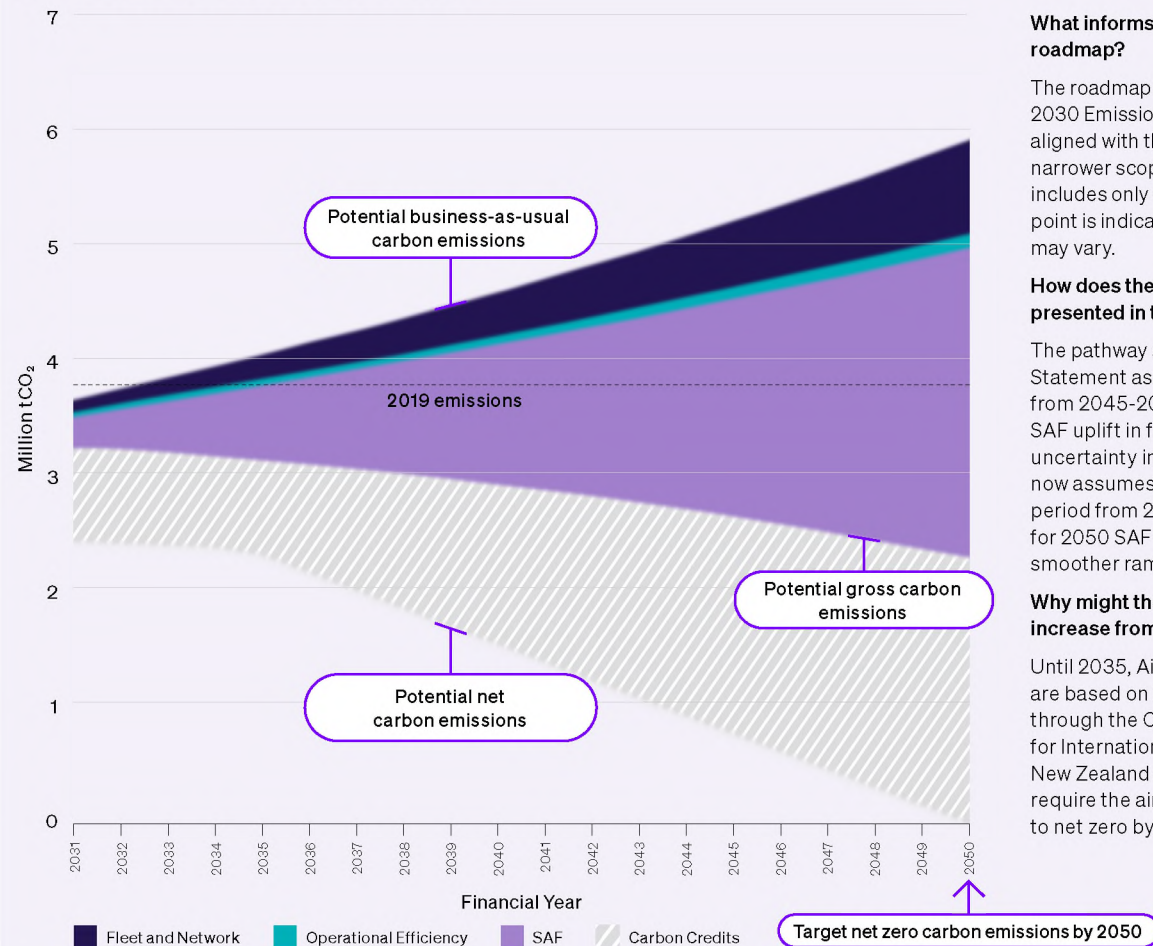


Figure 2: Indicative low and high cases⁴

Figure 1 shows the expected contribution of **Fleet and Network** to carbon emissions reductions under the central case. The airline also models low and high cases which indicate this lever could deliver anywhere within a range of 10 to 19 percent of the airline's emissions reductions in 2050.

Figure 1 shows the expected contribution of **Operational Efficiency** to carbon emissions reductions under the central case. This lever is currently expected to deliver around 2 percent of the emissions reduction in 2050 in all cases.

Figure 1 shows the expected contribution of **SAF** to carbon emissions reductions under the central case. The airline also models low and high cases which indicate this lever could deliver anywhere within a range of 40 to 67 percent of the airline's emissions reductions in 2050.

Figure 1 shows the expected volume of residual⁵ carbon emissions to be addressed by **Carbon Credits** to support achievement of the remainder of the 2050 Target under the central case. The airline also models low and high cases which indicate this lever could address anywhere within a range of 11 to 48 percent of the airline's carbon emissions in 2050.

3. Air New Zealand's SAF uplift in 2050 is based on projections from the International Civil Aviation Organisation. 4. The actual combination of lever contributions may vary and it is possible that they will be outside the ranges indicated. The underlying modelling has been updated using revised assumptions. The outcome of this modelling is that the estimated contribution ranges for each decarbonisation lever remain consistent with those disclosed in the 2025 financial year. 5. 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.



Strategy (continued)

Fleet and network

Jet fuel use associated with flying is by far the most significant contributor to the airline's GHG emissions (see section 3.2). Air New Zealand's decisions about its fleet and network will significantly influence future emissions.

Potential aircraft technology developments can be grouped into three categories:

1. More fuel-efficient conventional-propulsion technologies, such as advances in aircraft engine design;
2. Innovations in airframe design and materials, which are more aerodynamic, reduce aircraft weight and/or drag; and
3. To a more limited extent, the emergence of novel propulsion technologies, which Air New Zealand considers NGA (see Evaluating the role of NGA on the right of this page).

Together, developments in these three technology categories are estimated to contribute around 10-19 percent of the carbon emissions reductions required to meet the airline's 2050 Target, compared to a baseline with no new fleet technology adoption. This contribution range is unchanged from the 2025 financial year. This estimate does not explicitly model future network optimisation, which may occur in response to a range of commercial and operational factors.

To assess the emissions impact of fleet-related decisions, Air New Zealand analyses future fleet scenarios, considering growth and fleet replacement timing.

Contribution to the short-term Transition Plan (to 2030)

In the short-term, the airline's fleet assumptions reflected in the 2030 Emissions Guidance align with its five-year fleet and network plan.

The airline does not rely on the emergence of NGA in this period.

As of 30 June 2026, Air New Zealand has an average seat-weighted fleet age of 10.3 years. In the 2026 financial year, the airline took delivery of one leased Airbus A321neo and one owned ATR72-600. There were no fleet retirements in the reporting period.

Contribution to the long-term Transition Plan (to 2050)

As all aircraft currently in operation will need to be replaced by 2050, future fleet-related decisions may increase or decrease the contribution this decarbonisation lever makes towards achieving the 2050 Target.

In the longer term, the airline has less certainty regarding the specific aircraft types that will be available and future fleet-related decisions will be shaped by several strategic considerations (of which fuel and emissions performance is one).

The estimated 10-19 percent contribution from fleet and network in 2050 to meet the 2050 Target reflects a modelled range of possible emissions reductions based on Air New Zealand's current fleet strategy assumptions. These assumptions will continue to evolve as aircraft technology, fleet planning, network requirements, and commercial considerations develop and evolve.

Conventional-propulsion aircraft

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

The airline expects to introduce fuel-efficient conventional widebody and narrowbody aircraft. These aircraft are expected to partly replace some older, less fuel-efficient aircraft while also supporting future growth.

Delivery timing remains subject to change due to a number of external and internal factors, including aircraft and engine availability, supply chain challenges and the airline's financial performance. For example, two Boeing 787 aircraft deliveries originally expected in the 2026 financial year were delayed until the 2027 financial year.

The maintenance of existing fleet is also important for reducing the airline's emissions. 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 have been out of service, some over multiple financial years. While the Rolls-Royce issue has stabilised, there is still the potential for engine shortages on the airline's 787 fleet, and the Pratt & Whitney engine issue is likely to remain a 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 and provide sufficient resilience to the operation, the airline has leased some aircraft on a short-term basis to provide replacement capacity or continued to fly older, less fuel-efficient aircraft, such as Boeing 777-300ERs or Airbus A320neos, longer than planned. The multi-year nature of the lease commitments means there will be a lag between the airline

restoring all of its grounded Boeing 787 Dreamliners and A321s, and the exit of older, leased aircraft.

Innovations in airframe design and materials

Air New Zealand's modelling includes incremental airframe improvements reflected in new conventional aircraft, such as lighter composite materials in Boeing 787 Dreamliners. More significant innovations, such as blended wing body aircraft, have not been explicitly modelled.

Evaluating the role of NGA

NGA is the term Air New Zealand uses to describe aircraft powered by novel propulsion that could significantly reduce carbon emissions compared to existing technology. This could include hydrogen fuel cells, hydrogen combustion, batteries, or battery-hybrids used in combination with SAF and/or fossil jet fuel.

NGA are expected to contribute to achieving the 2050 Target. However, this contribution is currently expected to be more limited than some of the other decarbonisation levers because of the scope and timing of expected adoption.

NGA are expected to initially only be suitable for parts of Air New Zealand's domestic network through a partial replacement of some of the airline's turboprop fleet and the airline does not expect NGA to enter the airline's operating fleet until at least the late 2030s.

In the 2026 financial year, the airline conducted a four-month technology demonstrator programme with BETA Technologies, leasing and testing an early-production ALIA CX300 aircraft in New Zealand before it receives Federal Aviation Administration (FAA) type certification to operate commercially in the United States. The programme was intended to build practical understanding of the operational, infrastructure, training, certification, and other requirements associated with novel propulsion aircraft.

Neither the technology demonstrator nor any future commercial demonstrator programme will reduce Air New Zealand's carbon emissions. These programmes are intended as a demonstration only of potential uses for NGA, and understanding of the possibilities and challenges associated with NGA as technology matures.



Strategy (continued)

Sustainable Aviation Fuel

SAF is the global term used by the United Nations, nation states, and the aviation industry to refer to alternative jet fuel that is made from feedstocks other than fossil fuels and that produces lower lifecycle emissions than fossil jet fuel. Notably, SAF produces equivalent emissions to conventional jet fuel when combusted and may create other adverse impacts on the environment. SAF's emissions reductions come from the fuel's full lifecycle emissions profile.

Scan the QR code on the right for further information on SAF and how its emissions impact is measured.



Contribution to the short-term Transition Plan (to 2030)

In the short-term, the airline has set an ambition to uplift 10 percent of its jet fuel as SAF by 2030. While this is necessarily subject to a range of dependencies, including global SAF market developments and commercial conditions, achieving this ambition remains an assumption within the 2030 Emissions Guidance.

Air New Zealand uplifted 1.2 percent of its jet fuel as SAF in the 2026 financial year. This was a reduction from 1.7 percent in the 2025 financial year, driven by the airline's broader commercial environment and cost pressures, which have been exacerbated by higher fuel costs due to the Middle East conflict.

Contribution to the long-term Transition Plan (to 2050)

SAF is expected to play a critical role in the long-term Transition Plan. As of the end of the 2026 financial year, SAF is expected to contribute an estimated 40-67 percent of the carbon emissions reductions required in 2050 to meet the airline's 2050 Target. This contribution range has not changed from the 2025 financial year. To meet this net reduction, it is assumed that SAF comprises 60-95 percent of the airline's total jet fuel use in 2050.

High cost and uncertainty of SAF

The SAF production industry is nascent and SAF commands a price premium above fossil jet fuel. Global price premiums for SAF currently range between two to five times the cost of fossil jet fuel. Based on current and predicted pricing, SAF could add significant cost to Air New Zealand and other airlines, depending on how the market develops.

The airline's ability to achieve its decarbonisation goals depends on its ability to access the SAF volumes assumed in the Transition Plan at a commercially viable net cost.

Some of the key drivers that could impact the availability, access to, and the net cost of SAF include technology development, production and market scale-up, supportive policy (e.g. production incentives), implementation of SAF uplift requirements, international airport incentives, wider acceptance of Book and Claim⁶ systems, airline customers decarbonising their air travel through the purchase of SAF Scope 3 'certificates' or 'credits', known as Scope 3 SAFc, lower production costs, and certification.

SAF 'certificate' / 'credit' (SAFc) programme

SAF use can give rise to two distinct emissions reduction claims by different parties:

1. Well-to-Wake emissions reductions, which are claimed by the airline through its purchase of SAF (primarily Scope 1 emissions); and
2. Scope 3 emissions reductions, which are claimed by customers through the purchase and allocation of Scope 3 SAFc to help address their air travel or air transport emissions.

Air New Zealand has continued to build its Scope 3 SAFc programme in the 2026 financial year. In addition to reducing the SAF price premium for the airline, supporting the airline's SAF uptake, and strengthening demand signals for SAF, the programme also helps customers to decarbonise.

The Scope 3 SAFc programme sits alongside a broader suite of customer emissions initiatives. These include emissions reporting platforms for corporate and cargo customers, and the Voluntary Emissions Contribution Programme (VECP) for retail customers booking through the airline's website. Together, these initiatives are intended to support understanding of travel-related emissions and evolving customer decarbonisation needs.

In the 2026 financial year, the airline achieved independent assurance of its internal SAFc processes and system and worked with Toitū Envirocare to enable emissions reductions from Air New Zealand's Scope 3 SAFc programme to be recognised under Toitū's Climate Impact Programme.

The airline also completed a number of Scope 3 SAFc sales to global and New Zealand organisations and added a SAF contribution to Air New Zealand's employee standby and business travel and the VECP.

Domestic and international supply

To date, all SAF that Air New Zealand has used has been uplifted internationally or imported to New Zealand. While New Zealand has the potential to produce SAF domestically, there are no SAF production facilities in operation in New Zealand.

Domestic SAF production has the potential to improve New Zealand's fuel security and support economic growth. To support potential future domestic supply, Air New Zealand contributed to two domestic SAF production projects in the 2026 financial year. However, domestic SAF production would need to be cost-competitive to represent a commercially viable option for the airline.

In that context, international supply is expected to play a continued and significant role in delivering the airline's Transition Plan.

Global SAF production comprised 0.3 percent of total global jet fuel in the 2024 calendar year, 0.6 percent in the 2025 calendar year and is expected to reach 0.8 percent in the 2026 calendar year⁷. Global SAF supply needs to scale significantly for the aviation industry to decarbonise. The airline continues to proactively engage with suppliers and invests in the United Airlines Ventures Sustainable Flight Fund to support SAF-related research, production and technology development.

Policy and engagement

Policy settings are expected to play an important role in scaling SAF availability and supporting Air New Zealand's ability to access SAF over time. A growing number of jurisdictions in which Air New Zealand operates are introducing, or considering, policy to support greater SAF production or use. Some jurisdictions require airlines to uplift SAF when departing from those markets, with the required volumes often increasing over time. Meeting these requirements will increasingly become part of the cost of operating international services.

Air New Zealand continues to engage with government and industry in New Zealand and offshore on policy settings that could support access to SAF, including through credible sustainability criteria and emissions accounting frameworks.

Air New Zealand is involved in several forums regionally and globally to support SAF sector development, including the World Economic Forum's Green Fuel Forward initiative, the New Zealand SAF Industry Roundtable and Bioenergy Australia.

6. 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 emissions reductions from SAF. The Book and Claim system, if adopted, is expected to increase demand, supply, and liquidity in the SAF market (see Appendix B: Glossary). 7. <https://www.iata.org/en/pressroom/2026-releases/06-06-saf-production-volumes-still-disappointing/>.



Strategy (continued)

Operational Efficiency

Operational efficiency refers to actions that reduce fuel burn from existing aircraft operations, both in the air and on the ground. Lower fuel burn directly reduces emissions.

Operational efficiency initiatives generally fall into three categories:

1. Technology developments, including flight planning and optimisation tools, and improved access to data to support behavioural shifts;
2. Operational practices, including changes to policy and procedures and training to support embedding fuel-efficient practices e.g. single engine taxiing; and
3. System-wide improvements, including airports, air traffic management and other supply chain partners e.g. use of gate infrastructure for ground-level reductions in fuel burn.

Contribution to the short-term Transition Plan (to 2030)

Operational efficiency initiatives are modelled to contribute less than one percent emissions reductions by 2030, recognised in the airline's 2030 Emissions Guidance.

Contribution to the long-term Transition Plan (to 2050)

Operational efficiency is estimated to contribute two percent of the airline's carbon emissions reductions required in 2050 to meet its 2050 Target. This contribution is unchanged from the 2025 financial year.

This estimate is based on an extrapolation of the expected emissions reductions by 2030 out to 2050, assuming continued adoption of operational efficiency initiatives over time. However, the airline acknowledges that additional reductions may depend on broader system-wide improvements across the aviation sector.

The 2050 Target does not assume emissions reductions from any efficiency improvements made by the Group's fossil jet fuel suppliers.

Recent developments

In the 2026 financial year, Air New Zealand established a cross-functional team to accelerate fuel initiatives across the airline. Areas of focus include fuel efficiency, fuel management, weight reduction and fuel security.

Examples of initiatives being progressed during the financial year

include optimisation of alternate airport requirements in flight planning, seeking opportunities to increase the use of airport ground power and pre-conditioned air, and reviewing onboard water carriage requirements.

The impact of individual initiatives is difficult to isolate because fuel burn is influenced by many factors. As a result, attributing emissions reductions to specific initiatives is challenging.

Carbon credits

Carbon credits are an instrument issued to recognise projects that remove, avoid or reduce emissions. One carbon credit is equivalent to one tonne of CO₂e.

Air New Zealand counts both CORSIA compliance credits and voluntary carbon credits towards its net emissions⁸. CORSIA is the International Civil Aviation Organization's (ICAO) State-based Carbon Offsetting and Reduction Scheme for International Aviation (see Glossary in [Appendix B](#) for further detail). Under CORSIA, participating States require airlines to purchase and cancel eligible carbon credits (known as eligible emissions units (EEUs)) to meet compliance obligations.

Contribution to short-term Transition Plan (to 2030)

The airline's 2030 Emissions Guidance recognises:

1. Air New Zealand's anticipated CORSIA obligation in the 2030 financial year; and
2. A small volume (11,000 tonnes CO₂e) of high integrity voluntary nature-based and engineered carbon removals credits that are anticipated to address a portion of the airline's residual emissions in the 2030 financial year.

These credits make up the net component of the 2030 Emissions Guidance. The Guidance contains two key assumptions:

1. The ongoing operation of CORSIA through to 2030; and
2. Air New Zealand being able to access its required volume of credits.

Contribution to the long-term Transition Plan (to 2050)

Carbon credits are expected to address all of Air New Zealand's residual emissions in 2050. The airline currently estimates that carbon credits may be required to address between 11-48 percent of emissions in 2050. This contribution range is unchanged from the 2025 financial year. This reflects a range of potential outcomes

and is highly dependent on adoption of more fuel-efficient fleet, the scale and pace of SAF uptake, and operational efficiency.

Air New Zealand assumes that after CORSIA finishes in 2035, a successor compliance obligation will require the airline to phase down residual emissions to meet net zero by 2050. If that does not occur, Air New Zealand intends to use carbon credits on a voluntary basis, to meet net zero carbon emissions in 2050.

The airline intends to only use carbon credits that are verified and/or certified in line with reputable external schemes or standards.

Developments

In the 2026 financial year, Air New Zealand made progress towards both its CORSIA compliance obligation, and the removals credits expected under the 2030 Emissions Guidance. This included:

- Undertaking the airline's first CORSIA EEU transaction;
- Signing a forward offtake agreement with My Native Forest for 8,000 tonnes of internationally verified New Zealand nature-based carbon removals by 2030 (including 5,000 tonnes in the 2030 financial year);
- Signing a term sheet with a second supplier for New Zealand nature-based removals for an additional 5,000 tonnes in the 2030 financial year; and
- Following the development of the airline's Voluntary Engineered Removals Position Statement, signing a term sheet with an international engineered removals provider for delivery of 1,000 tonnes of engineered removals in the 2030 financial year.

Together, these transactions do not significantly reduce Air New Zealand's net emissions. However, participating in both the compliance market, through CORSIA pilot transactions, and the voluntary carbon credit market enables the airline to build practical experience ahead of purchasing credits at scale.

This includes developing a better understanding of contracting and purchasing processes, supplier due diligence, pricing dynamics, delivery risks and other market challenges.

The airline expects that what is considered a high integrity carbon credit may evolve over time. This may be influenced by changes in policy and standards, public and investor acceptance, development and scale of engineered carbon removal technologies, and maturation of the high integrity carbon credits market.

8. The airline does not consider New Zealand Units (NZUs) purchased under the New Zealand Emissions Trading Scheme (NZ ETS) to contribute towards its net emissions.

Strategy (continued)

2.2 Current climate-related impacts

Table 2: The airline’s material current climate-related impacts in the 2026 financial year

Impact		Financial Value (\$million)	Commentary
Transition impacts	SAF	10.6	The figure disclosed represents Air New Zealand’s net SAF premium in the 2026 financial year. These deliveries were fulfilled through offtake arrangements with SAF suppliers that were priced at around two times the historical fossil jet fuel price, before cost recovery ⁹ . In the 2026 financial year, 1.2 percent of Air New Zealand’s jet fuel usage was SAF, uplifted from airports in Tokyo, Los Angeles, and San Francisco.
	Emissions Pricing: CORSIA	24.1	An expense of \$24.1 million for CORSIA was recognised through the statement of financial performance for the year ended 30 June 2026. This expense relates to the 2026 financial year as well as revaluations of the estimated obligations for previous financial years. As at 30 June 2026 the Group has recognised an outstanding obligation of \$33.6 million for CORSIA in respect of the 2024 calendar year through to the end of the 2026 financial year.
	Emissions Pricing: NZ ETS	33.3	An expense of \$33.3 million was recognised through the Statement of Financial Performance for the financial year ended 30 June 2026. As the ETS compliance cycle operates on a calendar year basis, during the period, NZUs amounting to \$35.9 million were surrendered in respect of the 2025 calendar year. As at 30 June 2026 the Group recognised an outstanding obligation of \$16.0 million related to future surrender of NZUs for the first half of the 2026 calendar year.
Physical impacts	Disruptions, diversions, repairs and maintenance	N/A	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, hailstorms) 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. Please see Physical Impacts Explainer.

Physical Impacts Explainer

To enable primary users to understand how weather-related disruption may manifest in a financial impact in practice, the airline has produced two illustrative, high-level examples to demonstrate how two very similar disruptions could create distinctly different financial impacts and why these financial impacts are extremely complex to calculate accurately.

Example A

A delayed Queenstown–Auckland departure creates customer inconvenience but remains financially contained because the flight is recovered the same day.

Deteriorating weather at Queenstown delays the inbound aircraft by 90 minutes. However, the flight departs before limits on crew working hours or airfield movement constraints are exceeded. The flight was 60 percent full, and most customers are ending their journey in Auckland, meaning only a small number of domestic and international connections require rebooking. The aircraft also has sufficient time before its next scheduled service, enabling the delay to be contained to the original flight.

Costs are therefore limited to customer communications and a small number of passenger rebookings. The aircraft’s subsequent services are not delayed, resulting in no significant network impact.

Example B

A similar Queenstown–Auckland flight experiences the same 90-minute delay, but with substantially different consequences.

The aircraft was 95 percent full and carries a larger number of customers with onward international connections in premium cabins. The delay occurs near the end of the day, resulting in limits on crew working hours being reached after arrival in Auckland.

The aircraft was due to operate to Wellington after the Queenstown–Auckland sector and end the day’s flying there, but can no longer do so because the crew have reached limits on working hours. This results in the cancellation of the first Wellington departure the following morning and associated customer rebooking costs. In addition, some customers miss their onward international connections in Auckland and are accommodated overnight. The financial impact of this delay is therefore significantly higher than in Example A.

The high variability of financial impact for very similar disruptions, the indirect and distributed nature of associated costs, and the inter-relationship between causal factors make it currently commercially unworkable for the airline to either meaningfully disaggregate the cost of weather-related disruptions from other drivers, or calculate an accurate financial impact for disruption in totality.

The operational impact of weather events is reflected through non-financial metrics in Table 6 (‘Assets or business activities vulnerable to physical risks’ on pages 22 and 23), which includes the proportion of flights delayed or cancelled due to weather events.

9. Air New Zealand’s SAF purchases were all made prior to the Middle East conflict and therefore the “around two times” premium represents a multiple to the historical (pre-conflict) jet fuel price. These purchases were contracted as an absolute price premium on top of a fossil jet fuel price index, so as the fossil jet fuel price increased following the conflict, the airline’s absolute SAF premium stayed the same even though the premium as a multiple of the jet fuel price would have decreased.

Strategy (continued)

2.3 Material climate-related risks

This section outlines the airline’s material climate-related physical and transition risks, anticipated impacts of those climate-related risks, and the management response.

Climate-related opportunities

Air New Zealand has not identified any climate-related opportunities (whether physical or transition), as defined by NZ CS 1.

Climate-related physical and transition risks

Air New Zealand has identified eight material climate-related risks, outlined below. These risks combine into one overarching ‘climate change’ risk in the airline’s Group Risk Profile (GRP), described in section 5.1.

Materiality was reviewed in the 2026 financial year and it was determined that the Customer Behaviour and Fleet Transition risks are no longer considered material in the short-term. Customer demand is expected to continue to be driven primarily by broader economic and competitive factors over this period, while the airline’s fleet plan through to 2031 is largely committed, limiting the extent to which climate-related uncertainties could affect near-term fleet decisions.

However, these risks remain material in the medium- and long-term, and are disclosed in this Climate Statement on that basis.

The material risks disclosed in the 2026 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.

Risk Table key

Most Material Scenario		Material Time Horizons	
	Wait and See		Short-term (0-5 years)
	Fragmented World		Medium-term (5-18 years)
	Fossil-fuelled Growth		Long-term (18+ years)
	Global Cohesion		

Please refer to scenario summaries on pages 16 and 17 for scenario descriptions.

Air New Zealand's material climate-related risks, anticipated impacts, and management response

Material Risk	Anticipated Impact	Management Response
1. Operational and Asset Resilience Physical Risk   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, people, and create supply chain disruption. <i>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 health and safety impacts. 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.</i>	Increase in operational disruption. Increases in operational disruption such as delays, cancellations or diversions as a result of increased frequency and/or intensity of severe, acute weather events could reduce revenue, increase costs and impact the airline’s reputation. <i>A 2024 financial year physical climate risk assessment of airports across the airline’s network suggests domestic ports may see increased frequency of thunderstorms and rain, and decreased frequency of fog and ice events. International ports may face greater exposure to extreme heat, rainfall, thunderstorms and/or wind, with reduced cold- or visibility-related hazards.</i> Damage to ‘immovable’ physical assets. Damage to ‘immovable’ physical assets, such as hangars, as a result of an increased frequency or intensity of severe, acute weather events could increase costs or reduce revenue. Also see “Assets or business activities vulnerable to physical risks” on page 22 for information on the airline’s exposure to hazards of river flooding, coastal inundation and/or coastal erosion at airports. Increase in aircraft damage. While aircraft can often be relocated ahead of severe, acute weather events, more frequent and/or severe storms may still result in damage through hazards such as hail, lightning strikes, or wind, both in flight and on the ground. This could increase maintenance requirements, operational disruption and associated costs, or reputation. Supply chain disruption. Physical climate hazards across Air New Zealand’s value chain could impact the assets or operations of Air New Zealand’s critical suppliers. For example, damage to critical infrastructure at Auckland Airport’s precinct or disruption of supply from Channel Infrastructure New Zealand’s fuel pipeline from Marsden Point to the Wiri terminal, could impact operations, even if their vulnerability is deemed low. Occupational Health and Safety impacts for employees. Increased intensity and/or severity of severe, acute weather events or chronic hazards like heat stress may require increased training, protective measures and investment to mitigate harm to employees that could increase costs or decrease employee wellbeing.	• Redesigning aircraft schedules to allow for greater operational resilience • Utilising tools to support customers during disruptions e.g. automatic passenger rebooking tool • Maintaining business continuity plans (including for critical suppliers and key operations) • Reviewing digital tools used by the Integrated Operations Centre to improve decision making in response to disruption • Enhancing event readiness planning for severe weather events • Optimising tail allocation to improve operational resilience • Maintaining procedures to manage severe weather events (e.g. lightning, wind) • Monitoring climate exposure of suppliers through supply chain platform • Maintaining property damage and business interruption insurance • Updating procedures for managing severe weather impact on people (e.g. turbulence)

Strategy (continued)

Risk	Anticipated Impact	Management Response
2. Network Resilience Physical Risk Physical impacts of climate change may affect the desirability or viability of destinations across Air New Zealand's current and future network. <i>Rising temperatures, sea level rise, biodiversity loss, water scarcity, and the increasing frequency and/or intensity of some climate-related hazards could reduce the appeal of some tourism destinations or the safe and reliable operation of some airports.</i> SML FfG	Decreased demand for travel to or from ports within Air New Zealand's network. This could be particularly impactful for destinations that are dependent to some extent on eco-tourism and/or those that are particularly sensitive to physical climate impacts such as warm water coral reefs, or ski fields. Changes in the appeal or viability of some destinations may necessitate the redeployment of aircraft to other locations, which may be less profitable. Damage to or disruption of destination infrastructure. Climate impacts could affect destination infrastructure such as airport runways, access to airports, and supporting utilities infrastructure (for example, electricity substations). This may create commercial and operational challenges in servicing some ports, which may reduce revenue or increase costs.	• Incorporating climate-related information into new route assessments, where appropriate • Completed climate risk assessments for existing ports (2024 financial year) • Maintaining network flexibility
3. Emissions Pricing Transition Risk Changes in the scope or price of emissions compliance obligations, or the adequate availability, eligibility, cost, or credibility of carbon credits, could lead to increased costs, and/or impact Air New Zealand's ability to meet its emissions compliance obligations or its 2050 Target. SML GC	Insufficient supply of carbon credits. Access to adequate supply of credible carbon credits is highly uncertain and dependent on external developments, including funding, technological advancement, maturity of corresponding adjustments, and supportive policy settings. Supply shortages and/or the failure of the market to scale could reduce availability and increase prices. This could lead to increasing costs, potential non-compliance with emissions pricing obligations, and/or impact delivery of the Transition Plan. Changes in emissions pricing settings or scope. Changes in emissions pricing scheme settings or coverage, including for compliance with CORSIA or the NZ ETS, may increase the volume or cost of units required. For example, if the CORSIA sectoral growth factor in a given year is higher than expected, this could increase the volume of EEU's required by all airlines, putting upward pressure on prices and therefore increasing compliance costs. Similarly, changes to the NZ ETS scope such as inclusion of non-CO₂ effects could increase costs of compliance. Insufficient maturity of corresponding adjustment¹⁰. If the use of corresponding adjustment does not become more widespread, Air New Zealand's ability to acquire CORSIA eligible EEU's may be impacted. This could significantly impact supply of EEU's, increase costs, lead to non-compliance or an inability to deliver the Transition Plan. Additional emissions pricing schemes. Other countries in the airline's international network may introduce additional international aviation emissions pricing alongside the CORSIA compliance scheme, which could increase compliance obligations and associated costs, as well as lead to double counting of emissions reductions. Lack of clear, harmonised carbon credit standards. Clear external standards will be important to ensure the integrity of carbon credits and their credible use in net zero strategies. If this doesn't develop, the ability of the airline to use carbon credits towards its Transition Plan may be impacted.	• Maintaining and implementing Air New Zealand's Residual Emissions Strategy • Monitoring of CORSIA compliance market developments including supply/demand dynamics, pricing, global participation and penalties • Engaging with government, IATA, ICAO, industry groups, intermediaries and project developers on CORSIA • Undertaking pilot transactions for CORSIA to learn about procuring EEU's • Including voluntary carbon credits in the 2030 Emissions Guidance to support learning, industry scaling and to mitigate future supply risk • Developing Air New Zealand's Position Statements on nature-based and engineered removals • Monitoring the NZ ETS market and policy updates • Investing in Drylandcarbon One Limited Partnership to source NZUs
4. Funding, Insurance and Legal Transition Risk 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, capital and insurance, and increase its litigation exposure and compliance costs. SML GC	Constrained access to and/or cost of capital. If investors, lenders and creditors increasingly factor climate-related considerations into their capital allocation decisions, Air New Zealand may face a higher cost of capital or its access to new capital may be constrained. Decreased access to and/or increased cost of insurance. Insurers may increase prices in response to both the airline's own exposure to climate-related impacts or from transmission of these impacts through the global insurance market. Increased climate-related litigation and regulation exposure. This may lead to increased compliance and legal costs, require additional management time and affect Air New Zealand's reputation.	• Implementing the airline's Transition Plan • Maintaining transparent engagement with investors and lenders • Diversifying financing approaches and sources to protect access to competitively priced capital • Monitoring international policy and regulatory developments related to climate-related disclosures

10. A corresponding adjustment is an accounting mechanism that prevents double counting of internationally transferred mitigation outcomes (such as carbon credits) by requiring the host country of the carbon credits to adjust its Nationally Determined Contribution (NDC) when credits are transferred internationally.



Strategy (continued)

Risk	Anticipated Impact	Management Response
5. Customer Behaviour¹¹ Transition Risk Customers' own climate commitments or obligations, a negative perception of aviation's progress towards tackling climate change, or changes in network desirability may decrease demand for Air New Zealand travel specifically, or aviation more generally. SML GC	Reduced passenger and cargo demand. Air New Zealand, or aviation more generally, could be perceived as insufficiently addressing climate change, impacting brand perception and potentially reducing passenger and cargo demand. Corporate, cargo, and government customers could also reduce travel or freight demand or prioritise lower-emission alternatives to meet their own decarbonisation targets. Network planning challenges. As a business operating in a geographically isolated part of the world relative to many competitors, changes in the perception of New Zealand or destinations within Air New Zealand's network (from an emissions impact or climate perspective) could affect demand patterns and/or create network planning challenges. Increased customer expectations. Responding to changing customer expectations may increase the need to provide emissions-related information, lower-emissions products or customer-facing decarbonisation options.	• Implementing the airline's Transition Plan • Ongoing research into sustainability preferences of customers • Monitoring passenger volumes • Developing the Scope 3 SAFc programme • Maintaining the Voluntary Emissions Contribution Programme that enables customers to voluntarily contribute to emissions reduction initiatives • Maintaining the corporate and cargo emissions platforms • Maintaining optionality in fleet procurement
6. SAF Transition Risk Potential developments in the SAF market could adversely affect Air New Zealand's ability to uplift adequate volumes of SAF at affordable prices, impacting the airline's competitiveness or ability to deliver its Transition Plan. <i>Because the SAF market is still growing, this risk could materialise in a variety of areas, such as global market dynamics, regulatory settings, technology development, certifications, standards, costs, policy support, lower uptake of SAF-related customer propositions, or ongoing stakeholder acceptance of SAF characteristics.</i> SML WaS	Increased SAF procurement costs. Many factors could increase SAF procurement costs. These include higher than expected global demand for SAF, slower than expected supply scale-up, constrained feedstock supply, certification bottlenecks, supplier failure to deliver, increased competition for limited volumes, lack of new policy support or removal of existing support, or long-term offtake contracts priced above future market levels. Insufficient access to SAF volumes. If SAF technology does not keep developing, if production scale-up is lower than current industry forecasts, or if supply is concentrated in jurisdictions with stronger policy support or local uplift requirements, Air New Zealand may be unable to access or uplift sufficient SAF. Lower uptake of SAF-related customer propositions. Customer participation in Scope 3 SAFc or other SAF-related decarbonisation programmes may be insufficient to support the SAF premium or may not develop at an adequate pace and scale, increasing costs and/or impacting delivery of the Transition Plan. Reduced acceptability of SAF as a decarbonisation lever. This could be driven by changing concerns about the potential impacts of SAF production on biodiversity, food systems, labour rights, water use and land use change, downward revisions to the carbon intensity or life cycle savings for specific feedstocks or technologies, or shifting public perception of biofuels due to an increased focus on fuel combustion emissions rather than life cycle emissions. If this were to occur, it may also result in higher SAF procurement costs, insufficient access to SAF volumes, lower uptake of SAF-related customer decarbonisation propositions, or reduced social licence to operate. Increased scrutiny of social licence to operate. If the SAF market does not scale affordably or credibly, aviation may not be able to reduce emissions in line with stakeholder, customer, investor or regulatory expectations. This could increase scrutiny of the aviation sector's ability to decarbonise and threaten the industry's overall social licence to operate, with associated reputational, regulatory or demand impacts for Air New Zealand. <i>Note: Differential SAF policy may advantage or disadvantage Air New Zealand relative to competitors and is discussed in more detail in the competitive distortion risk.</i>	Developing the airline's SAF strategy, which includes: • Launching a SAF-related customer proposition to enable Scope 3 SAFc sales to Domestic and International customers • Engaging in short- and long-term SAF procurement markets • Engaging in regional and global policy and industry conversations on SAF sector growth For further information, see page 7.

11. In the 2025 financial year, this risk was named Customer Sentiment. This risk has been renamed as Customer Behaviour to more accurately reflect the mechanism through which this risk would create an impact.



Strategy (continued)

Risk	Anticipated Impact	Management Response
7. Fleet Transition Transition Risk The ability of Air New Zealand to modernise 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 modernise its fleet with lower-carbon alternatives and achieve emissions reductions. SML GC	A constrained or delayed ability to take delivery of new aircraft could impact the pace, cost and feasibility of delivering the fleet aspects of Air New Zealand's Transition Plan and necessitate reliance on older, less efficient aircraft. This may be due to impacts such as: Delayed technology development. Delays in the expected time frame for the introduction of more fuel-efficient aircraft (including NGA) would increase reliance on other levers in the Transition Plan and require the use of older, less fuel-efficient aircraft for longer. This could increase operating, maintenance and compliance costs. Delays in regulatory approvals. Delayed regulations or certifications could slow the pace of development and the use of new aircraft (including NGA), limiting the ability to operate these new aircraft, to the extent they are available. Higher than expected capital investment in new aircraft. This may cause the airline to defer aircraft purchases and require longer reliance on older, less fuel-efficient aircraft, which would increase operating costs. Fleet replacement timing. Fleet replacement decisions require commitments many years ahead of delivery, and aircraft are long-lived assets once introduced into service. If significantly more fuel efficient or lower-emission aircraft technology becomes available shortly after replacement commitments are made, the airline may have limited ability to adjust its fleet plan or access that technology. This may also adversely affect the residual value, useful life or competitiveness of recently committed aircraft. This risk may be more pronounced for airlines with smaller fleets such as Air New Zealand where introducing additional aircraft types or small sub-fleets can create disproportionate operational, maintenance, training and inventory complexity. A constrained ability to operate new aircraft once they are in service. This would reduce the revenue generation capacity of aircraft, could increase costs relative to expectations and impact the pace of delivering the fleet aspect of the Transition Plan. This may be due to: Insufficient airport infrastructure. Lack of airport infrastructure, such as recharging and/or hydrogen storage facilities, may limit the network flown by NGA, reducing revenue. 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 increase costs or create stakeholder concerns and therefore reputational damage.	- Ongoing fleet strategy and fleet planning, including engagement with Original Equipment Manufacturers (OEMs) - Completing the NGA technical demonstrator programme, including engagement with partners - Engaging with airports in New Zealand regarding infrastructure and energy requirements for NGA - Supporting research into the development of novel propulsion technologies
8. Competitive Distortion Transition Risk Uneven international policy settings, regulatory requirements and market incentives could disadvantage Air New Zealand's cost base, competitive position or ability to deliver its Transition Plan relative to competitors. SML FW	Policy distortion across markets. The introduction or expansion of climate-related regulations that apply differently across markets may disproportionately affect Air New Zealand where it has greater exposure than competitors. For example, expanded emissions pricing obligations (see emissions pricing risk above), SAF uplift requirements or other aviation-related climate policies in key markets may increase Air New Zealand's operating costs, affect its competitiveness or reduce revenue relative to other airlines. Higher SAF-related costs. Continued policy support for SAF in other airlines' domestic markets but not in New Zealand may enable other airlines to access cheaper SAF and therefore have lower operating costs than Air New Zealand. In parallel, uneven rollout of uplift requirements or levies for SAF could require Air New Zealand to incur higher SAF-related costs than other airlines either because of the policy design itself or by imposing higher SAF costs than Air New Zealand might otherwise choose commercially. The location of SAF production and access to Scope 3 SAFc markets can also create cost differences for Air New Zealand relative to other airlines. Increased carbon compliance costs. Uneven participation in CORSIA from airlines globally, differing requirements or enforcement from respective States and/or non-compliance by airlines may lower other airlines' operating costs relative to Air New Zealand. Slower or more expensive delivery of the Transition Plan. Overall, uneven policy, market dynamics, and global supply chains may distort competition for Air New Zealand in a way that raises costs or slows implementation of the airline's Transition Plan more so than for other airlines.	- Engaging on policy and SAF supply - Developing the Scope 3 SAFc Programme - Monitoring CORSIA market developments including supply/demand dynamics, pricing, global participation and penalties - Engaging with government, IATA, ICAO, industry groups, intermediaries and project developers on CORSIA developments

Strategy (continued)

2.4 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 gross and net costs for SAF, CORSIA compliance obligations, and fleet modernisation (based on current assumptions) are incorporated in 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 the Transition Plan.

In the 2026 financial year, the airline approved funding for SAF uplift and continued to operate the Climate and Nature Fund. This Fund contains the proceeds from the \$20/tonne CO₂e internal carbon charge and, amongst other items, funded the airline's lease of the BETA ALIA CX300, replacement of gas and steam infrastructure and a range of SAF investments. In the 2026 financial year, the Climate and Nature Fund raised \$7.4m. For further details of the internal carbon charge please see section 3.2 on [page 24](#).

Investment decisions

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

The airline uses 'Guardrails' to guide decision-making and capital deployment 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, and exposure to climate-related risks, among other sustainability considerations.

Capital deployed toward climate-related risks and opportunities

Air New Zealand made financially material investments with climate-related considerations in the 2026 financial year, such as the commission of new aircraft.

In earlier Climate Statements, Air New Zealand only disclosed capital expenditure where its entire or primary purpose was to address climate-related risks and/or opportunities. In the 2026 financial year, the airline has chosen to disclose capital that contributes to the management of climate-related risks, or uptake of climate-related opportunities, even if its primary purpose is for business priorities that are not solely or primarily climate-related. The airline believes this approach provides a more meaningful disclosure of capital deployed.

As such, the airline has elected to disclose capital deployment for aircraft assets commissioned in the 2026 financial year that use more fuel-efficient conventional-propulsion technologies and/or materials. The scope of this figure comprises the capitalised value of aircraft and engines as well as the present value of the right-of-use assets for leased aircraft that were delivered in the financial year. As this represents a change from prior disclosures, comparative information has not been provided.

The airline also deployed capital towards electric and/or hybrid ground service equipment, infrastructure upgrades (e.g. capital expenditure towards Hangar 4), the SAF programme and resilience activity such as an automatic passenger rebooking tool to help support customers through disruption. However, none of these investments were separately financially material and, therefore, are not disclosed.

Table 3: Capital deployment towards climate-related risks and opportunities in the 2026 financial year

Asset type	Value (\$m)	Notes
Commissioned Aircraft Assets	71.4	This includes the value of more fuel-efficient conventional propulsion aircraft delivered ¹² .



¹² To avoid distortive impacts arising from the split between leased and purchased aircraft, the airline discloses either the capitalised value of purchased aircraft or engines, or the present value of lease costs, provided that Air New Zealand has taken delivery of the leased aircraft during the financial year. The airline's capital deployment is expected to fluctuate in line with the timing of aircraft deliveries.



Strategy (continued)

2.5 Scenario analysis

Air New Zealand continued to use four scenarios in the 2026 financial year (see pages [16](#) and [17](#) for scenario summaries).

Process and governance

Air New Zealand updated its scenario analysis process in the 2026 financial year by undertaking the following five steps:

1. Reconvened the Climate-related Disclosures (CRD) Steering Committee and working team;
2. Reviewed and updated scenario narratives;
3. Discussed and agreed changes with the CRD Steering Committee and the Audit and Risk Committee;
4. Tested whether the climate-related risks identified in the 2024 financial year and consolidated in the 2025 financial year were still relevant and discussed their materiality across time horizons; and
5. Assessed the resilience of the airline's emerging strategy.

The scenario analysis was a standalone process; however, outputs informed the airline's climate-related risk assessment within its Enterprise Risk Management Process (see [page 26](#)).

The CRD Steering Committee was the primary governance body with oversight over the scenario analysis process, and it oversaw steps two through five. A working team facilitated the overall process, conducted the analysis and the initial assessment of the airline's resilience. This process included input and oversight from the Board and Executive team, including approval of the scenarios for analysis.

Development and description of scenarios

Air New Zealand's four climate scenarios draw on Intergovernmental Panel on Climate Change's (IPCC) Shared Socioeconomic Pathways (SSPs) which describe plausible future socioeconomic conditions. These are combined with Representative Concentration Pathways (RCPs), which indicate associated GHG emissions and resultant warming trajectories through to 2100. Additional narrative detail was also added with reference to global energy pathways, New Zealand-specific impacts and aviation-specific developments. The temperature outcomes in the Fragmented World and Wait and See scenarios are identical. However, these scenarios differ in that New Zealand is one of several countries taking a leading role in climate policy in the Fragmented World scenario and takes a more cautious approach in the Wait and See scenario.

A STEEP (Social, Technological, Environmental, Economic and Political) framework was used to identify key drivers of change.

The scenarios were used to assess the resilience of the airline's business model and strategy to climate-related risks and opportunities.

To assess the long-term physical risks, Air New Zealand used physical climate data from a study conducted in the 2024 financial year and which remains relevant in the 2026 financial year. This assessment analysed 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 under SSP1-2.6 and SSP5-8.5¹³ to 2100.

Air New Zealand's approach to transition risk remains largely qualitative in the 2026 financial year.

Workshops were conducted in the 2025 financial year with input from across the business to assess the airline's ability to respond to its material climate-related risks under the different scenarios, as well as consideration of the strategic implications of the climate-related transition and physical risks. In the 2026 financial year, in reviewing its material climate-related risks, the airline also ran a workshop with its Transition Plan Governance Forum to test the resilience of the emerging strategy within the four climate scenarios. The outputs of this workshop formed an input to the Board strategy days.

Further detail on the scenario inputs, assumptions and methodology can be found in [Appendix A](#).

Time horizons

The time horizons used in the scenario analysis and risk assessment 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. See section [5.1](#) for an overview of the time horizons used.

The physical risk assessment has a longer time horizon (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 physical risk assessment was considered relevant and appropriate because it combined data from the latest global climate models and was broadly aligned with the warming pathways in the airline's scenario analysis.

13. The airline notes that the IPCC has formally stated that the SSP5-8.5 scenario is no longer considered plausible.



Strategy (continued)

Wait and See



Temperature¹⁴
+2.7°C



Scenario Reference
SSP2-4.5

New Zealand delays decisive climate action while others move faster, increasing transition costs, reputational pressure and the risk of falling behind.

Although this scenario has the same long-term global temperature outcome as the Fragmented World scenario, they differ in the assumed New Zealand policy response, resulting in different implications for Air New Zealand.



Fragmented World



Temperature¹⁴
+2.7°C



Scenario Reference
SSP2-4.5

New Zealand moves ahead on climate action while global progress remains uneven, creating competitive, policy and technology complexity for Air New Zealand.

Although this scenario has the same long-term global temperature outcome as the Wait and See scenario, they differ in the assumed New Zealand policy response, resulting in different implications for Air New Zealand.



Strategy (continued)

Fossil-Fuelled Growth



Temperature¹⁴
+3.6°C



Scenario Reference
SSP3-7.0

Decarbonisation progress reverses globally, driving short-term growth but exposing aviation to worsening climate impacts, volatile fuel costs and long-term demand disruption.

Today

2031

2043

2050

Short-term (to 2030): 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 increase. Efforts to implement coordinated global decarbonisation fail, leaving countries to pursue their own adaptation responses. New Zealand lacks supportive policy, market and technological developments to decarbonise. Cheap fossil fuels continue to be relied upon, 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.

Medium-term (2031–2043): Worsening trust across borders and in international organisations weakens the world’s ability to solve collective problems such as climate change. Immediate economic, security and social concerns take precedence for many people. Financing for fossil fuel-driven development is readily accessible, and green finance drops out of favour. Fossil fuel prices become more volatile over time as supply chains are increasingly disrupted. Climate-related impacts harm New Zealand’s biodiversity and tarnish its “clean, green” image, reducing New Zealand’s desirability as a travel destination and source of goods and services. While New Zealand is adversely affected, it is not impacted as severely as many other countries.

Long-term (2043+): 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. 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, exceeding 70 centimetres by 2100. In the medium- to long-term, acute climate events cause significant damage to urban areas and businesses, resulting in economic shocks. As climate damage worsens, public outrage grows. Insurers retreat from covering high-risk areas, creating a strong reliance on government support in exposed locations. Parts of the Pacific Islands are no longer habitable, and many people seek refuge in New Zealand.

Key challenges¹⁵



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



Climate-related extreme weather events impact economic growth and New Zealand’s attractiveness as a tourism destination, reducing demand for Air New Zealand’s services and creating disruption within Air New Zealand’s network

Global Cohesion



Temperature¹⁴
+1.5°C¹⁶



Scenario Reference
SSP1-1.9

Rapid, coordinated decarbonisation limits warming to 1.5°C, but creates high transition costs, fast-moving technology choices and rising expectations for aviation to keep pace.

Today

2031

2043

2050

Short-term (to 2030): 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. 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. 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.

Medium-term (2031–2043): 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 NGA. 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 do not. Voluntarily adopting lower-emissions lifestyles, including avoiding flying or flying less, becomes more common for some parts of society. 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.

Long-term (2043+): 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. By the long-term, widespread adoption of lower-emissions technologies, together with sustained policy support and international coordination, has enabled significant decarbonisation across many sectors of the economy.

Key challenges¹⁵



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



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

16. Air New Zealand acknowledges that calendar year 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 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.

17



Metrics and Targets

3.1 Targets used to manage climate-related risks and opportunities

Air New Zealand has a long-term commitment to work towards net zero carbon emissions from jet fuel by 2050 (the 2050 Target) that underpins the development of Air New Zealand's Transition Plan. The airline also has an ambition to use 10 percent SAF as a percentage of total jet fuel by 2030.

Air New Zealand is actively taking steps to implement its Transition Plan. However, the airline cannot reach these targets alone. A number of external interdependent factors outside the airline's direct control, as well as internal cost and commercial constraints, affect its ability to deliver its Transition Plan. These include:

- **Economic:** Implementing the Transition Plan is expected to increase costs. If these costs cannot be passed on to customers, 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:** Delivery of the Transition Plan depends on the airline's financial performance; capital constraints may delay investment and achievement of the 2050 Target and ambition to use ten percent SAF by 2030.

The 2050 Target

Air New Zealand's 2050 Target is to achieve net zero carbon emissions from jet fuel by 2050.

The 2050 Target covers domestic and international flights, passenger and cargo flights, and revenue and non-revenue flights. The scope is limited to CO₂ emissions (other GHGs such as methane or nitrous oxide, and Non-CO₂ Effects, are excluded) relating to:

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

Achieving the 2050 Target will require both absolute reductions in total CO₂ emissions and the use of carbon credits. An estimated 11-48 percent is anticipated to be from carbon credits in 2050. There are no interim milestones for this target and there is no baseline year against which progress is measured.

The 2050 Target aligns with the aviation industry's collective 2050 target, agreed at the 77th IATA Annual General Meeting, as well as ICAO's long-term global aspirational goal, agreed by Member States (including New Zealand) at its 41st Assembly in 2022. Both IATA and ICAO have stated that these targets align with the Paris Agreement's temperature goal. Air New Zealand has adopted the criteria identified in the IATA resolution to achieve net zero carbon emissions from jet fuel by 2050; however, the 2050 Target has not been verified or validated by the airline or any external third party.

In the 2026 financial year, Air New Zealand's gross CO₂ emissions from these sources was 3.2 million tonnes CO₂. This is compared to the 2025 financial year where gross emissions were 3.1 million tonnes CO₂.

Confirmed net emissions will be available when Sectoral Growth Factors have been released for the entire 2026 financial year (expected in November 2027).

Air New Zealand's 2024 calendar year CORSIA compliance obligation has now been confirmed. As such, Air New Zealand's gross and net emissions for the 2024 financial year were 3.2 million tonnes CO₂ and 3.1 million tonnes CO₂ respectively. Given gross emissions are predicted to increase to around 6 million tonnes CO₂ by 2050 based on current assumptions, significant reductions in both gross and net emissions will be required by 2050 if Air New Zealand is to achieve the 2050 Target.

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 calendar year 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 ambition and there is no baseline year against which progress is measured.

This ambition exists alongside the airline's 2050 Target. While this ambition is necessarily subject to a range of dependencies, including global SAF market developments and commercial conditions, the 2030 Emissions Guidance is consistent with Air New Zealand's expectation that it meets the Clean Skies for Tomorrow 2030 Ambition Statement.

As explained on [page 9](#), in the 2026 financial year, the airline uplifted 1.2 percent SAF as a proportion of total jet fuel. In the 2025 financial year the airline uplifted 1.7 percent and, in the 2024 financial year, 0.4 percent. Significant increases in the uplift of SAF will be required by the 2030 financial year to meet Air New Zealand's 2030 ambition.

2030 Emissions Guidance

Air New Zealand issued its 2030 Emissions Guidance in May 2025 (see section [2.1](#)). The Emissions Guidance is not a target but is updated annually in its Climate Statement to provide a regular and transparent assessment of its short-term decarbonisation outlook.

Air New Zealand expects to reduce its Well-to-Wake net GHG emissions from jet fuel by 25 to 30 percent by 2030, compared with a 2019 financial year baseline. This is a revision from the 20 to 25 percent range communicated in 2025 and reflects revised assumptions related to fleet and network, which reduce fuel use and gross emissions, and a higher anticipated CORSIA compliance obligation, which increases the volume of carbon credits the airline expects to purchase, thereby reducing net emissions.

In the 2026 financial year, Well-to-Wake gross emissions from jet fuel were 3.9 million tonnes CO₂e, an increase from 3.8 million tonnes CO₂e in the 2025 financial year. It is estimated that Well-to-Wake net emissions were 3.5 million tonnes CO₂e. The net emissions rely on IATA CORSIA Sectoral Growth Factor forecasts and are subject to revision.

Metrics and Targets (continued)

3.2 Metrics relevant to all entities

Greenhouse gas emissions

Air New Zealand has been calculating its GHG emissions in alignment with the GHG Protocol since the 2011 financial year, covering Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity), and selected Scope 3 (indirect emissions from the value chain) categories, where data availability and materiality considerations allow. The inventory is reviewed and updated as data availability, estimation methodologies and reporting practices evolve.

No changes were made to the boundary or core calculation approach of the GHG emissions inventory in this financial year. Updates during the financial year primarily related to:

- **Scope 3 – Category 1 (Purchased goods and services):** application of an internal inflation rate to spend data, reallocation of purchased goods and services to more representative spend-based emissions factors, and use of supplier-specific data, where available.
- **Scope 3 – Category 2 (Capital goods):** application of an internal inflation rate to spend data, reallocation of asset codes to more representative spend-based emissions factors, and substitute proxy data with supplier product-specific life cycle assessment (LCA) data where available.

Table 4: GHG emissions by Scope in tonnes of CO₂ equivalent (tCO₂e)

Scope	2026	2025	2024	2019
Scope 1	3,246,416	3,157,207	3,250,851	3,925,650
Scope 2 (location-based)	2,067	2,598	2,049	3,098
Scope 3	1,118,191	1,055,362 ¹⁷	1,026,989	787,948 ¹⁸
Total	4,366,674	4,215,167 ¹⁷	4,279,889	4,716,696

Analysis of trends in GHG emissions

In the 2026 financial year, Air New Zealand emitted 4.4 million tonnes of CO₂e across its direct and indirect emission sources (Scopes 1, 2 and 3). This is an increase of 3.6 percent from the 2025 financial year.

The most significant change is in Scope 1, relating to emissions from jet fuel, as described below. This is despite some consolidation of scheduled flights as a result of the commercial pressures driven by impacts of the Middle East conflict in the latter months of the financial year.

Jet fuel

Total Well-to-Wake emissions associated with jet fuel, which include jet-fuel-related emissions across all Scopes, increased by 2.7 percent compared to the 2025 financial year and decreased by 16.4 percent from the 2019 financial year.

The increase reflects higher overall jet fuel consumption during the year due to an increase in Available Seat Kilometres (ASKs). It was also influenced by a higher proportion of flying on less fuel-efficient Boeing 777 aircraft relative to Boeing 787 aircraft and, to a lesser extent, a lower proportion of SAF uplifted compared with the 2025 financial year, reducing the emissions benefit from SAF.

Jet fuel emissions have remained below pre-pandemic levels. Following a significant reduction in jet fuel emissions after the 2019 financial year due to lower demand for travel during the Covid-19 pandemic, emissions from international flights have increased steadily as demand and the network recovered between the 2020 and 2026 financial years.

Other Scope 1

Other fuel use emissions include other transport fuels and stationary fuels. These emissions have decreased slightly by 0.7 percent from the 2025 financial year, and 44.4 percent since the 2019 baseline year. This is due to reduced natural gas usage (33.7 percent and 70.6 percent, in the 2026 financial year compared to the 2025 and 2019 financial years respectively). These reductions are partially offset by an increase in diesel usage by 11.0 percent compared to the 2025 financial year, although diesel usage remained 26.9 percent lower than the 2019 baseline year.

Basis of Preparation Overview

Reporting Standard: Prepared 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).

Operational Boundary and consolidation approach: Includes the emissions of all operationally controlled Air New Zealand businesses or subsidiaries and emission sources in accordance with the operational control consolidation approach.

Reporting boundaries: Includes all material Scope 1, Scope 2 (location-based method) and relevant Scope 3 emission sources attributable to Air New Zealand operations. Minor individual and category exclusions are outlined in [Appendix C](#).

Reporting year: Financial year ended 30 June 2026.

Baseline year: 2019 financial year for Scopes 1, 2 and Scope 3 Category 3; and 2024 financial year for other Scope 3 categories.

Calculation Methodology: Calculated using activity data multiplied by applicable emissions factors, with estimation methodologies applied where primary data is unavailable.

Emission factors and Global Warming Potential (GWP): Sourced from recognised international and domestic datasets, including New Zealand Ministry for the Environment (MfE) guidance, UK governmental conversion factors, Auckland Council consumption emission intensities and relevant aviation industry sources. GWPs are dataset specific, based on the IPCC Fourth, Fifth or Sixth Assessment Report (AR4/AR5/AR6) 100-year values. Refer to [Appendix C](#) for full reference list and applicable GWP values.

Uncertainty: Certain emissions sources incorporate estimation techniques, assumptions and judgement due to data limitations. Key estimation methodologies and uncertainty considerations are described in [Appendix C](#).

Assurance: Air New Zealand’s 2026 GHG emissions inventory has been independently assured by Deloitte Limited on behalf of the Auditor-General with reasonable assurance over Scope 1 and 2 emissions sources and limited assurance over Scope 3 emissions. Refer to the GHG emissions assurance report in section [7.1](#).

Further information on the preparation of the GHG emissions inventory is in [Appendix C](#).

17. The 2025 financial year comparative values have been restated following an update to the spend-based methodology to remove the effect of supplier-specific price inflation relative to the 2024 financial year baseline.

18. Includes Scope 3 - Category 3 only. The baseline year for this Category is set to the 2019 financial year.

19



Metrics and Targets (continued)

Diesel is the largest proportion of other fuel use (59.2 percent in the 2026 financial year), and the increase is primarily due to an increase in diesel consumption by Ground Service Equipment (GSE).

Scope 2

Electricity emissions have decreased by 20.4 percent from the 2025 financial year, which is due only to higher renewable electricity generation in New Zealand. As a result, the emissions factor for electricity decreased by 22.2 percent on last year, whereas Air New Zealand's electricity consumption increased by 2.3 percent. Compared to the 2019 financial year, Scope 2 emissions reduced by 33.3 percent, continuing the downward trend from the 2024 financial year.

Scope 3

Scope 3 emissions increased by 6.0 percent compared to the 2025 financial year, and 8.9 percent compared to the 2024 financial year. The greatest contribution to this increase is the Well-to-Tank

emissions associated with increased jet fuel consumption. Other Scope 3 categories (i.e. excluding Scope 3, Category 3) increased by 13.0 percent compared to the 2025 financial year, and 24.7 percent compared to the 2024 baseline year.

Purchased goods and services (Scope 3, Category 1) emissions have increased by 10.6 percent in the 2026 financial year compared to the 2025 financial year, primarily reflecting higher expenditure on maintenance, repair and overhaul, and supporting services for air transport (e.g. Air Navigation Services).

To improve comparability over time, Air New Zealand revised its spend-based methodology during the 2026 financial year by adjusting emission factors to remove the effect of supplier-specific price inflation relative to the 2024 baseline year. The comparative 2025 financial year has been restated on the same basis. Consequently, changes in purchased goods and services (Scope 3, Category 1) emissions are more representative of increases in procurement activity than increases in supplier prices.

Capital goods emissions (Scope 3, Category 2) have increased by 22.1 percent between the 2025 and 2026 financial years and 41.4 percent compared with the 2024 baseline year. The increase was primarily driven by the capitalisation of Hangar 4, investment in Boeing 787 cabin retrofits, engine maintenance and overhauls, and the delivery of one ATR aircraft.

Waste generated in operations (Scope 3, Category 5) has increased by 67.8 percent in the 2026 financial year compared to the 2025 financial year due to a combination of updated MfE emission factors and an increase in waste sent to landfill. Operationally, the volume of waste disposed to landfill increased by 3.8 percent, primarily due to higher volumes of international waste, which is subject to biosecurity requirements and therefore cannot generally be diverted from landfill.

Business travel-related emissions (Scope 3, Category 6) reduced in the 2026 financial year, down 15.1 percent compared to the 2025 financial year, reflecting lower levels of employee business travel as the airline continued to manage discretionary expenditure.

Figure 3: Well-to-Wake emissions from jet fuel over time in tCO₂e

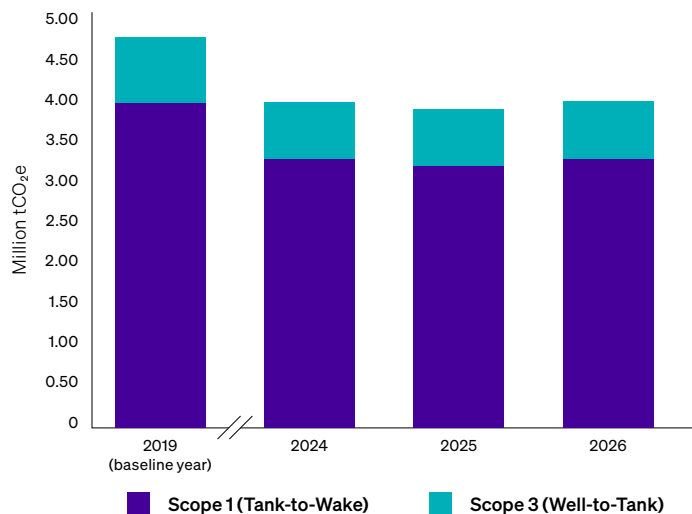
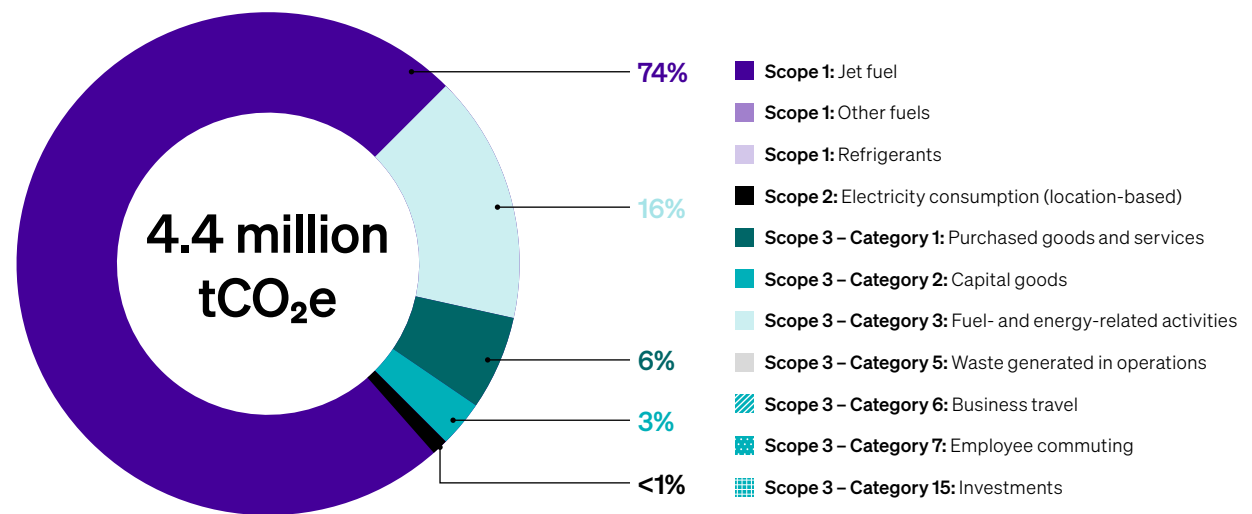


Figure 4: 2026 financial year emissions by Scope and Category



Metrics and Targets (continued)

GHG emissions intensity¹⁹

Air New Zealand uses aviation-specific GHG emissions intensity metrics to assess emissions relative to operational activity. These metrics show emissions generated for each available seat or tonne of payload flown. Seat capacity is measured using ASKs and payload carried is measured using Revenue Tonne Kilometre (RTK). Air New Zealand reports emissions intensity on both a Tank-to-Wake and Well-to-Wake basis. These terms are explained in [Appendix B: Glossary](#).

Analysis of trends in GHG emissions intensity metrics

Tank-to-Wake emissions per ASK have increased slightly compared to the 2025 financial year driven by an increase in the number of ASKs flown on Boeing 777 aircraft and a reduction in ASKs flown on more-fuel-efficient Boeing 787 aircraft. This was due to the engine issues on these aircraft that are described in more detail in the fleet and network section in [2.1](#). In addition, emissions intensity has been impacted by a change in configuration of 787 aircraft as a result of the retrofit programme, which reduces the number of available seats.

Tank-to-Wake and Well-to-Wake emissions per RTK have increased by a larger factor in the 2026 financial year, primarily due to a reduction in the cargo load carried compared to the 2025 financial year. This lower cargo load reflects softer demand and broader network conditions across the Tasman and long-haul markets.

Amount or percentage of assets or business activities vulnerable to material climate-related risks

Air New Zealand uses a range of metrics to assess the amount of business activities vulnerable to either transition risks or physical risks (see [Table 6](#)).

Air New Zealand has not identified any material climate-related opportunities. As such, currently no material proportion of Air New Zealand’s assets or business activities is specifically aligned with climate-related opportunities²⁰. 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, and helps the airline meet compliance obligations under the NZ ETS (see section [2.2](#)); and
- The Scope 3 SAFc programme supporting customer Scope 3 decarbonisation and reducing SAF price premiums (see section [2.1](#)).

Aviation industry metrics and other Key Performance Indicators (KPIs)

Air New Zealand reports aviation-specific sustainability metrics from the Sustainability Accounting Standards Board (SASB) Standards. These are:

- Gross global Scope 1 emissions (see [page 31](#));
- Fuel use metrics (see [Table 6](#));
- Available Seat Kilometres, Passenger Load Factor, and Revenue Passenger Kilometres (see page 86 of the [2026 Annual Report](#));
- Revenue Tonne Kilometres and number of departures (see [Table 6](#)); and
- Average fleet age (see section [2.1](#)).

In line with the SASB Standards, Air New Zealand also discloses its long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and performance against those targets (see sections [2.1](#) and [3.1](#), respectively).

Information on the airline’s internal carbon charge and remuneration is detailed in [Table 6](#). Information on capital deployment can be found in section [2.4](#).

Table 5: GHG emissions intensity metrics¹⁹

Metric	2026	2025	2024	2019
Grams of Tank-to-Wake CO ₂ e per ASK ²¹	79	78	77	85
Grams of Tank-to-Wake CO ₂ e per RTK ²¹	730	710	734	762
Grams of Well-to-Wake CO ₂ e per RTK ²²	886	862	889	916

19. Air New Zealand’s GHG emissions intensity metrics include SAF emissions reductions allocated to customers and should not be used by customers for their own emissions reporting, as this may result in double counting. See section 5.7 of the IATA Sustainable Aviation Fuel Accounting & Reporting Methodology.

20. Air New Zealand has not disclosed a metric for climate-related opportunities in the 2024, 2025 or 2026 financial years.

21. Measured based on Scope 1 jet fuel emissions from flying activity (including fossil jet fuel and N₂O and CH₄ emissions from SAF).

22. Measured based on Scope 1 and 3 jet fuel emissions related to flying activity (including SAF and fossil jet fuel).

21



Metrics and Targets (continued)

Table 6: Metrics

Metric	Description	Unit	2026	2025	2024	Analysis
Assets or business activities vulnerable to transition risks²³						
Proportion of revenue-generating operations currently reliant on fossil jet fuel	This includes revenue generated from all domestic and international routes on its network. Fossil fuel is used as a proxy for the airline's exposure to some of its transition risks and that exposure has been used as a proxy for vulnerability.	% of revenue	93%	93%	94%	The trend remains stable at a high level, reflecting the airline's continued reliance on conventional fossil jet fuel for its revenue-generating operations.
Proportion of revenue-generating operations that are currently estimated to generate emissions pricing obligations	This metric covers domestic routes subject to NZ ETS obligations through the 2026 financial year and forecast emissions pricing obligations under the CORSIA compliance obligation for the same period. CORSIA compliance obligations are estimated by using fuel use on routes to and from participating countries, multiplied by the midpoint of IATA's Sectoral Growth Factor forecasts.	% of revenue	39%	37%	34%	The increase compared to the 2025 and 2024 financial years is primarily driven by a higher forecast CORSIA obligation.
Assets or business activities vulnerable 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 intensity of severe 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. The airline has treated exposure as a proxy for vulnerability in this instance.	% of total asset value	47%	46%	45%	The increase was primarily driven by investment in Boeing 787-9 cabin interior upgrades and engine maintenance, which increased the carrying value of the aircraft fleet.
Proportion of assets, by value, that are 'immovable' and subject to increasing flooding and/or coastal erosion 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 SSP5-8.5²⁴ scenarios over different time periods out to 2100. The physical risk analysis uses global climate simulations that have been downscaled and bias corrected for New Zealand. This was the most up-to-date information available at the time of the analysis. The airline has exposure data at the port level rather than for individual assets. As ground-level immovable assets cannot readily be relocated, the exposure of a port has therefore been used as a proxy for the vulnerability of those assets located within that port. A conservative approach was applied, with the total value of ground-level immovable assets at a port considered at risk where that port was deemed to have high exposure under any of the three scenarios or three hazards by 2100. The domestic ports of Auckland, Wellington, and Nelson were assessed as having high exposure and material values of ground-level immovable assets²⁵. Accordingly, all ground-level immovable assets located at these ports were deemed vulnerable for the purposes of this metric. This metric does not factor in any mitigations or insurance that may protect the airline from the financial impacts associated with this vulnerability. The other locations assessed are excluded due to low or medium exposure and/or immaterial values of ground-level immovable assets at those airports or facilities.	% of total asset value	11%	11%	10%	There was little change in the proportion of assets that are immovable and therefore exposed to flooding and/or coastal erosion risk.

23. While these metrics do not capture all material transition risks identified in section 2.3, 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. 24. The airline notes that the IPCC has stated that the SSP5-8.5 scenario is no longer considered plausible. 25. 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.

Metrics and Targets (continued)

Table 6: Metrics (continued)

Metric	Description	Unit	2026	2025	2024	Analysis
Assets or business activities vulnerable to physical risks (continued)						
Proportion of scheduled flights arriving late due to weather-related reasons ²⁶	These three metrics act as a proxy for the exposure of the airline's operations to disruption from increasingly intense and frequent weather events. Changes over time indicate shifts in both exposure and the airline's ability to manage disruptions caused by weather. However, these metrics have limitations: not all weather-related delays are driven by climate change, and not all physical climate-related events result in disruption. The delay metrics may underestimate the impact, as they capture only the initial affected flight; subsequent schedule disruptions are not included due to the difficulty of accurately attributing the delay time related to weather, particularly where multiple delay factors are involved.	% of scheduled flights	1.4%	1.2%	1.2%	There has been a slight increase in the number of delays on fewer scheduled flights, as compared with the 2025 financial year. This is due to an increase in weather-related disruptions, some of which was due to an increase in snow, ice and fog delays.
Average length of departure delay of flights arriving late due to weather-related reasons		Minutes	42	41	41	The average length of departure delays remains broadly consistent over the past three financial years.
Proportion of scheduled flights cancelled due to weather-related reasons ²⁷		% of scheduled flights	1.4%	1.0%	1.0%	The total number of cancellations related to weather has increased slightly in this financial year. This is mostly related to the turboprop fleet which is more susceptible to weather disruption.
SASB Aviation industry metrics						
Total jet fuel consumed ²⁸	This metric includes all jet fuel types including fossil jet fuel and alternative fuel types, e.g. SAF.	Gigajoules	44,225,130	43,229,065	43,958,911	The increase in fuel use in the 2026 financial year is primarily due to an increase in ASKs from 40.5 billion in the 2025 financial year to 41.0 billion in this financial year, as well as an increase in the emissions intensity of flying. This increase is despite some consolidation of scheduled flights as a result of the commercial pressures driven by the Middle East conflict.
Percentage of jet fuel consumed that was alternative fuel	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 type of alternative fuel, and the only alternative fuel used by the airline in these periods, the reported percentages for these metrics are the same. This could change in the future.	% of total fuel	1.2%	1.7%	0.4%	Air New Zealand consumed less SAF as a proportion of total fuel in the 2026 financial year compared with the 2025 financial year, which was largely driven by a deterioration in the airline's financial performance. Similar to previous years, all the alternative jet fuel that Air New Zealand consumed was SAF.
Percentage of jet fuel consumed that was SAF		% of total fuel	1.2%	1.7%	0.4%	
Percentage of expected total 2030 jet fuel volume that has been contractually secured as SAF via approved offtake agreements	This metric includes the volume of SAF that has been firmly committed through approved, executed offtake agreements and is therefore actively secured under contract, rather than volumes that remain conditional, indicative, or subject to future approval, financing, or final investment decision.	% of total fuel	0.0%	0.0%	0.0%	Air New Zealand has not to date secured any 2030 fuel as SAF, though the airline continues to assess long-term SAF offtake options to support its Transition Plan.
Revenue Tonne Kilometre ²⁹	This metric measures the total transport output by multiplying revenue-generating passenger ³⁰ and cargo load, expressed in tonnes by distance flown.	RTK in million	4,437	4,441	4,419	Passenger RPKs were slightly higher than the 2025 financial year, however this was more than offset by lower cargo loads reflecting softer demand and broader network conditions across the Tasman and northbound Pacific long-haul markets.

26. Relates to the first flight impacted by weather only. 27. Includes both the first flight impacted by weather and any later flights cancelled as a consequence. 28. This metric has been renamed for clarity to reflect that it relates specifically to jet fuel (including both fossil fuel and SAF), rather than all fuel types (such as petrol and diesel). The underlying calculation methodology has not changed. 29. In the 2024 Climate Statement, the RTK value disclosed referred to Air New Zealand’s cargo operations only. Since the 2025 financial year, the metric also includes RPK to align with broader reporting practices across the aviation sector by including total transport output. The 2024 financial year figure has been restated accordingly. 30. To align with the ICAO recommendation, an average weight of 100 kilograms per passenger, including their luggage, is applied.

23



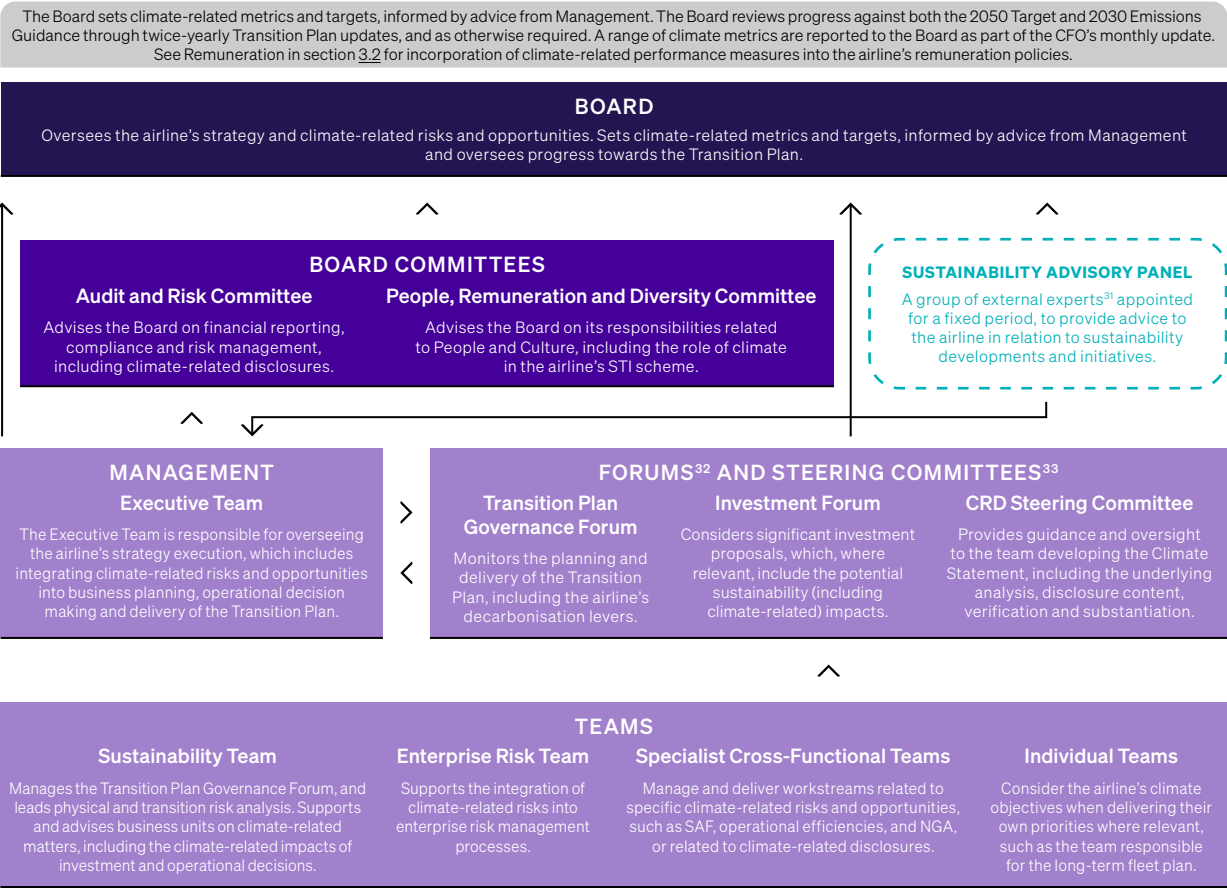
Metrics and Targets (continued)

Table 6: Metrics (continued)

Metric	Description	Unit	2026	2025	2024	Analysis
SASB Aviation industry metrics (continued)						
Number of departures	This metric includes both domestic and international departures, shown alongside the total number of scheduled departures.	Number of flights	163,762 (of a scheduled 169,364)	167,621 (of a scheduled 173,668)	173,002 (of a scheduled 179,372)	The number of departures decreased as the airline consolidated services in response to elevated jet fuel prices, reducing capacity on selected routes to help manage higher fuel costs.
Other metrics and other KPIs						
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 charge creates a ringfenced funding stream that is allocated to the Climate and Nature Fund, which also includes any profits from the airline's loyalty partnership with Z Energy. The Fund supports decarbonisation and sustainability initiatives such as renewable energy and SAF (see section 2.4). In the 2026 financial year, the Climate and Nature Fund raised \$7.4 million.	Dollars per tCO ₂ e	\$20/tCO ₂ e	\$20/tCO ₂ e	\$20/tCO ₂ e	The internal carbon charge remains the same. In the 2024 financial year, the internal carbon charge was also applied to the Auckland to Chicago route. This route was not operated in the 2025 and 2026 financial years.
Shadow carbon price	Air New Zealand uses this metric 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. It is not a price charged to business units or used to generate internal revenue.	USD per tonne of Well-to-Wake emissions	USD83	USD83	-	The shadow price was piloted in the 2025 financial year and implemented in the 2026 financial year. A revised shadow price will be calculated for the 2027 financial year.
Remuneration	Air New Zealand's Short-Term Incentive (STI) scheme applies to employees on individual employment agreements, including all executives and senior leaders (approximately 20 percent of employees). The STI includes a climate-related component worth 15 percent of the total STI opportunity. In the 2026 and 2025 financial years, this comprised two separately assessed measures: one emissions-related component and the other relating to landfill waste. Each measure is assessed independently and vests only if its respective minimum milestones are achieved. There is no climate-related component in the Long-Term Incentive Plan.	Climate-related component as a percentage of the total STI.	15% (Well-to-Wake emissions 10% and landfill waste 5%)	15% (Well-to-Wake emissions intensity 10% and landfill waste 5%)	15% (Well-to-Wake emissions intensity)	The climate-related components of the STI have remained steady at 15 percent. In the 2025 financial year, a landfill waste metric was introduced, and in the 2026 financial year the Well-to-Wake emissions intensity metric was replaced by a total Well-to-Wake emissions metric to better align with the 2030 Emissions Guidance.

Governance

4.1 Role of Board and Management



- BOARD**
- Reviews the airline's progress against its Transition Plan and receives updates on carbon compliance obligations, bi-annually.
 - Reviews the airline's top strategic risks, including climate change as a top risk and its associated Risk Appetite Statement, annually.
 - Reviews the airline's material climate-related risks and opportunities, annually³⁴.
 - Meets with the airline's Sustainability Advisory Panel, annually.
 - Reviews the airline's progress against the sustainability-related component of the annual STI scheme, monthly as part of the CFO report.
 - Receives standalone climate-related updates and/or information from time to time. In the 2026 financial year, the Board undertook a strategy reset and received information on climate-related considerations as part of strategy development.
 - Considers sustainability (including climate-related) impacts of proposals, where relevant, alongside other factors in approval decisions.
 - Receives updates on the sustainability component of other Board agenda items e.g. fleet investment decisions.
- BOARD SUB-COMMITTEES**
- Audit and Risk Committee (ARC)**
- Reviews material climate-related risks and opportunities and the airline's top strategic risks, annually.
 - Reviews the GHG emissions inventory and Climate Statement, annually, and recommends their approval to the Board.
 - Receives updates on the Climate Statement (including GHG disclosures) process and content.
- People, Remuneration and Diversity Committee**
- Reviews and approves, annually, the Sustainability-related component of the Short-Term Incentive.
- MANAGEMENT**
- Monitors the airline's progress against its Transition Plan as part of the Transition Plan Governance Forum, convened four times a year. An update is provided to the Board bi-annually.
 - Monitors the airline's top strategic risks, including climate change as a top risk, and the associated Risk Appetite Statement, twice-yearly³⁵, and reviews the materiality of the airline's climate-related risks and opportunities, annually.
 - Considers sustainability (including climate-related) impacts of proposals and investments, where relevant, at the Investment Forum, convened monthly. Proposals over the CEO's delegated authority are elevated to the Board.
 - Designs and executes strategy and monitors progress (including against sustainability-related priorities) as part of the quarterly business review process. For example, in the 2026 financial year, progress against certain sustainability KPIs was tracked as part of the quarterly business review process.
 - Oversees the development of climate-related disclosures, as part of the CRD Steering Committee, which meets as required³⁶. The Executive co-sponsors report progress to the ARC and Board.
 - The CEO meets with the Sustainability Advisory Panel, annually.

4.2 Board skills and competencies

The Board seeks to ensure that directors have, or have access to, appropriate climate-related skills and competencies to provide oversight of climate-related risks. Sustainability is one of nine skills areas assessed through the airline's Board skills matrix. This assesses whether directors have experience overseeing sustainability initiatives and programmes relating to climate change, emissions reduction, innovations and responsible sourcing. For further detail, refer to the Board skills and diversity table on page 91 of the [Annual Report](#).

4.3 Board oversight of climate-related metrics and targets

The Board sets climate-related metrics and targets, informed by advice from Management. This includes the assumptions underpinning the 2030 Emissions Guidance and progress against the 2050 Target. Both aspects are monitored through the bi-annual update on the airline's progress against its Transition Plan. A range of climate metrics are also reported to the Board as part of the CFO's monthly update. See Remuneration in [Table 6](#) for incorporation of climate-related performance measures into the airline's remuneration policies.

31. Professor Tim Jackson stepped down from the Sustainability Advisory Panel during the 2026 financial year. Matteo Mirolo's term concluded at the end of the 2026 financial year. The airline intends to broaden membership of the Panel in the 2027 financial year.

32. The Transition Plan Governance Forum is comprised of the Executive team, other senior leaders from Fleet, Network Strategy, Finance, Supply Chain, Cargo and Legal and facilitated by the Sustainability team. The Investment Forum is comprised of the CEO, CFO and other leaders where relevant. The Executive team members have a standing invitation.

33. The CRD Steering Committee is comprised of the CFO, Chief Sustainability and Corporate Affairs Officer (CSCAO), and senior leaders from Legal, Finance, Risk, and Sustainability, and is supported by a cross-functional working group. The group convenes on an ad hoc basis, as required.

34. In the 2026 financial year, Air New Zealand did not have any material climate-related opportunities.

35. Due to the airline's strategy reset the delivery of the Group Risk Profile (GRP) was paused. The airline's top strategic risks as presented via the GRP were only reviewed once in the 2026 financial year.

36. In the 2026 financial year, the CRD Steering Committee convened in July, August, October, February, April and June.

25



Risk Management

5.1 Air New Zealand's Enterprise Risk Management Process

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

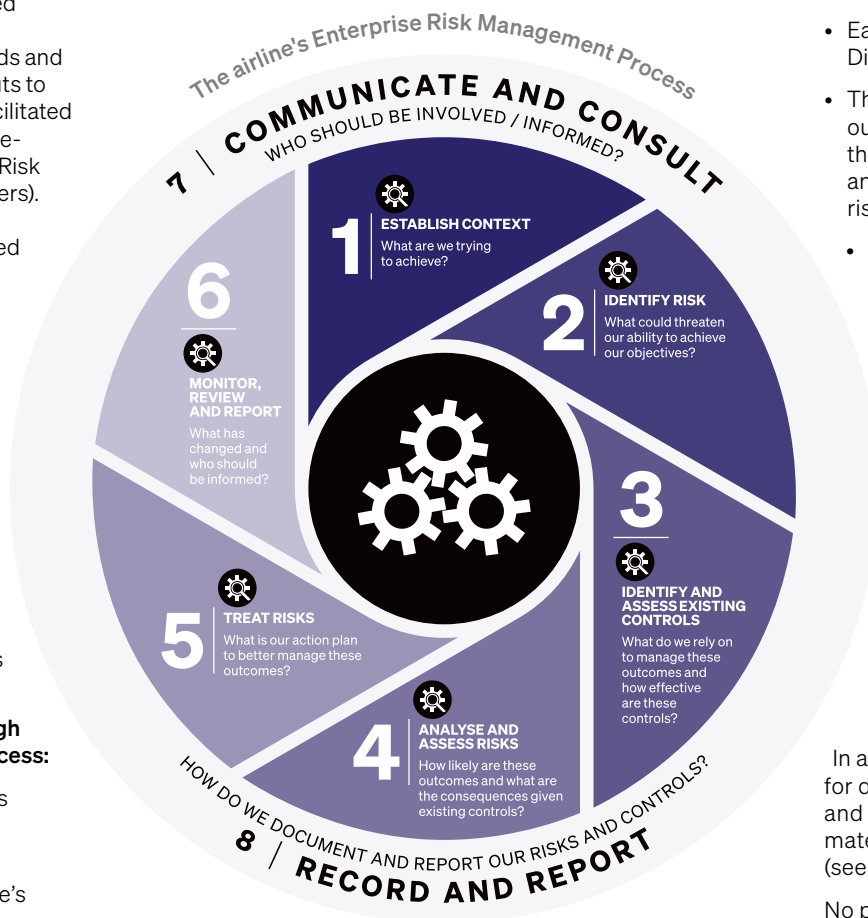
Climate-related risks are identified through both top-down and bottom-up processes:

- 1. Top-down:** Climate-related risks are identified and assessed through dedicated climate-risk analysis projects led by the Sustainability team, in collaboration with Business Unit leads and subject matter experts via workshops. These serve as inputs to the airline's wider enterprise risk management process, facilitated by the Enterprise Risk team, including incorporating climate-related risks and opportunities into relevant Business Unit Risk Registers and/or the Climate Risk Register (the Risk Registers). The scenario analysis projects conducted in the 2024 and 2025 financial years, and the risks identified, were confirmed to remain relevant in the 2026 financial year. A physical risk assessment of airports in the airline's network was conducted in the 2024 financial year and this assessment may be updated as new data, methodologies, or scientific understanding emerges (see section 2.3).
- 2. Bottom-up:** Senior business leaders identify risks throughout the year, at least twice-yearly. Any climate-related risks and opportunities identified through this process are incorporated into the relevant Risk Registers.

Climate-related risks are assessed with reference to the consequence ratings from the airline's Group Risk Matrix. Additional consideration is given to short-, medium- and long-term time horizons and the scenario in which the risk is 'most material'.

Climate-related risks are incorporated and managed through the airline's Enterprise Risk Management Process. In this process:

- The climate-related risks identified through the processes described above are incorporated into the Risk Registers, as appropriate.
- Climate-related risks are then managed through the airline's standard Enterprise Risk Management Process, shown on this page. In this process, climate-related risks are managed and prioritised consistently with all other risks.



- The Enterprise Risk team analyses the risks on the Risk Registers and elevates the most significant risks to the relevant Divisional Risk Profile.
- Each Executive team member reviews and validates their Divisional Risk Profile at least twice-yearly.
- The Enterprise Risk team synthesises the most material outcomes from the Divisional Risk Profiles into draft updates to the 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.
- The Executive team members review and validate the risks that they own and collectively discuss and align on the top risks in the draft GRP. This includes discussion on the risks, the assessment of risks, and the ranking order (prioritisation of the risk in the GRP based on risk rating).
- The Chief Safety and Risk Officer and the CFO twice-yearly (and annually by the CEO) review and approve the GRP for submission to the ARC and the Board.
- 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.

In addition, the material climate-related risks and opportunities for disclosure are reviewed annually by the Executive team, ARC and Board. In the 2026 financial year it was determined that materiality of some risks changed for the short-term time horizon (see [page 10](#)).

No parts of Air New Zealand's value chain are excluded from the risk identification, assessment or management process.

Risk Management (continued)

Air New Zealand's time horizons

The time horizons below are applicable to the assessment, management, identification and prioritisation of climate-related risks and opportunities and align with those used for the scenario analysis (see [page 10](#)).

Tools for assessing risk

Several risk identification, assessment and management tools are used by Management to guide their qualitative assessment of risks. These tools, which collectively make up the airline's Enterprise Risk Management Framework (ERMF), include the Group Risk Matrix³⁷, Risk Control Effectiveness (RCE) Scale, and Risk Appetite Statements. Scenario analysis (explained further in section [2.5](#)) is also a key tool used to identify and assess climate risk and the resulting climate-related risks identified form part of the ERMF. As described in more detail above, the airline's processes for identifying, assessing, and managing climate-related risks are integrated into its overall Enterprise Risk Management Process.

The Group Risk Matrix is used to assess the likelihood and consequence of potential 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.

Time horizon	Period	Rationale
Short-term	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	5-18 years	Aligns with decisions about fleet planning and aircraft lease and purchase, and generally represents the airline's capital deployment horizons, excluding property.
Long-term	18+ years	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.

Note: These time horizons align with those used in the climate scenario analysis.



³⁷ Because the Group Risk Matrix does not accommodate the fact that climate-related risks are scenario-specific and eventuate on time-horizons that are longer-term than those in the ERMF (from one month to ten years), climate-related risks are assessed on the time horizons used in the scenario analysis (see section [2.5](#)). Accordingly, judgement from business leaders is required when comparing the time horizons over which climate-related risks might occur and when considering other risks.



Appendices

6.1 Appendix A: Details of scenario analysis

The climate scenario analysis was developed using the emissions reduction pathways described in section 2.5 based on assumptions over a range of variables that are summarised below.

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 or SAF), 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, 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:** Global climate impact data is derived from 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). Döschner 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: MfE (2018), Climate Change Projections for New Zealand.

The SSP1-2.6 and SSP5-8.5 scenarios under which the physical risk assessment 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 2026 financial year. The airline plans to further align the modelling in future, with a particular focus on SSP3-7.0.

6.2 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 25 to 30 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 for jet fuel in 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;
- **'Clean Skies for Tomorrow 2030 Ambition Statement'** means a World Economic Forum initiative with industry and state leader signatories aiming to "put the global aviation sector on the path to net zero emissions by 2050 by accelerating the supply and use of SAF technologies to reach 10% of global jet aviation fuel supply by 2030";
- **'CORSIA'** means the Carbon Offsetting and Reduction Scheme for International Aviation developed by the International Civil Aviation Organization (ICAO). Under CORSIA, Air New Zealand faces an obligation for growth in CO₂ emissions above a baseline, calculated with reference to an annual Sectoral Growth Factor. Air New Zealand must acquire and cancel EEUs to meet its obligation;
- **'Eligible Emissions Unit (EEU)'** refers to a tradable carbon credit that meets the criteria set by ICAO for use under the CORSIA scheme;
- **'Engineered carbon removals'** refers to technological solutions that directly capture and store CO₂ 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 Organization, 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 CO₂e from the atmosphere within natural ecosystems;



Appendices (continued)

- **‘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-CO₂ 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 CO₂e;
- **‘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;
- **‘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 seeks 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;
- **‘Tank-to-Wake’ or ‘TTW’** means the direct emissions from using fuel after it is already in the aircraft’s or vessel’s tank. In aviation, that means emissions from jet fuel burned during taxi, take-off, climb, cruise, descent and landing;
- **‘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;
- **‘USD’** refers to United States dollar;
- **‘Well-to-Tank’ or ‘WTT’** refers to emissions generated from the extraction or production of fuel or feedstocks, and from fuel processing and distribution before the fuel is loaded into an aircraft; 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).

Appendices (continued)

6.3 Appendix C: Greenhouse gas emissions inventory

This GHG inventory forms part of this Climate Statement and should be read together with the disclaimer in section 1.3. The GHG inventory has been prepared using the methodologies and assumptions described in this Appendix.

Greenhouse gas emissions

Calculation approach

The inventory has been prepared in accordance with the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard³⁸ (GHG Protocol) and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard³⁹ (GHG Protocol Value Chain Standard).

Air New Zealand calculates emissions by multiplying activity data with appropriate emissions factors, with estimation methodologies applied where primary data is unavailable. The calculation methods, sources of emission factors and global warming potential (GWP) values used are included in Table 10 on pages 32 to 34. All emissions disclosed in the GHG emissions inventory are expressed in total tonnes of carbon dioxide equivalent (tCO₂e). The time horizon in all cases is 100 years.

Reporting period covered

This GHG emissions inventory covers the financial year 1 July 2025 to 30 June 2026 (2026 financial year). Throughout this report all mentions of years refer to the respective financial year period, 1 July to 30 June.

Analysis of the current year’s results are included on pages 19 to 21.

Baseline year

Air New Zealand has been calculating its GHG emissions on an annual basis since 2011. The baseline year for Scope 1 and 2, and Scope 3: Category 3 (upstream emissions and transmission and distribution losses related to purchased energy) emissions is 2019, aligning with the Group’s 2030 Emissions Guidance baseline year, which includes upstream Well-to-Tank emissions from jet fuel reported under Category 3.

For all other Scope 3 categories, the baseline year is 2024, being the first year that all material emissions categories were included in the inventory.

Baseline year recalculation

Air New Zealand’s recalculation policy requires the baseline years to be recalculated where structural changes to the Group, methodology changes, or identified omissions cumulatively result in a change that meets a 5 percent significance threshold. The 2019 baseline year emissions were recalculated in 2025 to include Scope 3, Category 3 emissions for the first time.

Assurance

Deloitte Limited, on behalf of the Auditor-General, has been appointed as the third-party independent assurance provider for this 2026 GHG emissions inventory, and selected GHG Disclosures in the Climate Statement (pages 19 to 20). A reasonable level of assurance has been obtained over Scope 1 and 2 emissions, and a limited level of assurance has been obtained over Scope 3 emissions disclosed in this report. The assurance report can be found on pages 36 to 39.

Consolidation approach and organisational boundaries

Air New Zealand applies an operational control approach to determine the boundary of its GHG emissions inventory, recognising 100 percent of the emissions from operations it controls. Emissions associated with investments that fall outside the operational control boundary are

assessed for inclusion in Scope 3 Category 15 (Investments) based on their relevance, materiality and the availability of reliable information.

Table 7 provides an overview of the significant subsidiaries and associates considered in determining the organisational boundary as at 30 June 2026, and their treatment for GHG accounting purposes.

Table 7: Organisational boundaries

Company name	Principal activity	Interest held	Treatment for GHG emissions inventory
Air New Zealand Limited	Parent company	100%	Operational control (100% for Air New Zealand's Scope 1, 2, 3).
Air Nelson Limited	Aviation labour services	100%	Operational control (100% for Air New Zealand's Scope 1, 2, 3) – included under Air New Zealand. Dormant from May 2025, no emissions thereafter.
Air New Zealand Associated Companies Limited	Investment	100%	Non-operating holding company, therefore, no emissions.
Air New Zealand Aircraft Holdings Limited	Aircraft leasing and financing	100%	No emissions from operations in 2026.
Mount Cook Airline Limited	Aviation labour services	100%	Operational control (100% for Air New Zealand's Scope 1, 2, 3) – included under Air New Zealand. Dormant from May 2025, no emissions thereafter.
TEAL Insurance Limited	Captive insurer	100%	No emissions from operations.
Air New Zealand (Australia) Pty Limited	Holding company	100%	Non-operating holding company, therefore, no emissions.
Air New Zealand Express Limited	Holding company	100%	Non-operating holding company, therefore, no emissions.
Air New Zealand Regional Maintenance Limited	Engineering services	100%	No longer a registered company. The company was amalgamated with Air New Zealand Associated Companies Limited on 3 November 2025. Prior to this the company was dormant from October 2024, no emissions.
ANNZES Engines Christchurch Limited	Holding company	100%	Non-operating holding company, therefore, no emissions.
Pratt & Whitney Air New Zealand Services Partnership (trading as the Christchurch Engine Centre)	Engineering services	49%	No operational control. Proportional (49%) of Scope 1 and 2 emissions included under Scope 3 - Category 15.
Drylandcarbon One Limited Partnership	Forestry and carbon credit generation	20.7%	No operational control. No direct emissions to include under Scope 3.

38. World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), available at: <https://ghgprotocol.org/corporate-standard>.

39. World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD), Corporate Value Chain (Scope 3) Accounting and Reporting Standard, available at: <https://ghgprotocol.org/standards/scope-3-standard>.

30



Appendices (continued)

Operational boundaries

In accordance with the GHG Protocol, Air New Zealand classifies its GHG emissions inventory into three Scopes:

- Scope 1: Direct emissions from owned or controlled sources, most notably the combustion of fossil jet fuel on domestic and international flights.
- Scope 2: Indirect emissions from the generation of purchased electricity consumed at Air New Zealand-operated facilities.
- Scope 3: All other indirect emissions across Air New Zealand's value chain, both upstream and downstream.

In addition to the three Scopes, the airline calculates biogenic emissions from SAF⁴⁰ combusted during flights and the burning of wood pellets for heating.

Air New Zealand strives to comprehensively report all Scope 1 and 2 emissions, reflecting the Group's operational control and influence over these sources. Limited immaterial exclusions apply 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 (see [page 35](#)).

For Scope 3, a structured assessment is applied to determine which categories are included in the inventory. This assessment considers:

- A quantitative materiality threshold of ≥ 1 percent of total Scope 3 emissions per category
- GHG Protocol Value Chain Standard criteria, including:
 - relevance to stakeholders
 - ability to influence emission outcomes
 - sector-specific guidance
- Data availability and quality

An overview of all included emission sources, methodologies, key assumptions, and uncertainties is provided in Table 10 (pages [32](#) to [34](#)).

Emissions sources and categories not currently included in the inventory are reviewed annually and may be included in future disclosures if they become material or applicable.

Table 8: GHG emissions inventory by Scope and category in tCO₂e

Emissions source	2026	2025	2024	2019
Scope 1	3,246,416	3,157,207	3,250,851	3,925,650
Jet fuel – domestic	564,677	580,291	604,348	629,876
Jet fuel – international	2,676,599	2,571,440	2,639,807	3,286,502
Jet fuel – ground	28	25	255	941
SAF ⁴¹	292	406	87	-
Other fuels ⁴²	4,636	4,670	6,336	8,331
Fugitive refrigerants ⁴³	184	375	18	-
Scope 2	2,067	2,598	2,049	3,098
Electricity consumption (location-based)	2,067	2,598	2,049	3,098
Scope 3	1,118,191	1,055,362⁴⁴	1,026,989	787,948
Category 1: Purchased goods and services	280,627	253,653 ⁴⁴	239,391	-
Category 2: Capital goods	118,849	97,324 ⁴⁴	84,043	-
Category 3: Fuel- and energy-related activities	692,552	678,742	685,745	787,948
Category 5: Waste generated in operations	2,859	1,704	665	-
Category 6: Business travel	4,880	5,749	6,354	-
Category 7: Employee commuting	17,299	17,091	9,952	-
Category 15: Investments	1,125	1,099	839	-
Total reported Scope 1, 2, 3 emissions	4,366,674	4,215,167⁴⁴	4,279,889	4,716,696
Biogenic emissions ^{40, 45}	40,503	55,455	13,487	725

Table 9: Total 2026 Scope 1 and Scope 2 emissions by greenhouse gas in tCO₂e⁴⁶

Scope	CO ₂	CH ₄	N ₂ O	HFC	Total tCO ₂ e
Scope 1	3,221,239	804	24,189	184	3,246,416
Scope 2	2,001	63	3	-	2,067
Total	3,223,240	867	24,192	184	3,248,483

40. SAF is chemically similar to fossil jet fuel and generates comparable combustion emissions. However, the carbon dioxide emitted from SAF combustion is considered biogenic, meaning it equates to the CO₂ absorbed by the feedstock before SAF production. As a result, the CO₂ emissions from the combustion of SAF are treated as carbon neutral and for transparency are reported separately in the GHG emissions inventory. 41. Methane (CH₄) and nitrous oxide (N₂O) only. 42. 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 includes emissions from wood pellets, which were listed separately prior to 2024. 43. Newly included in 2024, therefore no comparative data for the 2019 financial year. 44. The 2025 financial year comparative values have been restated following an update to the spend-based methodology to remove the effect of supplier-specific price inflation relative to the 2024 financial year baseline. 45. Includes direct biogenic emissions from the combustion of SAF and the burning of wood pellets. 46. SF₆, PFCs and NF₃ are not listed here as there have been no emissions relevant to Air New Zealand's activities.



Appendices (continued)

Table 10: Emission calculation methods, assumptions and uncertainty

Scope / category	Activity	Calculation method	Activity data source	Emission factor and GWP source	Assumptions / estimations	Level of uncertainty	Emissions calculated using primary data provided by value chain partners
Scope 1							
Jet fuel (domestic and international)	Fuel used to operate aircraft	Fuel-based method	Supplier invoices reconciled with internal systems	MfE (2026): Aviation fuel (kerosene); AR5		Low uncertainty.	99.9%
Jet fuel (ground)	Fuel used for ground engine testing	Fuel-based method	Actual use records reconciled with supplier invoices	MfE (2026): Aviation fuel (kerosene); AR5		Low uncertainty.	100%
Sustainable Aviation Fuel (SAF)	SAF purchased by Air New Zealand	Fuel-based method	Supplier certificates reconciled with supplier invoices	MfE (2026): Aviation fuel (kerosene) – CH ₄ and N ₂ O only; AR5	Assumes CH ₄ and N ₂ O 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.	100%
LPG	LPG combusted for heating in Christchurch and Nelson	Fuel-based method	Supplier invoices	MfE (2026): LPG (industrial); AR5		Low uncertainty.	100%
Natural gas	Natural gas combusted for heating in Auckland	Fuel-based method	Supplier invoices	MfE (2026): Natural gas (industrial); AR5		Low uncertainty.	100%
Diesel	Diesel combusted in Ground Service Equipment (GSE) and vehicle fleet <i>Exclusion: Fuel use by offshore GSE and vehicle fleet</i>	Fuel-based method	Supplier invoices	MfE (2026): 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.	100%
Petrol	Petrol combusted in vehicle fleet	Fuel-based method	Supplier invoices	MfE (2026): Petrol / premium petrol (Transport fuel); AR5		Low uncertainty.	100%
Engine oil	Engine oil used to ensure engine system operates effectively and safely	Fuel-based method	SAP transactions	MfE (2026): 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.	100%
HFC	Fugitive HFC losses from HVAC systems or chillers	Top-up method	Service provider reports	MfE (2026): R-134a / R32 / R410a / R-290 / 404a; AR5		Low uncertainty.	100%
Wood pellets	Wood pellets burned for heating in Christchurch	Fuel-based method	Supplier invoices	MfE (2026): Wood (commercial pellets) - CH ₄ and N ₂ O 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.	100%
Scope 2							
Electricity	Electricity consumed at Air New Zealand operated sites, including to charge electric GSE <i>Exclusion: Offsite electricity used to charge EV fleet</i>	Location-based method	Supplier invoices reconciled with meter data from energy efficiency system	MfE (2026): Electricity (annual average); AR5		Low uncertainty.	100%



Appendices (continued)

Table 10: 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	Emissions calculated using primary data provided by value chain partners
Scope 3							
Category 1 – Purchased goods and services	Extraction, production, and transportation of goods and services purchased, not otherwise included in Categories 2 - 8	Supplier-specific data where available ⁴⁷ ; Spend-based method across remaining purchases	General Ledger	Auckland Council Consumption Emissions (2023): 26 categories; AR4 (adjusted for inflation) The top six spend categories use internal observed inflation to more accurately reflect changes to price structures ⁴⁸	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.	<1%
Category 2 – Capital goods	Extraction, production, and transportation of capital goods (including aircraft and engines) acquired	Average-product method for newly acquired aircraft ⁴⁹ ; spend-based method across remaining assets	Fixed Asset Register	Auckland Council Consumption Emissions (2023): 15 categories; AR4 (adjusted for inflation) ⁴⁷ Ecoinvent via SimaPro (accessed July 2026): very short haul passenger aircraft / long haul passenger aircraft; AR6 ATR Product Lifecycle Assessment	Proxy emissions data used to calculate upstream emissions from non-ATR aircraft acquired ⁴⁸ . 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.	1.2%
Category 3 – Fuel- and energy-related activities	Extraction, production, and transportation of fuels and energy purchased, not already accounted in Scope 1 and 2	Average-data method	Same as Scope 1 and 2 fuel and energy data	DESNZ (2026): WTT Liquid Fuels – Aviation Turbine / Fuel oil / Diesel / Petrol, WTT gaseous fuel – LPG / Natural Gas; AR5 MfE (2026): Natural Gas – T&D losses / Electricity T&D losses; AR5 Agrilink (2023): WTT NZ Electricity; AR6 SAF supplier certificates (2026); 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.	100%
Category 5 – Waste generated in operations	Landfill and organic waste disposed of by Air New Zealand employees, customers, and contractors Inflight food and other waste from international flights returning to Auckland <i>Exclusion: Wastewater and Waste from some smaller leased sites</i>	Waste-type specific method	Supplier reports on weight of waste picked up, by waste stream per site	MfE (2026): 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.	100%

47. In 2026, Air New Zealand sourced supplier-specific data from Amazon Web Services. While the impact on the GHG emissions inventory (Scope 3, Category 1) was immaterial, this improves data accuracy and reduces uncertainty, and supports supplier decarbonisation and reporting efforts. 48. Previously, Air New Zealand reported on the influence of inflation and internally observed price increases on the spend-based calculation approach used for Scope 3, Categories 1 and 2. Spend-based emission factors are based on 2020 prices and adjusted using the Consumer Prices Index (CPI) to align with the airline's 2024 baseline year. In 2026, Air New Zealand applied an annual internal inflation adjustment to the six highest spend categories, representing more than 80 percent of spend, to remove the observed impact of supplier price increases. The internal adjustment was applied only to years subsequent to the 2024 baseline year, improving comparability by ensuring reported emissions reflect changes in underlying activity rather than price volatility, particularly where supplier inflation significantly exceeds CPI. 49. In 2026, Air New Zealand sourced product-specific Life Cycle Assessment data from ATR for specific ATR aircraft purchases under Scope 3, Category 2 (Capital Goods), replacing proxy emission factors previously used. Aircraft from other manufacturers continue to use proxy data. No ATR aircraft were purchased in the 2024 baseline year.



Appendices (continued)

Table 10: 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	Emissions calculated using primary data provided by value chain partners
Scope 3 (continued)							
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 (2026): 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 DESNZ (2026): 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.	92.9%
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. Workride and Extraordinary ⁵⁰ uptake records. Sum of annual work starts for crew and pilot commuting. Swipe card data for average attendance by employee group.	MfE (2026): Private petrol car / Working from home / bus / taxi (default); AR5 DESNZ (2026): Average car km petrol / Homeworking; AR5	Commuting data for Auckland head office employees is based on survey results from October 2025. 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.	High uncertainty. The calculation method applied relies on employee participation in a survey or conservative assumptions on the mode of transport use. 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 to further reduce uncertainty.	5.6%
Category 15 – Investments	Fuel and electricity use by Christchurch Engine Centre <i>Exclusion: Vehicles operated by Christchurch Engine Centre</i>	Investment-specific method	Supplier invoices for Christchurch Engine Centre facilities	MfE (2026): Aviation fuel (kerosene) / LPG (industrial) / Electricity (annual average); AR5		Low uncertainty.	100%
Other							
Biogenic emissions	SAF and wood pellets combusted by Air New Zealand	Fuel-based method	Supplier certificates and invoices	MfE (2026): 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.	100%

50. In 2026, Air New Zealand implemented the Workride and Extraordinary programmes to encourage active and public transport among eligible NZ-based employees. Participation in these programmes has been incorporated into the Scope 3, Category 7 (Employee Commuting) calculation.



Appendices (continued)

Exclusions

Individual Source Exclusions

The individual emission source exclusions listed in [Table 10](#) are excluded from the GHG emissions inventory due to immateriality and difficulty obtaining data.

Category Exclusions

Five Scope 3 categories are excluded as they are outside minimum disclosure boundaries, immaterial or difficult to obtain data for:

- **Category 4: Upstream transportation and distribution.** For most purchased products, transport is covered by Category 1 and 2 as it is included in the overall purchase price. Where freight is split out, the resulting transport- and distribution-related emissions are immaterial.
- **Category 8: Upstream leased assets.** Most emissions from the operation of leased assets are covered in Scope 1 and 2. Energy use and refrigerant leaks at offshore locations and some regional airports is difficult to track, but immaterial.
- **Category 9: Downstream transportation and distribution.** This could include optional emission sources, such as passenger transport to and from airports. Air New Zealand has elected not to include this category due to the difficulty in obtaining activity data;
- **Category 11: Use of sold products.** For Air New Zealand, the key product sold is air transportation. Whether for passengers or cargo, these emissions are already reported in the inventory through Well-to-Wake jet fuel emissions; and
- **Category 12: End-of-life treatment of sold products.** Optional disclosure could cover the end-of-life treatment of products sold via the Airpoints™ store. These emissions have been excluded as they are considered immaterial, and it is difficult to obtain accurate data or influence emissions reductions.

Three categories were identified as not applicable:

- **Category 10:** Processing of sold products;
- **Category 13:** Downstream leased assets; and
- **Category 14:** Franchises.

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.

GHG emissions accounting inherently relies on assumptions and estimates that lead to estimation uncertainty. The effect of this uncertainty is that emissions might be over- or understated. Therefore, the corresponding categories' emissions data should be interpreted accordingly. 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 is provided in [Table 10](#) on pages [32](#) to [34](#).

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 9.1 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 acceptable⁵¹, 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.

Air New Zealand continues to make improvements across its GHG emissions inventory to reduce uncertainties. The airline is committed to continuing this work by engaging with suppliers and improving data quality where possible. Changes made in the 2026 financial year are documented in [Table 10](#).

Sources for the emission factors and GWP rates used:

MfE (2026): Ministry for the Environment (NZ) 'Measuring Emissions Catalogue 2026: Emission Factors', via <https://measuringemissionsguide.environment.govt.nz/>

DESNZ (2026): Department for Energy Security and Net Zero (UK) 'Greenhouse gas reporting: conversion factors 2026: full set', via <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2026>

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

ATR (2026): 'ATR72-600 Life Cycle Analysis', internal document supplied by ATR on 8 May 2026

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 life 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/>

51. See page 75 of the [GHG Protocol Value Chain Standard](#).

Assurance

7.1 Assurance report



Independent Assurance Report

To the shareholders of Air New Zealand Limited on the GHG Emissions Disclosures in the Group Climate Statement for the year ended 30 June 2026

Under section 461ZH(3) of the Financial Markets Conduct Act 2013 (‘the Act’), 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 disclosed in the Group Climate Statement for the year ended 30 June 2026, prepared in accordance with Aotearoa New Zealand Climate Standards that is required to be the subject of an assurance engagement under section 461ZH(1) of the Act (the ‘mandatory GHG disclosures’); and
- the Greenhouse Gas Inventory Report, included in [Appendix C](#) to the Climate Statement (the ‘additional GHG disclosures’) for the year ended 30 June 2026, prepared in accordance with the requirements of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (the ‘Applicable Criteria’). For Scope 3 emissions the Applicable Criteria includes the Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Collectively the subject matter of our assurance engagement is referred to as the Group’s GHG disclosures (the ‘GHG disclosures’).

Scope of the engagement and level of assurance

The additional GHG disclosures are based on historical information and provide further disclosures about the GHG emissions of the Group for the year ended 30 June 2026 to meet the requirements of the Applicable Criteria, in addition to the minimum disclosure requirements of the Aotearoa New Zealand Climate Standards.

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	Reference
Subject matter: Selected Scope 1 and 2 mandatory GHG disclosures	
GHG emissions: gross emissions in metric tonnes of Carbon dioxide equivalent (‘CO ₂ e’) classified as: - Scope 1 - Scope 2 (calculated using the location-based method)	Pages 19 to 20 and Appendix C
Additional requirements for the disclosures of gross GHG emissions per paragraph 24 (a) to (d) of Aotearoa New Zealand Climate Standard 1: <i>Climate-related Disclosures</i> (‘NZ CS 1’), being: - The statement describing that the Group’s GHG emissions have been measured in accordance with the requirements of the Applicable Criteria, 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 19 to 20 and Appendix C
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: <i>General Requirements for Climate-related Disclosures</i> (‘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.	Appendix C
Subject matter: Scope 1 and 2 additional GHG disclosures	
Scope 1 and 2 GHG emissions and related disclosures, comprising the emissions inventory and explanatory notes prepared in accordance with the requirements of the Applicable Criteria.	Appendix C

Assurance (continued)

7.1 Assurance report (continued)

Limited assurance	Reference
Subject matter: Selected Scope 3 mandatory GHG disclosures	
GHG emissions: gross emissions in metric tonnes of CO ₂ e classified as: • Scope 3	Pages 19 to 20 and Appendix C
Additional requirements for the disclosures 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 requirements of the Applicable Criteria, 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 19 to 20 and Appendix C
Disclosures relating to Scope 3 GHG emissions methods, assumptions and estimation uncertainty per paragraphs 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 the GHG emissions disclosures.	Appendix C
Subject matter: Scope 3 additional GHG disclosures	
Scope 3 GHG emissions and related disclosures, comprising the emissions inventory and explanatory notes prepared in accordance with the requirements of the Applicable Criteria.	Appendix C

Conclusion

Reasonable assurance opinion

In our opinion the Group's (Selected) Scope 1 and 2:

- mandatory GHG disclosures within the scope of our reasonable assurance engagement for the year ended 30 June 2026, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board; and
- additional GHG disclosures within the scope of our reasonable assurance engagement for the year ended 30 June 2026, have been prepared, in all material respects, in accordance with the requirements of the Applicable Criteria.

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:

- mandatory GHG disclosures within the scope of our limited assurance engagement for the year ended 30 June 2026, are not fairly presented and not prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board; and
- additional GHG disclosures within the scope of our limited assurance engagement for the year ended 30 June 2026, have not been prepared, in all material respects, in accordance with the requirements of the Applicable Criteria.

Other matter – comparative information

The comparative mandatory GHG disclosures for 2024 on pages [19](#) to [20](#) and [Appendix C](#) was assured by Deloitte Limited in the firm's own capacity under New Zealand Standard on Assurance Engagements 1: *Assurance Engagements over Greenhouse Gas Emissions Disclosures* ('NZ SAE 1'). As such, these disclosures are not covered by our assurance conclusion. The comparative mandatory GHG disclosures for 2025 on pages [19](#) to [20](#) and [Appendix C](#) was assured by Deloitte Limited on behalf of the Auditor-General.

The comparative information, being the Group's additional GHG disclosures for 2025, 2024 and 2019 in [Appendix C](#) was assured by Deloitte Limited in the firm's own capacity under International Standard on Assurance Engagements (NZ) 3410: *Assurance Engagements on Greenhouse Gas Statements* ('ISAE (NZ) 3410'). Deloitte Limited expressed unmodified reports dated 28 August 2025, 29 August 2024 and 13 September 2019 respectively.

The Board of Directors' responsibilities

Subparts 2 to 4 of Part 7A 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 climate statement or group climate statement. The Board of Directors of the Group is therefore responsible for preparing and fairly presenting the Group Climate Statement for the year ended 30 June 2026, in accordance with those standards. In addition, the Board of Directors are responsible for the



Assurance (continued)

7.1 Assurance report (continued)

preparation of the additional GHG Disclosures included as [Appendix C](#) to the Group Climate Statement in accordance with the requirements of the Applicable Criteria.

The Board of Directors is also responsible for the design, implementation, and maintenance of internal control 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 mandatory 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 mandatory assurance engagement on GHG disclosures. We agreed to provide reasonable assurance on the Selected Scope 1 and 2 mandatory GHG disclosures, and limited assurance over the Selected Scope 3 mandatory GHG disclosures. We also agreed to provide similar mixed assurance on the additional GHG disclosures in accordance with our letter of engagement.

To meet these responsibilities, we planned and performed procedures (as summarised below), to provide the level of assurance specified. We conducted our assurance engagement in accordance with NZ SAE 1 for the mandatory GHG disclosures and ISAE (NZ) 3410, issued by the New Zealand Auditing and Assurance Standards Board, for both the mandatory and the additional GHG disclosures.

Summary of Work Performed

Reasonable assurance

A reasonable assurance engagement 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 and the Applicable Criteria as the basis for the preparation of the Selected Scope 1 and 2 mandatory GHG disclosures and Scope 1 and 2 additional GHG disclosures, respectively;
- 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

A limited assurance engagement involves assessing the suitability in the circumstances of the Group's use of Aotearoa New Zealand Climate Standards and the Applicable Criteria as the basis for the preparation of the Selected

Scope 3 mandatory GHG disclosures and Scope 3 additional GHG disclosures respectively, 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.

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 enquiries, 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 emission factors applied.
- Evaluated 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 in [Appendix C](#), 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 control structure, it is possible that fraud or error may occur and not be detected.



Assurance (continued)

7.1 Assurance report (continued)

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 to 18 and 21 to 29, and appendices, and therefore, no conclusion is expressed thereon, apart from our opinion on the financial statements. 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)* as applicable for audits of public interest entities ('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* ('PES 4') issued by the New Zealand Auditing and Assurance Standards Board. 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.

In addition to this engagement, 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, and compliance with student fee protection rules. In addition, we also provide non-assurance services in the form of 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. Other than these engagements and trading activities, we have no other relationship with, or interest in, the Group or any of its subsidiaries.

Jason Stachurski
Partner
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
28 August 2026

STAR ALLIANCE 

AIR NEW ZEALAND 



Annual Report 2026

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
Directors' Statement	36
Our Consolidated Financial Statements	37
Statement of Financial Performance	38
Statement of Comprehensive Income	39
Statement of Changes in Equity	40
Statement of Financial Position	41
Statement of Cash Flows	42
Statement of Accounting Policies	43
Notes to the Financial Statements	46
Independent Auditor's Report	80
Five Year Statistical Review	84
Our Corporate Governance Statement	88
Corporate Governance Statement	89
Remuneration Report	102
Employee Remuneration	107
Interests Register	108
Directors' Interests in Air New Zealand Securities	109
Indemnities and Insurance	109
Subsidiary Companies	109
Other Disclosures	110
Securities Statistics	111
General Information	113
Operating Fleet Statistics	114
Shareholder Directory	115

Front cover: Rachel, Flight Attendant
Paul, Pilot and Deputy Fleet Manager B787/B777

About this Report

At Air New Zealand, we are driven by a deep sense of purpose – to enrich our country by connecting New Zealanders to each other and New Zealand to the world.

This year's report highlights the challenges and resilience that defined our performance in 2026. In particular, the Middle East crisis and resulting high and volatile fuel prices, ongoing global engine availability issues, and higher engine maintenance requirements placed significant pressure on fleet, capacity, and fuel costs, which tested the agility of our operation.

Our people have shown resilience and flexibility in adjusting our operations to these constraints to keep the disruption to our customers to a minimum and mitigate the impact on our financial performance. The 2026 financial year also saw continued investment in our aircraft, product and our people. This made our operations stronger and contributed to improved on-time performance and customer satisfaction this year.

We were also pleased to launch our new strategy **Te Pae Hou | Our Future**. A strategic reset which focuses on what matters most – putting our customers first, targeted growth, and building a resilient and future fit airline, to turn the airline around and return to profitability.

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 all 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.com/en-nz/investor-centre.

This report covers the financial year ended 30 June 2026 and is dated 28 August 2026. 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 Nikhil Ravishankar, Chief Executive Officer.

In conjunction with the Air New Zealand 2026 Climate Statement, this document constitutes the 2026 Annual Report to shareholders of Air New Zealand Limited.



Dame Therese Walsh
Chair



Nikhil Ravishankar
Chief Executive Officer

Our Purpose

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

Our purpose reflects the important role Air New Zealand has played for generations – bringing people and families together, connecting businesses and communities, supporting tourism and trade, and connecting New Zealand with the world.



**Ko au ko koe,
ko koe ko au**

I am you and you are me

We treat every customer, colleague and partner with warmth and respect, because Air New Zealand starts with genuine care at its core.



**Hīkina te pae,
kia angitū**

Raise the bar to achieve success

Because being respected means holding ourselves to high standards and always looking for ways to do better.



Ka mua ka muri

Looking back to shape the future

Because the airline we're building cannot be created by a handful of leaders. It will be shaped by all of us.

Our ambition is
To be the world's most respected airline.

Our ambition is to be an airline New Zealanders are proud to call their own, our people are proud to be part of, customers choose to fly with, and investors and partners value. We earn that respect every day by operating safely and reliably, caring for our customers and our people, making disciplined commercial and financial choices, and playing our part in New Zealand's success.



Air New Zealand at a Glance

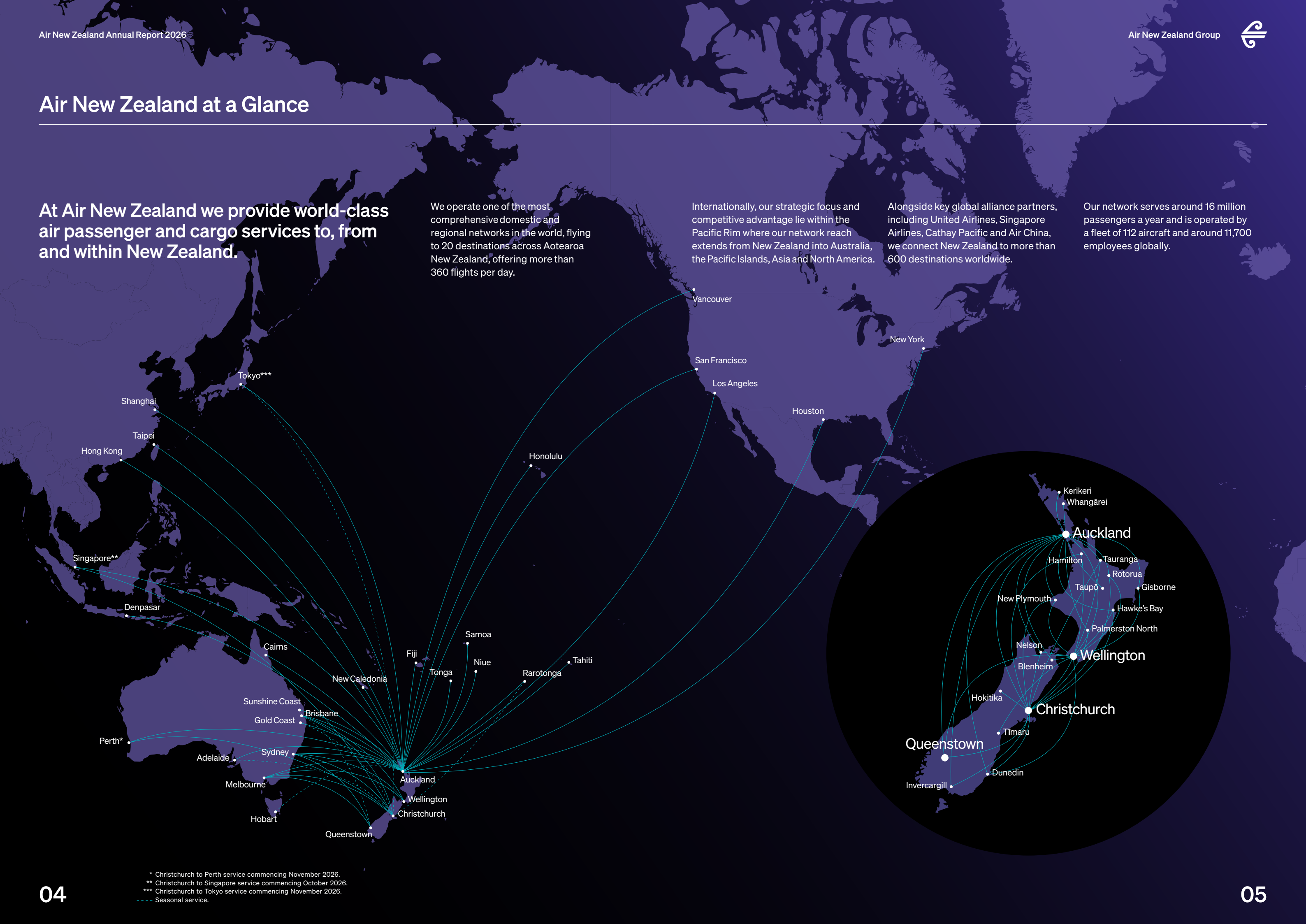
At Air New Zealand we provide world-class air passenger and cargo services to, from and within New Zealand.

We operate one of the most comprehensive domestic and regional networks in the world, flying to 20 destinations across Aotearoa New Zealand, offering more than 360 flights per day.

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

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

Our network serves around 16 million passengers a year and is operated by a fleet of 112 aircraft and around 11,700 employees globally.



* Christchurch to Perth service commencing November 2026.
** Christchurch to Singapore service commencing October 2026.
*** Christchurch to Tokyo service commencing November 2026.
--- Seasonal service.



Performance Highlights

\$7.0b

Operating revenue

Up 3.9% on last year

\$336m

Loss before taxation

Compared to \$164 million¹ profit before taxation last year, due to increased jet fuel prices, and continued engine availability issues

\$242m

Net loss after taxation

Compared to \$108 million¹ net profit after taxation last year

\$819m

Operating cash flow

Compared to \$940 million last year

~\$135m

Adverse impact to earnings

Due to increase in jet fuel prices net of mitigation actions

~\$190m²

Adverse impact to earnings

Due to continued engine issues resulting in additional lease cost, reduced capacity and lost scale economies, offset by compensation received

2026 on-time performance

80.6%

Up 3.1pts on last year

2026 customer satisfaction

84.0

Up 0.4pts on last year

Letter from the Chair and Chief Executive Officer



Dame Therese Walsh, Chair and Nikhil Ravishankar, Chief Executive Officer

Air New Zealand and our customers' share of these aviation system charges, across New Zealand and the offshore ports we fly to, was \$1.2 billion, a price increase of \$142 million on 2025. Of this, approximately \$720 million was recognised as a cost in our financial statements, a price increase of approximately \$83 million in 2026 compared to 2025. These increases are outpacing the New Zealand economy and New Zealand domestic aviation demand. Management continue to advocate for an affordable aviation system and pricing structure to ensure domestic and regional aviation is sustainable in the long term for the communities across the country that rely on it.

As we continue to contend with multiple external factors, we have reset the business on a number of fronts to ensure the airline can improve its performance and excel in a volatile environment, in particular:

Kia ora koutou

Air New Zealand has reported a loss before taxation of \$336 million for the 2026 financial year. This is slightly better than the guidance provided in May 2026.

There are four major factors behind this result:

- The Middle East conflict increased our fuel cost by an estimated \$328 million compared to what we expected going into the second half, and by \$205 million after hedging. We reacted quickly and decisively, adjusting capacity and fares in

response, but were only able to mitigate about a third of this impact, resulting in an estimated \$135 million impact on our overall pre-tax result.

- The multi-year engine issues with the Rolls-Royce Trent 1000 engines on our Boeing 787 fleet and Pratt & Whitney PW1100 engines on our narrowbody fleet contributed an estimated \$190 million¹ to the loss before taxation.
- In 2026 we experienced a peak year for maintenance costs; the increase of \$139 million compared to 2025, excluding foreign exchange, was driven by lifecycle maintenance costs and additional engine maintenance costs on leased engines. We expect \$50 million to \$100 million of this cost to unwind in 2027.
- Aviation in New Zealand continues to face structural challenges, with aviation system costs increasing at over twice the rate of inflation since 2019.

- We have agreed and rolled out a new strategy for the next 5 years;
- We have restructured the leadership team and made enhancements to the operating model, to refocus on cost and capital allocation following our Covid rebuild and engine disruptions;
- We have established a dedicated cost and productivity programme to build momentum on cost management and profit improvements. We have delivered \$94 million in incremental transformation benefits in 2026 and have identified an additional \$135 million annualised savings, which will accrue from the 2027 financial year to reduce the overall cost base and offset expected inflation. This includes the \$100 million previously disclosed in May;

1. 2025 profit before tax and net profit after taxation restated.

2. 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.

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.

Letter from the Chair and Chief Executive Officer (continued)



Don and Eden, Aircraft Engineers

- We have worked relentlessly with Rolls-Royce and Pratt & Whitney to expedite the recovery of engines. We now expect no more than one of our widebody and up to two narrowbody jets to be grounded due to these multi-year engine issues in 2027;
- We have optimised our schedule, deployed new frontline tools, retrained our teams, reworked our aircraft turnaround processes and we delivered global top-decile on-time performance¹ amongst comparable airlines, achieving 84.0% in the second half of the year. Customer satisfaction scores also continue to improve, ending the year at 84.5 in the second half of the year; and
- We are working with Boeing to adjust our aircraft delivery profile to ensure that we smooth capital expenditure and align the timing of capacity additions with growth expectations.

We enter 2027 clear-eyed about the challenges ahead, but increasingly confident in the underlying direction of the business. While the Middle East conflict and the residual impact on fuel prices and economies continue, the key drivers of our underlying financial

performance are improving, and our operation is becoming more predictable. We expect 2027 to be both a transition and recovery year for the airline. The new strategy is laser-focused on restoring attractive and sustainable returns to shareholders over time.

Purpose

Every New Zealander who travels with us and every visitor we bring to New Zealand supports tourism, regional communities, exporters and local businesses. That connection to New Zealand is something we never take for granted. As the national airline, our role extends beyond transporting passengers. We help connect New Zealand to opportunity, and that sits at the heart of the decisions we make.

We have one of the most valuable brands in New Zealand, we have the strongest loyalty programme, we are consistently ranked one of New Zealand's most attractive employers, and we are back to commanding strong customer preference.

Strategy reset

In October last year we launched a full company-wide strategic review, run

by our leadership team, and taking input from more than 3,000 Air New Zealanders from all areas of the business. The level of engagement reminded us just how deeply our people care about the future of this airline.

The result, our **Te Pae Hou | Our Future** strategy, has three priorities:

- **Customer First** – providing safe, reliable and punctual service for our customers, delivering unique Kiwi service and innovative products, and increasing customer reach and sales with smarter, more relevant offers.
- **Targeted Growth** – targeting profitable network growth, transforming our loyalty programme in line with industry leading practice, and diversifying our revenue streams.
- **Resilient and Future Fit** – continuing the cost transformation programme, developing a financially sustainable regional network and delivering on our capital management metrics.

This sits on our four strong foundations: Empowered Team; Safety Focused; Sustainable Ecosystem; and Empowering Technology.

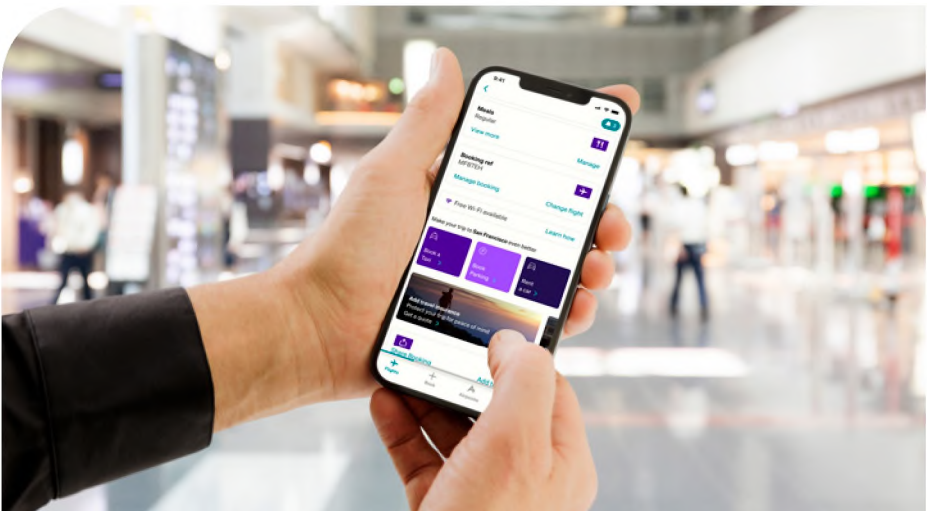
Investing in customer and safety

The 2026 financial year saw continued investment in new aircraft, engine maintenance, interior product rolled out on our long-haul aircraft, our world leading app, self-service check-in, boarding and rebooking processes. Total capital expenditure of \$1.2 billion in 2026 compared to \$780 million in 2025.

Safety is the foundation of everything we do and our utmost priority. We were proud to be recognised as AirlineRatings.com's World's Safest Airline for 2025 and, in 2026, to receive its Seven Star Plus safety rating. It is a recognition that belongs to our people across the airline.

A thank you

After six years at the helm as Chief Financial Officer, Richard Thomson leaves the company in August, after the full year results. Richard has made a major contribution during his tenure, not least of all including the post-Covid recovery, the recapitalisation of the airline, the response to fleet availability challenges, and our response to the latest fuel crisis. His passion for the airline, our people and our purpose has been inspirational. Richard, thank you, you will be truly missed.



84.0%

On-time performance

↑ H2 2026 OTP, up 6.5pts from 2025

\$1.2b

Total capital expenditure

↑ compared to \$780m in 2025

New leadership appointments and operating model change

We appointed Kris Cudmore as Chief Financial Officer on the 3rd of August. As well as bringing significant aviation and international experience, Kris has a deep background in capital allocation and cost management, both from industry, as well as from investment roles.

We split the Chief Operations Officer (COO) role, and have appointed our previous Chief Transformation Officer, Mike Williams, to become COO-Tech Ops (engineering and maintenance), an area that has seen the largest cost increase since pre-Covid.

We promoted Head of Airports, Kate Boyer, to be COO-Ground and Flight ops, with responsibility for rolling out our must-win-programme of service and schedule improvements while reducing cost.

We hired Scott Wilkinson from Qantas, where he spent over a decade in a variety of commercial and product leadership roles, as Air New Zealand Chief Commercial Officer.

In conjunction with these appointments, we have changed our operating model so each of our business unit commercial leaders now control their own profitability, across domestic, short-haul and long-haul, cargo and loyalty.





Letter from the Chair and Chief Executive Officer (continued)

Middle East conflict

The Middle East conflict continues, and we are operating in an unpredictable environment with the risk of renewed escalation elevated, and ongoing implications for global trade including fuel prices and supply.

For Air New Zealand, the primary impact has been financial – namely, volatility in jet fuel prices, freight costs and insurance premiums. Although global fuel supplies remained adequate, uncertainty around shipping capacity placed upward pressure on fuel prices.

Air New Zealand has maintained close monitoring of developments throughout the period and incorporated a range of scenarios into its operational and financial planning. When the conflict in the Middle East escalated, we took decisive action to adjust our capacity and fares in response to a higher, more volatile fuel price environment, while doing everything we could to ensure disruption to our customers was kept to a minimum.

The impacts on our network continue to be significant, and the airline remains alert to the potential for disruption to international aviation should conditions deteriorate.

Leverage and Dividend

The airline's balance sheet remains sound. As at 30 June 2026, liquidity was \$1.6 billion and Net Debt to EBITDA was 3.8x, due to lower EBITDA and higher net debt compared to the prior year. We are focused on driving earnings improvement to bring this back to within our target range of 1.5x to 2.5x.

In April 2026, Moody's affirmed Air New Zealand's investment-grade credit rating of Baa1, albeit with the outlook changing from stable to negative. Air New Zealand has one of the highest credit ratings in the global aviation industry and, consistent with our Capital Management Framework, we are committed to maintaining our investment grade rating.

We recognise the importance of dividends to our shareholders and appreciate their patience as we work to restore the financial performance of the airline.

The Board has not declared a dividend, in line with our Capital Management Framework which requires positive net profit after taxation.

Outlook

Prior to the conflict in the Middle East, the airline would have expected, in its central case, to return to profitability in

the 2027 financial year, reflecting the underlying improvements in our business.

Given the continued uncertainty surrounding the conflict, the volatility of jet fuel prices, and with jet fuel currently around US\$150 per barrel, the airline is not in a position to provide earnings guidance for the 2027 financial year at this time.

As we look towards 2027, fuel prices remain the most significant external consideration for profitability. We're also mindful that the cumulative effects of a more subdued economic environment in recent years continue to influence demand and costs.

The direct impact of the engine issues is now reducing significantly as aircraft return to service. However, some of the additional fleet capacity and associated commitments put in place to manage the engine disruption will take time to unwind. At the same time, the return of our aircraft is coinciding with lower capacity requirements arising from the fuel crisis, meaning the earnings benefit from recovering aircraft availability will not be immediate. We estimate a financial impact of between \$70 million to \$90 million in 2027 from a combination of continuing lease commitments related to engine issues and available aircraft not able to be fully utilised due to the fuel crisis.

We also expect engine maintenance costs to be \$50 million to \$100 million lower in 2027 than in 2026.

Lastly, aviation system costs continue to rise well above inflation, with airport charges expected to increase by upwards of 10 percent at some ports during the 2027 financial year, while Auckland Airport charges are expected to rise very substantially in 2028 as part of its five-yearly price-setting process.

We have new Boeing 787 aircraft arriving in the 2027 financial year, along with the recovery of many of our aircraft that had been grounded due to engine issues. This significant increase in aircraft availability is set to happen while travel volumes are depressed due to the Middle East fuel crisis, and therefore we will not immediately see as much profit improvement as we would expect.

The airline expects the 2027 financial year to be both a transition and recovery year, with operational performance continuing to improve even as elevated fuel prices weigh on profitability. We also expect the range of initiatives we have implemented in response to the currently elevated fuel cost will contribute to offsetting a larger portion of the elevated cost of fuel compared to the prior year.

Despite uncertainty in the global environment, we are seeing encouraging inbound demand, with strong forward bookings into New Zealand. That is a positive signal for tourism and for New Zealand more broadly. New Zealand remains a highly desirable destination, and our investment in our onboard product and unique Kiwi hospitality puts Air New Zealand in a strong position to bring more international visitors to our shores.

We remain focused on executing our strategic priorities, improving financial performance and positioning the airline for long-term sustainable returns.

Closing

This has been another demanding year, and the response from our people across Air New Zealand this year has been outstanding. We are incredibly proud of the commitment, resilience and care our people have shown for our



customers and for each other. We are proud to continue to be one of New Zealand's most attractive employers as recognised by Randstad New Zealand's Employer Research.

Our strong focus on our customers remains paramount. We will continue to work hard to maintain and improve our operational performance, while delivering the exceptional product and service experience our customers expect from Air New Zealand. Our sincere thanks to our customers for choosing to fly with us.

Dame Therese Walsh
Chair

To our shareholders, thank you for your continued support and confidence in the airline.

We are also grateful to our leadership team and Board for their hard work, guidance and support throughout the year.

There is more work ahead, but we enter the new financial year with a clear strategy, a stronger operation and confidence in the future of Air New Zealand.

Nikhil Ravishankar
Chief Executive Officer

Business Highlights

Christchurch routes expansion to boost South Island growth

Air New Zealand continued to strengthen Christchurch as a key South Island gateway during 2026, announcing new domestic and international routes to increase connectivity and support tourism and economic growth.

Three new non-stop services to Singapore, Tokyo and Perth will launch from late October 2026, providing more direct connections between the South Island and key markets across Asia, Australia and beyond. The Singapore service will complement Singapore Airlines’ existing flights, providing greater choice and onward connectivity across Asia and Europe.

A new seasonal Christchurch–Rarotonga service launched in May, adding around 18,000 seats through to October, while new services to Adelaide and Hamilton further expanded Christchurch’s connections across the Tasman and within New Zealand.

Together, the new routes represent a significant expansion of Air New Zealand’s Christchurch network, giving South Islanders more direct travel

options and making it easier for visitors to start their New Zealand journey in the South Island.

More capacity between Auckland and Singapore

Air New Zealand and Singapore Airlines are also expanding their joint network to increase capacity into Auckland, reflecting the growing demand for travel between New Zealand and Singapore, as well as key connecting markets.

Interline partnership strengthens regional connectivity

Air New Zealand and Air Chathams announced a new interline partnership to give travellers easier access to and from the Eastern Bay of Plenty via Whakatāne.

Customers can now book a single domestic ticket that combines Air Chathams and Air New Zealand services for travel, complete with checked-through baggage, meaning smoother connections for journeys such as Whakatāne to Queenstown or Christchurch to Whakatāne. The interline partnership with Air Chathams is set to expand to Whanganui and the Chatham Islands this year.

Air New Zealand named first international airline for Western Sydney International Airport

New services to Western Sydney International Airport (WSI) commence from 26 October 2026, strengthening the airline’s network across the Tasman and providing customers with another gateway into Sydney. Flying directly into Western Sydney opens up a catchment of more than 2.5 million people, including a significant New Zealand community, and supports stronger business and tourism links between Australia and New Zealand.

Continuing to redefine the future of long-haul travel

The airline’s world-first Economy Skynest™ launched in April, with bookings open from mid-May. Economy Skynest™ will be onboard the airline’s newly retrofitted Boeing 787 Dreamliner aircraft from November, initially operating on the Auckland–New York route.

Designed specifically for the realities of ultra long-haul travel to and from New Zealand, Economy Skynest™ features six lie-flat pods in a bunk-style layout



between the Economy and Premium Economy cabins, giving customers the opportunity to book a dedicated four-hour rest during their flight. A comprehensive communications campaign at launch resulted in over 11 billion impressions across global media and social platforms, with one in three Americans in the New York area aware of Economy Skynest™.

During the year, United Airlines, one of the world’s largest airlines, also licensed Air New Zealand’s Economy Skycouch™ concept, reinforcing Air New Zealand’s reputation as a leader in aviation innovation.

Helping tourism and events thrive across New Zealand

Air New Zealand strengthened its support for regional tourism with the launch of its Regional Events Sponsorship Programme.

Working with regional tourism organisations, the programme supports events across 20 domestic destinations Air New Zealand flies to, with a particular focus on encouraging travel during shoulder and off-peak periods. Selected events receive tailored support such as flights, marketing and promotional activity, with a three-year commitment designed to help them grow.

During 2026, events supported ranged from The Spectacle running festival in Nelson and Hamilton Arts Festival, to Hokitika’s Wildfoods Festival, Savour Northland, Hawke’s Bay’s Bridge Pa Wine Festival, and the Tussock Country Music Festival in Southland.

Koru: A new era of loyalty

In April 2026, the airline’s Airpoints™ programme transitioned to Koru – one of the most significant evolutions of the loyalty programme in nearly 30 years.

The new highly-anticipated top-tier, Koru Black, was designed to recognise Air New Zealand’s most loyal members with an elevated level of recognition and rewards.

Air New Zealand is proud to have introduced a more rewarding experience for our five million members that feels simpler, more personal, and unmistakably Kiwi. Koru builds on everything members love about loyalty, shaped and inspired by their feedback.

Hangar 4 strengthens Auckland base

The airline opened Hangar 4 at its Auckland maintenance base in September 2025, marking a significant investment in the airline’s infrastructure and future resilience.

Designed to support the airline for the next 50 years, Hangar 4 is the largest single-span timber arch aircraft hangar in the Southern Hemisphere. The 10,000-square-metre facility can accommodate a Boeing 787-9 Dreamliner and two Airbus A320/A321 aircraft at the same time, providing greater flexibility as the fleet and aircraft technology evolve.



Business Highlights (continued)

Air New Zealand recognised for taking Kiwi excellence sky-high

Air New Zealand continues to be recognised globally as an award-winning airline:

- Oceania’s Leading Airline and Oceania’s Leading Airline Brand at the World Travel Awards 2025
- AirlineRatings.com Third Best Airline in the World Global Ranking 2025
- Forbes Travel Guide’s Innovation of the Year for Economy Skycouch™ seats
- Asia Pacific CAPA – Centre for Aviation Environmental Sustainability Award of the Year for 2025
- APEX Best Overall Airline in the South Pacific 2026
- AirlineRatings.com Seven Star PLUS safety-rated airline, 2026



Air New Zealand rolls out “Next Gen” Kiosks

The airline is rolling out new check-in kiosks across New Zealand airports, designed to deliver a faster, simpler and more flexible airport experience. Designed in-house, the new platform has reduced average check-in times from more than two minutes to just 37 seconds, with some transactions taking as little as 18 seconds. The battery-powered kiosks can be easily moved to meet changing operational demands, while frontline teams can service them without specialist technical support.

Josh Emmett joined as Culinary Ambassador

Air New Zealand has partnered with celebrated New Zealand chef Josh Emmett,

one of the country’s most recognised chefs and restaurateurs, as its new Culinary Ambassador.

Emmett will focus on showcasing New Zealand produce, hospitality and elevated cuisine across the Air New Zealand premium dining experience.

He is known for his classic and refined cookery and combining these techniques with ingredients that define New Zealand’s food culture. As part of the new partnership, he will design a selection of signature dishes to feature alongside Air New Zealand’s existing onboard menu across Premium Economy, Business Premier™ and Business Premier Luxe™, on all long-haul flights out of Auckland and select flights from North America.

Our Strategy: Te Pae Hou | Our Future



Te Pae Hou
Our Future

Purpose
Enrich our country by connecting New Zealanders to each other and New Zealand to the world



In October 2025, management embarked on a strategic review focused on restoring profitability and generating attractive shareholder returns. As our aircraft return to service, the choices we make become even more important. To succeed, we need to be focused, disciplined, and financially strong.

The outcome follows more than eight months of work involving thousands of Air New Zealanders who shared ideas, challenged thinking and helped shape what comes next for our airline.

In June 2026 we launched our new strategy Te Pae Hou | Our Future. Our ambition is to be The world’s most respected airline.

Respect is not something you can buy. It is something earned. To be respected means being valued by our customers, our people and our shareholders. We will earn this through the three priorities of our new strategy.

Our Strategy: Te Pae Hou | Our Future (continued)

Customer first

We will continuously improve the fundamentals that customers rely on every day while investing in genuine Kiwi hospitality, experiences and products that our target customers expect from us.

Importantly, we will not try to be everything to everyone. We will serve all customers well, but we will be more deliberate about where we focus our investment and effort.

- Safe, reliable and punctual
- Unique Kiwi service and products
- Deliver smarter, more relevant offers

What we are doing now

- Granular, clean-sheet schedule implementation to enable reliable and punctual operations
- Fine tune premium service, product and lounges
- Investment in new aircraft and interior product
- Further improve disruption management
- Dual Koru lounge proposition
- Deliver transition to offer order / NDC (Next Gen retailing)
- Shift from above-the-line to precision marketing

Targeted growth

We will grow where we have a genuine advantage, where New Zealand benefits, and where there is a credible path to sustainable returns. That means making deliberate choices about where we deploy aircraft, capital and resources. It means focusing on opportunities where we can win rather than pursuing growth for growth's sake.

We will continue to support tourism, trade, and economic development while ensuring that our growth strengthens the airline in the long term.

- Targeted, profitable network growth
- Loyalty transformation and partner expansion
- Revenue diversification

What we are doing now

- Pivot to inbound premium leisure growth
- New B787s and A321neos – fit for mission
- Strengthen hub advantage and alliance network
- Grow SME market share
- Optimise inbound tourism to domestic network
- Regional connectivity and partnerships
- Maximise flight-adjacent revenue growth
- Continue loyalty partner expansion

Resilient and future fit

To succeed in a volatile environment, we need an airline that can withstand disruption, invest through cycles and remain competitive in a rapidly changing industry.

We will continue to improve our cost competitiveness, build a path to profitability for our regional network, strengthen our balance sheet and invest in the capabilities that will matter most in the future.

We will invest where innovation delivers better outcomes for our customers, our people, New Zealand and the airline. Where it doesn't, we will simplify, stop or redirect our effort.

- Cost transformation
- Financially sustainable regional network
- Delivering on our capital management metrics

What we are doing now

- Cost out and labour productivity programmes
- Engineering and maintenance team transformation
- Unwind of cost inefficiencies as fleet returns
- New deliveries to drive superior operating economics
- Rephase B787 aircraft deliveries
- Restore capital management metrics post fuel crisis
- Advocacy and bilateral airport negotiations

Delivered to date

84.0%	84.5	9/14	Up to 20%	\$94 million
2H 2026 OTP (up 6.5pts on 2025)	2H 2026 Customer Satisfaction (up 0.9pts on 2025)	Boeing 787 retrofits complete Remainder to be completed by Nov 2026	CASK ¹ efficiency from new and returning fleet ²	incremental transformation benefits delivered in 2026 Additional \$135 million annualised cost savings identified

Supported by our strong foundations

Empowered team	Safety focused	Sustainable ecosystem	Empowering technology
• Reset organisational structure to move at pace and drive accountability • Randstad New Zealand #1 most attractive employer for three consecutive years (2023 - 2025) and nine times overall	• AirlineRatings.com Seven Star PLUS safety-rated airline, 2026	• Expectation to reduce Well-to-Wake net greenhouse gas emissions from jet fuel by 25 to 30 percent by 2030 • Continue to advocate for affordable domestic aviation system and pricing	• Next Gen kiosk rollout (Domestic) • Continued self-service growth • AI enablement across teams and functions

Our Financial Performance



Financial Commentary

Air New Zealand reported a loss before taxation of \$336 million for the 2026 financial year, compared to a net profit before taxation of \$164 million¹ for the 2025 financial year.

The net loss after taxation was \$242 million, compared to a net profit after taxation of \$108 million¹ for the 2025 financial year.

This result reflects modest capacity growth, with ongoing fleet constraints associated with global engine issues and significantly elevated fuel prices in the second half limiting the airline's growth. While revenue growth was pleasing, the combined impact of these factors, together with extra engine maintenance

costs due to where the Boeing 787 fleet is in its lifecycle, unusually high unplanned maintenance requirements, and persistently high aviation system costs, significantly impacted the result in 2026.

Revenue

Operating revenue for the year was \$7.0 billion, an increase of \$261 million or 3.9 percent from \$6.8 billion in the prior year. Excluding the impact of foreign exchange, operating revenue increased 2.7 percent.

Passenger revenue increased 4.8 percent to \$6.1 billion. The increase reflected growth in capacity, passenger volumes and improved yields. Revenue growth was particularly driven by growth in international short-haul (Tasman & Pacific Islands) and long-haul international networks, while domestic revenue was broadly in line with the prior year.

Total Capacity (Available Seat Kilometres, ASKs) increased 1.3 percent while demand (Revenue Passenger Kilometres, RPK) increased by 1.7 percent, resulting

in a load factor of 83.7 percent, up 0.3 percentage points on the prior year.

Revenue per Available Seat Kilometre (RASK) increased 3.4 percent, while RASK excluding FX and flexible travel credit breakage of \$11 million in 2026 (compared to \$35 million in 2025) increased 2.6 percent.

International long-haul capacity decreased by 1.7 percent, mainly due to aircraft availability during the year, although, pleasingly, all Boeing 787 aircraft had returned from long-term storage by year end, with some minor residual engine availability risks, but substantially reduced. Load factors increased 1.1 percentage points to 82.8 percent as the demand decline of 0.4 percent was smaller than capacity reductions. RASK increased by 7.5 percent with RASK excluding FX and travel credit breakage increasing 6.1 percent.

International short-haul capacity increased by 7.7 percent. However, capacity growth outpaced demand, which increased 6.0 percent, resulting



Hanna, Flight Attendant

1. The 2025 result has been restated for the prior period adjustment to the end of lease provision (refer Note 27 of the 2026 Consolidated Group financial statements for further information).

Financial Commentary (continued)

\$7.0b

Operating revenue

↑ an increase of \$261 million or 3.9 percent on last year

in load factors decreasing 1.4 percentage points to 85.6 percent. International short-haul RASK increased 0.5 percent with RASK excluding FX and travel credit breakage decreasing 0.1 percent.

Domestic capacity increased 0.5 percent on the prior year. Demand increased 0.8 percent, with load factors increasing 0.2 percentage points to 83.1 percent. Domestic RASK increased 0.3 percent and increased 0.2 percent excluding FX and travel credit breakage.

Cargo revenue was \$484 million, a decrease of \$3 million or 0.6 percent, from \$487 million in the 2025 financial year. Capacity increased during the year, while demand grew at a slower rate, resulting in lower load factors. Higher yields were primarily driven by the introduction of a fuel cost pass-through mechanism.

Contract services, and other revenue and income was \$403 million, a decrease of 3.4 percent from the prior year. The

\$6.1b

Passenger revenue

↑ 4.8 percent on last year, reflecting growth in capacity, passenger volumes and improved yields

decline was primarily due to \$39 million less compensation received from engine manufacturers related to accelerated maintenance requirements, partially offset by higher contract services, lounge and Koru membership revenue.

Expenses

Operating expenditure was \$6.5 billion, an increase of 11.8 percent on the prior year, primarily due to the significant increase in fuel price, together with continued costs relating to engine availability issues, and increased maintenance costs during the year.

Reported cost per ASK (CASK) increased 10.4 percent. Underlying CASK, which excludes the impact of fuel price and foreign exchange, increased by 4.8 percent, primarily driven by price increases and increased maintenance costs.

Labour costs increased 1.9 percent to \$1,739 million, with wage rate increases

\$242m

Net loss after taxation

↓ Compared to \$108 million net profit after taxation last year

across the Group partially offset by the absence of short-term incentive payments accrued for the current financial year.

Fuel costs increased 17.1 percent in the year to \$1,738 million, the single largest contributor to the increase in operating costs during the year. Average jet fuel prices increased from US\$88/barrel in 2025 to US\$111/barrel in 2026, increasing fuel costs by \$209 million. While fuel prices declined four percent in the first half of the year compared to the same period last year, this was more than reversed by a sharp 58 percent increase in the second half compared to the same period last year. The impact of higher fuel prices was partially offset by favourable hedging movements.

Fuel consumption increased two percent due to higher flying activity, resulting in a \$29 million increase in costs, while a weaker New Zealand dollar increased the cost by a further \$16 million.

Aircraft operations, passenger services and maintenance costs were \$2,199 million, an increase of 13.9 percent on the prior year.

This was significantly impacted by a \$144 million increase in maintenance costs, reflecting unplanned maintenance on short-term loan engines, the Boeing 787 thrust reverser overhaul programme, and maintenance price increases.

Airport landing charges, mandated passenger levies and air navigation charges increased year-on-year at significantly higher rates than inflation, increasing costs by \$83 million in 2026.

Sales, marketing and other expenses increased 8.4 percent to \$822 million, driven by higher commissions and sales activity as well as wet lease aircraft costs to support the network and schedule while aircraft remained grounded due to global engine issues.

Ownership costs were \$847 million, an increase of 9.3 percent on the prior year. Net finance costs increased \$31 million to \$79 million, primarily due to a reduction in average cash on hand and therefore lower interest income. Depreciation increased \$41 million to \$768 million as a result of investment in engine maintenance, Boeing 787 cabin interior retrofits, as well as the delivery of one new leased Airbus A321 and one new ATR.

Overall, foreign exchange had a net \$40 million negative impact on the Group result for the year.

Share of Earnings of Associates

Share of earnings of associates was \$41 million, an increase of \$3 million compared to the prior year, due to supply chain improvements and strong customer demand at the Christchurch Engine Centre, partially offset by foreign exchange movements.

Cash and Financial Position

Cash on hand at 30 June 2026 was just under \$1.0 billion, a decrease of \$447 million compared to 30 June 2025. The movement reflects capital expenditure during the period, including engine overhauls and pre-delivery payments for upcoming Boeing 787 aircraft

deliveries, scheduled debt and lease repayments, payment of the 2025 final dividend and completion of the share buyback. These outflows were partially offset by operating cash inflows, drawdowns under the new secured revolving credit facility and the return of restricted cash deposits.

Liquidity ended the year at \$1.6 billion, compared to \$1.7 billion at the end of the prior year, slightly above the target range of between \$1.2 billion and \$1.5 billion.

Cashflow and Debt

Operating cash flow was \$819 million, compared to \$940 million in the prior year due to lower EBITDA, with strong

revenue growth offset by higher growth in operating expenditure, mainly fuel and maintenance.

Net debt is \$1.9 billion at year end, comparable to half year and up from \$1.1 billion in the prior year.

Net debt to EBITDA increased to 3.8x, compared to 1.2x in 2025 and sits above the airline's target range of 1.5x to 2.5x reflecting a decrease in EBITDA, increased gross debt, and capital expenditure during the year. Management and the Board continue to closely monitor Net debt to EBITDA but expect it to remain elevated in the short-term until earnings increase, and as investment in aircraft, interiors and systems continue.



Georgia, Flight Attendant



Financial Summary

	UNIT	2026	2025
Operating revenue	\$m	7,016	6,755
Passenger revenue	\$m	6,129	5,851
Operating expenditure	\$m	6,546	5,854
Labour	\$m	1,739	1,707
Fuel	\$m	1,738	1,484
Depreciation and amortisation	\$m	768	727
(Loss)/Earnings before taxation	\$m	(336)	164
Net (loss)/profit after taxation	\$m	(242)	108
Basic and diluted (loss)/earnings per share (cents)	cps	(7.4)	3.2
Dividends declared	cps	–	2.5
Dividends paid	\$m	41	93
Net cash flow from operating activities	\$m	819	940
Net cash flow used in investing activities	\$m	(1,013)	(119)
Cash and cash equivalents end of year	\$m	989	1,436
Total assets	\$m	9,097	8,731
Total liabilities	\$m	7,414	6,803
Total equity	\$m	1,683	1,928
Net debt to EBITDA	times	3.8x	1.2x

Change in Earnings

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

June 2025 earnings before taxation	\$164m	
Passenger capacity	\$72m	- Capacity increased by 1.3 percent reflecting new narrowbody aircraft deliveries and the return to service of previously grounded aircraft as well as deployment of a wet lease aircraft into the international network. - Domestic capacity increased by 0.5 percent, driven by the return to service of some Airbus 321 NEO aircraft previously grounded due to engine availability issues, partially offset by schedule consolidation in response to higher fuel prices. - International short-haul capacity increased by 7.7 percent due to additional narrowbody flying following the delivery of two new leased aircraft and the deployment of a wet lease aircraft. - International long-haul capacity decreased by 1.7 percent due to a reduction in aircraft availability as a result of Trent 1000 engine issues and Boeing 787 cabin interior retrofits.
Passenger RASK	\$159m	- Overall Group Revenue per Available Seat Kilometre (RASK) excluding FX and travel credit breakage increased by 2.6 percent. Loads increased by 0.3 percentage points to 83.7 percent. - Domestic RASK excluding FX and travel credit breakage increased by 0.2 percent with load factor increasing 0.2 percentage points to 83.1 percent. - International short-haul RASK decreased by 0.1 percent excluding FX and travel credit breakage with load factor decreasing 1.4 percentage points to 85.6 percent. - International long-haul RASK increased by 6.1 percent, excluding FX and travel credit breakage, with load factors increasing by 1.1 percentage points to 82.8 percent. The increase reflected passenger demand declining at a slower rate than the reduction in capacity arising from Boeing 787 availability constraints, together with strong demand for premium product offerings.
Unused Flexibility Travel Credits	(\$24m)	- Flexibility travel credits issued between January 2020 and September 2022 expired on 31 January 2026. Travel credit breakage of \$11 million was recognised in the current financial year, compared to \$35 million in the prior year.
Cargo revenue	(\$4m)	- The impact of lower load factors, particularly on long-haul routes, was partially offset by increased capacity reflecting the mix of aircraft deployed across the international network, together with higher yields associated with fuel price cost recoveries.
Compensation income	(\$39m)	- Lower compensation income was received from manufacturers in relation to engine availability constraints, reflecting a reduction in the number of grounded aircraft.
Contract services and other revenue	\$21m	- Higher ancillary income, including lounge and Koru membership, and third-party handling.
Labour	(\$32m)	- Higher labour costs due to wage inflation and operating activity partially offset by productivity initiatives and lower incentive payments.
Fuel	(\$238m)	- The average fuel price, net of hedging and carbon costs, increased 14 percent compared to the prior year resulting in an increase in costs of \$209 million. Average jet fuel price increased by 26 percent during the year with a 58 percent increase year-on-year in the second half. Consumption increased by two percent (\$29 million) compared to an increase in capacity of 1.3 percent.
Maintenance	(\$139m)	- Higher maintenance costs, driven by additional leased engines required due to availability constraints, as well as the timing of maintenance checks and increased unplanned maintenance activity.
Aircraft operations and passenger services	(\$115m)	- Higher costs reflected increased passenger levies and domestic landing charges.
Sales and marketing and other expenses	(\$54m)	- Higher commissions and sales costs, together with \$47 million of costs associated with a short-term aircraft wet lease.
Ownership costs	(\$70m)	- Lower investment income reflected reduced average cash balances. Depreciation increased due to new aircraft deliveries, including additional leased aircraft to support operations amid engine availability constraints, capitalised engine maintenance and investment in Boeing 787 cabin interiors.
Net impact of foreign exchange movements	(\$40m)	- Hedging losses due to market movements partially offset by favourable movements on net operating revenue and costs.
Share of earnings of associates	\$3m	- Increase in share of earnings from the Christchurch Engine Centre due to improvement in supply chain and customer demand offset by foreign exchange movements.
June 2026 loss before taxation	\$(336m)	

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

Sustainability

Our Sustainability Update



We play a vital role in connecting New Zealand to tourism, trade and economic growth.

But the challenge facing aviation here and around the world is how to preserve those benefits while reducing environmental impact and building resilience for the future.

Air New Zealand continues to reduce emissions where we can, help with the development of new solutions and support the global energy transition as it relates to aviation.

During the 2026 financial year, we continued to take small steps to support aviation's transition to a lower-emissions future. This included uplifting Sustainable Aviation Fuel (SAF) from Narita, San Francisco and Los Angeles airports, and working across the aviation industry to support the scaling of SAF in a commercially sustainable way. A key part of this work has been developing our Scope 3 Sustainable Aviation Fuel certificates (SAFc) programme. Our third-party assured programme enables other organisations to address their air travel emissions within the aviation value chain. By contributing financially to Air New Zealand's use of SAF, organisations are joining a network that's helping to decarbonise aviation.

We have also established a new fuel efficiency team tasked with coordinating and accelerating fuel initiatives that help reduce both fuel use and controllable fuel costs.

This year we completed our first purchase of compliance credits for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), under which New Zealand has a compliance obligation. We have also

taken initial steps to address our residual emissions through carbon credits by committing to purchase a small volume of internationally verified, New Zealand nature-based carbon removals.

Beyond our decarbonisation efforts, we launched the Air New Zealand Regional Event Sponsorship Programme to help grow new and emerging events that showcase the unique character of our regions and encourage more New Zealanders and visitors to explore them throughout the year.

Finally, I'd like to acknowledge the dedicated Air New Zealanders and our partners who bring our sustainability strategy to life. Being recognised with the Asia Pacific CAPA – Centre for Aviation Environmental Sustainability Award of the Year for 2025 is a testament to the important contribution you all make.

Ngā mihi nui

Kiri Hannifin
Chief Sustainability and Corporate Affairs Officer



View our Climate Statement; Workforce Profile; Gender Pay Report; and Metrics Table.



View our Sustainability Framework.

People | He tāngata

Our people

Air New Zealand is committed to creating a workplace where our people feel connected, valued and empowered to deliver their best. Our employee engagement score in February 2026 was 68¹. This is one point lower than our February 2025 score of 69. Our belonging score improved to 67² in the 2026 financial year, up from 66 in 2025 and against our target of 69.

Engagement levels have remained stable over the past few years. This reflects the resilience of our team sentiment despite a challenging environment, including organisational change which can influence team engagement. Against this backdrop, maintaining a consistent engagement score demonstrates our ongoing focus on supporting, connecting and developing our people.

To support team engagement and strengthen our organisational culture, the airline has continued to invest in initiatives that build leadership capability, team connection and organisational pride. During the year, the airline drew on

our team's extensive experience, insights and pride in our airline to develop our new strategy, **Te Pae Hou | Our Future**. More than 3,000 Air New Zealanders from across the business participated in a series of workshops, helping to build connection, foster shared ownership and buy-in for the strategy, and ensure it was shaped by the people who will bring it to life.

Air New Zealand also introduced a new leadership framework to more than 900 leaders across the organisation, recognising the critical role leaders play in shaping team experience and culture. This established a common set of leadership expectations and behaviours, supporting leaders to create environments where people can perform, develop and thrive.

A place where everyone belongs

Air New Zealand strengthened its commitment to inclusion through initiatives supporting the diverse needs of our people. This included new support for employees experiencing menopause and perimenopause, including resources, awareness campaigns and more flexible uniform options. To mark International



Our Future workshops

Women's Day, Flight NZ611 showcased women across every part of aviation. The airline also expanded support for transgender, non-binary, takatāpui and gender-diverse employees through updated Gender Affirmation Guidelines and paid Gender Affirmation Leave. In addition, support for neurodivergent team members was enhanced through a neurodiversity survey, leader training and conversation guides, and awareness panels that are helping normalise conversations and build greater understanding across the airline.



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.

Sustainability (continued)

People | He tāngata (continued)

A continued focus on wellbeing

Air New Zealand’s ‘Mentally Healthy Work’ programme focuses on the proactive management of psychosocial risk. This year, the programme has included ongoing risk assessments of specific business areas, enhanced reporting, and increased the capability and competency of our leaders to identify, assess and manage the organisational, social and environmental factors that may impact our people’s mental health and wellbeing at work. Additional support is provided to our people through a variety of tools and resources (such as the Employee Assistance Programme, Peer Support and a Wellbeing Hub).



Georgia and Rachel, Flight Attendants

Restoring Island Resilience Awards

In March 2026, Air New Zealand was part of the Pacific Regional Invasive Species Management Support Service (PRISMSS) Restoring Island Resilience Awards recognising Pacific non-governmental organisations leading practical action to manage invasive species, restore ecosystems and build local conservation capability. The initiatives supported ranged from predator trapping and invasive species eradication to coral reef restoration, bird monitoring and habitat recovery. This work is critical to protecting biodiversity and strengthening climate resilience across the region.



Restoring Island Resilience Awards

Our communities

Give Back Pack

The Give Back Pack continued to give back to the local environments and communities we fly to across the year. Air New Zealanders donated school supplies to Women’s Refuge and

blankets to a range of charities across the country, and planted 1,945 native trees with Trees That Count. In addition, to mark seven years of the Tiaki Promise, they also picked up 250kg of rubbish at three beach clean-ups in Auckland, Wellington and Christchurch with Keep New Zealand Beautiful.

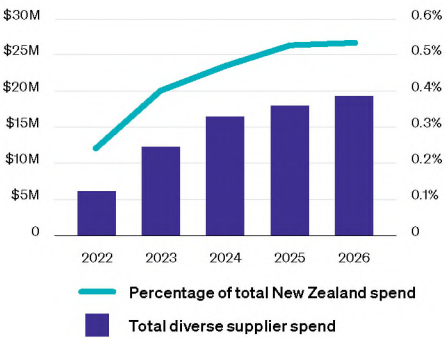


Give Back Pack tree planting to support the Papakura Stream Restoration Project

Our supply chain

During the year, diverse supplier³ spend increased to \$19 million, up from \$18 million⁴ in the year before. Capability-building workshops and mentoring initiatives were also delivered to help increase diverse supplier participation and build the capability required to compete for larger opportunities. One of the diverse businesses supported through mentoring secured a three-year contract with Air New Zealand during the year, which demonstrates how mentoring and capability development can help local businesses grow and create clearer pathways into our supply chain. This work was recognised during the year, with Air New Zealand named a finalist for the Amotai Buyer of the Year Award 2025. While we have made progress in increasing our spend with diverse suppliers in Aotearoa New Zealand, it remains a small proportion of our total New Zealand spend, highlighting the opportunity to continue building supplier diversity.

Diverse supplier spend and percentage of total New Zealand spend



Air New Zealand also supported global sustainable procurement practices as one of 11 airlines selected for the International Air Transport Association (IATA) Sustainable Procurement pilot, and was one of the first airlines to achieve certification.

Closer to home, we are creating more opportunities for a broader range of New Zealand businesses to participate in our Property and Infrastructure projects. Our standard construction contract templates for projects over \$2 million now include provisions encouraging our contractors to work with diverse suppliers



Air New Zealand local Māori-owned supplier, Aotea

and seek opportunities for diverse suppliers to compete for project work. Through these initiatives, Air New Zealand is taking small steps to help strengthen local economies and contribute to a more responsible and resilient aviation sector.



View our 2025 Modern Slavery Statement.

3. Air New Zealand currently defines diverse suppliers as Māori- and Pasifika-owned businesses, and social enterprises.
4. The 2025 financial year figure has been revised from that reported in the 2025 Annual Report following a data validation check, which identified a supplier had incorrectly been classified as a diverse supplier.

Sustainability (continued)

Planet | Te Taiao

Climate

2026 Climate Statement

Air New Zealand Limited is a climate reporting entity under the Financial Markets Conduct Act 2013 and is required by this Act to prepare annual group climate statements. This year, we published our third Climate Statement, in accordance with the Aotearoa New Zealand Climate Standards. The 2026 Climate Statement provides information on the material climate-related risks Air New Zealand faces across the short, medium and long-term, including how those risks are governed, managed and reflected in our strategy, metrics and targets.

The Climate Statement also sets out the climate-related impacts currently affecting the airline, the anticipated impacts we expect in the future, and the actions we are taking to position the airline as we transition to a low-emissions, climate-resilient future. In addition, the Climate Statement sets out our commitment to work towards net zero carbon emissions from jet fuel by 2050 (the 2050 Target). For our full climate-related disclosure, please refer to the 2026 Climate Statement. This section should be read in conjunction with that Statement.



View our 2026 Climate Statement.

Snapshot of 2026 emissions

Air New Zealand's business model currently relies on fossil jet fuel. As a result, we remain a large emitter of greenhouse gases (GHG), including carbon dioxide (CO₂) and other GHG, expressed as carbon dioxide equivalent (CO₂e).

For the 2026 financial year, Air New Zealand's total reported Scope 1, Scope 2 and Scope 3 emissions were 4.4 million tonnes CO₂e, up 3.6 percent from 4.2 million tonnes CO₂e in the 2025 financial year. Jet fuel continued to account for the majority of the airline's GHG emissions.

Our Transition Plan

Air New Zealand has a Transition Plan outlining its pathway to reduce net emissions over time. Aviation is a hard-to-abate sector. Achieving net zero will require substantial industry and technology change, investment, partnerships and policy support. While some actions are within Air New Zealand's control, many depend on third parties, governments and corporate customers taking action in the short- and medium-term.

Our Transition Plan is organised around four key decarbonisation levers: fleet and network, SAF, operational efficiency, and carbon credits. It includes short-term and long-term components, reflecting the greater degree of certainty we have over the levers available to address emissions in the short-term.

Emissions snapshot 2026

Scope 1
74%

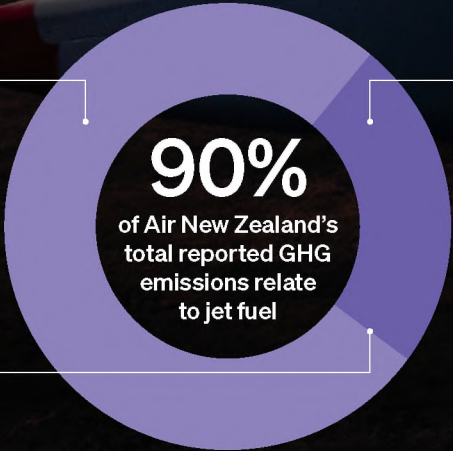
3.2 million tCO₂e
99.9% is from jet fuel

Scope 2
<0.1%

0.002 million tCO₂e

Scope 3
26%

1.1 million tCO₂e
62% is from fuel- and energy-related activities;
25% is from purchased goods and services
11% is from capital goods
2% is from remaining categories



Short-term: 2030 Emissions Guidance⁵

Air New Zealand's 2030 Emissions Guidance provides an annual update on our expected Well-to-Wake net GHG emissions reduction from jet fuel⁶. Well-to-Wake emissions include emissions from jet fuel production, distribution and combustion in flight. We expect to reduce our Well-to-Wake net GHG emissions from jet fuel by

25 to 30 percent by 2030, compared with a 2019 financial year baseline. This is a revision from the 20 to 25 percent range communicated in 2025 and reflects revised assumptions related to fleet and network, which reduce fuel use and gross emissions, and a higher anticipated Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) compliance obligation, which increases the volume of carbon credits the airline expects to purchase.

Long-term: Illustrative roadmap to the 2050 Target⁵

Air New Zealand has committed to work towards net zero carbon emissions from jet fuel by 2050. An illustrative roadmap shows a central case scenario for how the airline could potentially transition to meet our 2050 Target. It is a central case scenario based on the airline's view of one possible net decarbonisation pathway from 2031 to 2050, and is accompanied by other low and high pathways that reflect a range of potential outcomes⁷.

Air New Zealand's illustrative roadmap to the 2050 Target (from 2031-2050)

Figure 1: The central case to the 2050 Target

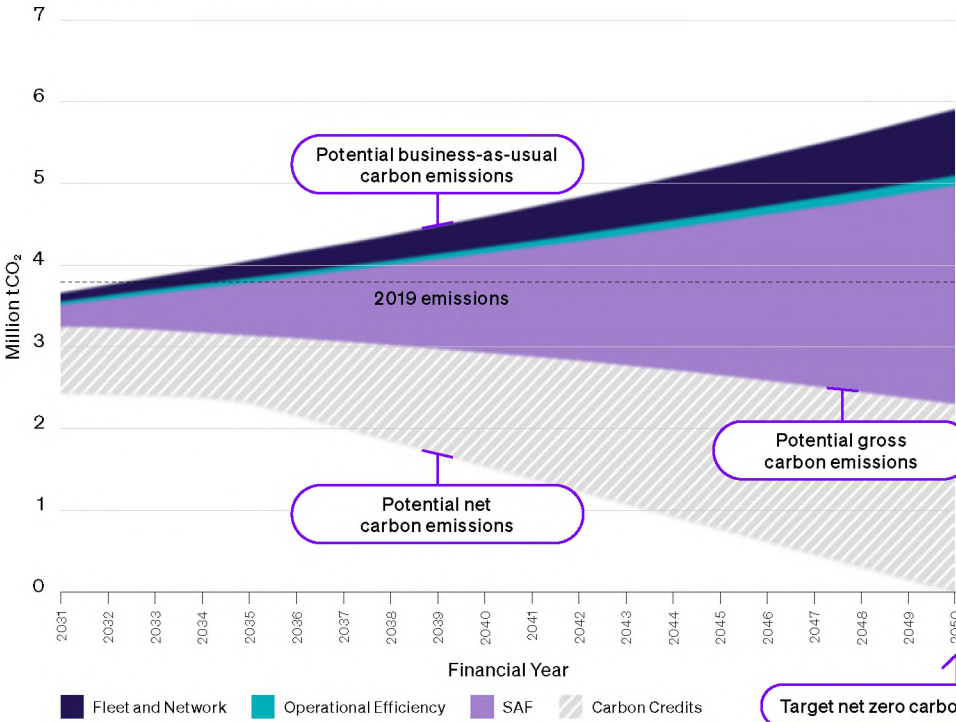


Figure 2: Indicative low and high cases⁸

Figure 1 shows the expected contribution of **Fleet and Network** to emissions reductions under the central case. The airline also models low and high cases which indicate this lever could deliver anywhere within a range of 10 to 19 percent of the airline's emissions reductions in 2050.

Figure 1 shows the expected contribution of **Operational Efficiency** to emissions reductions under the central case. This lever is currently expected to deliver around 2 percent of the emissions reduction in 2050 in all cases.

Figure 1 shows the expected contribution of **SAF** under the central case. The airline also models low and high cases which indicate this lever could deliver anywhere within a range of 40 to 67 percent of the airline's emissions reductions in 2050.

Figure 1 shows the expected volume of residual⁹ carbon emissions to be addressed by **Carbon Credits** to support achievement of the remainder of the 2050 Target under the central case. The airline also models low and high cases which indicate this lever could address anywhere within a range of 11 to 48 percent of the airline's carbon emissions in 2050.

5. The 2030 Emissions Guidance and the illustrative roadmap to the 2050 Target are based on different modelling approaches and use a different scope of emissions. The 2030 Emissions Guidance modelling primarily references internally developed assumptions and covers a larger proportion of Air New Zealand's emissions from jet fuel (Well-to-Wake jet fuel CO₂e emissions, including SAF); whereas the illustrative roadmap to the 2050 Target is developed with greater reference to external assumptions and covers a smaller proportion of the airline's jet fuel emissions (Tank-to-Wake CO₂ emissions for fossil jet fuel and Well-to-Wake emissions for SAF, hydrogen and electric propulsion if applicable). This is in line with the International Air Transport Association (IATA) 2050 net zero target scope.

6. 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 reference point for tracking near-term decarbonisation progress under the Transition Plan to the 2050 Target.

7. The roadmap is illustrative, not predictive, and is not a guarantee or forecast of future performance. Air New Zealand intends to update the roadmap annually in its Climate Statement as data, technology, policy and market conditions evolve.

8. The actual combination of lever contributions may vary and it is possible that they will be outside the ranges indicated. The underlying modelling has been updated using revised assumptions. The outcome of this modelling is that the estimated contribution ranges for each decarbonisation lever remain consistent with those disclosed in the 2025 financial year.

9. 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.

Sustainability (continued)

Planet | Te Taiao (continued)

Fleet and network

Decisions we make about our network and the fleet used to fly that network will significantly influence Air New Zealand's future emissions.

We continue to expect that fuel-efficient conventional aircraft will play an important role in reducing gross emissions over time. However, delivery timing remains subject to external factors such as aircraft and engine availability, supply chain constraints, as well as internal factors including the airline's financial position.

In the 2026 financial year, the airline took delivery of one leased Airbus A321neo and one owned ATR72-600, and there were no fleet retirements.

Air New Zealand also conducted a four-month technology demonstrator programme with BETA Technologies, leasing and testing an early-production ALIA CX300 aircraft in partnership with the Civil Aviation Authority, as well as Hamilton, Wellington and Marlborough airports. This programme will not reduce Air New Zealand's carbon emissions, as it was intended as a demonstration of potential uses for Next Generation Aircraft (NGA). Instead, it helped to build collective, practical understanding of the operational, infrastructure, training and certification requirements associated with novel propulsion aircraft.

Sustainable Aviation Fuel

The availability of, and access to, SAF at commercially viable prices remains a material climate-related transition risk for Air New Zealand. As with most airlines, SAF is expected to play a critical role in our long-term Transition Plan. In the short-term, we have set an ambition to uplift 10 percent of our jet fuel as SAF

by 2030. While this 10 percent ambition is necessarily subject to a range of dependencies outside the airline's direct control, including global SAF market developments and commercial conditions, achieving this ambition remains a key assumption within the 2030 Emissions Guidance.

In the 2026 financial year, Air New Zealand uplifted 1.2 percent of its jet fuel as SAF, down from 1.7 percent in the 2025 financial year. This reduction reflected our broader commercial environment and cost pressures, which have been exacerbated by higher fuel costs due to the Middle East conflict.

We continued to build our Scope 3 SAFc programme during the year. In addition to reducing the SAF price premium for the airline, supporting SAF uptake and strengthening demand signals for SAF, the programme also helps customers to address their air travel emissions. The Scope 3 SAFc programme sits alongside a broader suite of customer emissions initiatives, including the Voluntary Emissions Contribution Programme (VECP) for retail customers. In the 2026 financial year, we achieved independent assurance of our internal SAFc processes and system and worked with Toitū Envirocare to enable emissions reductions from Air New Zealand's Scope 3 SAFc programme to be recognised under Toitū's Climate Impact Programme. We also completed a number of Scope 3 SAFc sales to global and New Zealand organisations and added a SAF contribution to employee standby and business travel.

Operational efficiency

Operational efficiency refers to actions that reduce fuel burn from existing aircraft operations, both in the air and

on the ground. Lower fuel burn directly reduces emissions.

This year, we established a cross-functional team to accelerate fuel initiatives across the airline, with a focus on fuel efficiency, fuel management, weight reduction and fuel security. Examples of initiatives being progressed include optimisation of alternate airport requirements in flight planning, seeking opportunities to increase the use of airport ground power and pre-conditioned air, and reviewing onboard water carriage requirements.

Carbon credits

Air New Zealand expects to address all of its residual emissions from jet fuel in 2050 with carbon credits.

In the 2026 financial year, we made progress towards both our CORSIA compliance obligations and the voluntary carbon removals included in our 2030 Emissions Guidance. This included undertaking the airline's first CORSIA-eligible emissions unit (EEU) transaction, signing a forward offtake agreement with My Native Forest for 8,000 tonnes of internationally verified New Zealand nature-based carbon removals by 2030, signing a term sheet with a second supplier for additional New Zealand nature-based removals and signing a term sheet with an international engineered removals provider.

Together, these transactions are not expected to significantly reduce Air New Zealand's net emissions in the short-term. However, they enable the airline to build practical experience in both compliance and voluntary carbon credit markets ahead of purchasing credits at a larger scale.

Circular Economy

This year, Air New Zealand sent 1,012 tonnes of domestic waste to landfill (a decrease of 29 tonnes from last year) and diverted 47 percent of total waste from landfill¹⁰. We recycled 702 tonnes of waste (compared to 748 tonnes in the 2025 financial year), and composted 195 tonnes of waste (compared to 176 tonnes in the 2025 financial year).

We continue to work with our team, suppliers and industry partners to transition from a waste management approach to a stronger focus on waste prevention, design, process improvement and cost efficiency.

We're also working on reducing our international inflight biosecurity waste, including working with LSG Sky Chefs and the Ministry for Primary Industries (MPI) to investigate the expansion of our Back on Board initiative¹¹ to enable a greater range of unused shelf-stable products to be reinjected onto flights at our Auckland, Christchurch and Wellington ports. The expansion is expected to go live in the 2027 financial year and is forecast to reduce both waste and costs.

We've also progressed implementation of our circular economy clause into our standard supplier agreement template, providing a more robust framework for collaboration with product and service suppliers on circularity and innovation opportunities, including waste reduction, responsible materials use, packaging minimisation and end-of-life stewardship.



Motukauri Whakaora, a restoration project VECP customers support



View our 2026 Metrics Table for an update on our waste targets and progress.



Riwar Rangihuna, Aircraft Service Agent

Customer contributions

In August 2025, changes were made to the airline's Voluntary Emissions Contribution Programme (VECP) available to retail customers through the Air New Zealand website. For the majority of customers who participate, half their contribution now goes towards SAF and the other half goes to our partner, Trees That Count, to support native restoration projects around New Zealand. In the 2026 financial year, customers opting in to our VECP purchased 1,342 tonnes of Scope 3 SAFc¹² and enabled the planting of 73,606 native trees through Trees That Count, supporting positive outcomes for biodiversity and communities across Aotearoa New Zealand¹³. Of bookings made through online storefronts where the VECP is available, 2.1 percent contributed to the programme, a decrease of 0.5 percentage points on the year prior.

The number of corporate, government, and cargo customers on our emissions reporting platforms increased to 385 this year, up 45 customers on the year prior. The platforms provide visibility of air travel emissions estimates including by route and seat class where applicable.

10. 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.

11. Previously called Project Green.

12. All SAFc have been retired on behalf of Air New Zealand.

13. In addition, 4,459 tonnes of carbon credits were purchased by VECP participating customers in financial year 2026. This was made up of customers contributing to the VECP before the August 2025 changes were made (when half of a customer's contribution went to carbon credits instead of SAF) and by customers participating in our VECP on an ongoing basis through storefronts which have not converted to selling SAFc. All carbon credits have been retired on behalf of Air New Zealand.

Sustainability (continued)

Planet | Te Taiao (continued)

Nature

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. In the 2026 financial year, the Climate and Nature Fund raised \$7.4 million and contributed to initiatives including supporting two potential domestic SAF projects with Seadra and LanzaJet, the lease costs of the BETA ALIA CX300 electric aircraft, supporting hydrogen fuel cell testing at our Auckland Airport campus, Department of Conservation (DOC) biodiversity projects, the PRISMSS Restoring Island Resilience Awards and SAF costs.

Department of Conservation

Air New Zealand's longstanding partnership with DOC continued to deliver biodiversity outcomes across Aotearoa New Zealand during the year. In addition to more than 40,000 hectares of sustained predator control alongside five Great Walks, we flew more than 280 threatened species and conservation dogs, and enabled the full certification of 41 pest and species detection dog handler teams through our support of the Conservation Dogs Programme.

The airline also supports DOC's Bats Beyond Borders Programme which successfully trialled new advanced GPS tracking technology on critically endangered long-tailed bats for the first time in Aotearoa New Zealand. The Global Messenger system generated fine-scale flight path maps, giving DOC a much clearer understanding of bat

behaviour and habitat use. The data collected will help improve management plans for this critically endangered species and develop tracking methods for other small species.



Guardianship | Kaitiakitanga

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 2026 Climate Statement.



View our 2026 Climate Statement.

Board of Directors

The Air New Zealand Board of Directors has overarching responsibility for sustainability, including climate-related matters. During the 2026 financial year, the Board considered a range of key topics relating to the airline's Transition Plan (including the 2030 Emissions Guidance) and climate-related disclosures, as well as carbon regulatory compliance and modern slavery.

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. This year we farewelled Tim Jackson, who stepped down from the Panel, as well as Matteo Mirolo, whose term with the Panel came to an end. We are sincerely grateful to both for the valuable contributions they have made over the years. We're taking time to refocus the Panel, with new membership expected in the 2027 financial year.



Sustainability (continued)

Guardianship | Kaitiakitanga (continued)

Helping to develop a sustainable visitor destination

As international tourism continues to grow, with visitors spending \$18.1 billion in the New Zealand economy for the year ended March 2025, Air New Zealand is focused on helping develop Aotearoa New Zealand as a sustainable visitor destination, benefitting visitors, communities, the environment and the economy.

During the year, we supported the Tiaki Promise in partnership with Te Kāhui Tautiaki, the governing body of Tiaki, encouraging visitors and New Zealanders to help care for Aotearoa New Zealand through a range of awareness initiatives.

This included partnering with MPI on an airline-first biosecurity video promoting responsible food and waste disposal and biosecurity awareness. We also expanded promotion of the Tiaki Promise across Air New Zealand channels, including onboard content and Kia Ora magazine assets highlighting the five Tiaki Promise behaviours: Protect Nature, Keep New Zealand Clean, Be Prepared, Drive Carefully and Show Respect.

Backing our regions

Air New Zealand is also focused on spreading the benefits of tourism across our regions, which form the foundation of Aotearoa New Zealand's tourism proposition. In July 2025, the airline launched the Air New Zealand Regional Event Sponsorship Programme to support and scale up 20 new and emerging events in the 20 regions we fly to. Working in partnership with regional tourism organisations (RTOs), the programme supported events across



the 2026 financial year, spanning sport, arts and culture, food and wine, and music events. From The Spectacle in Nelson to the Flavours of Plenty Festival in Tauranga, these events encourage more travel to our regions, particularly during off-peak seasons, helping to support local economies and stimulate demand year-round.

We also partnered with RTOs and airports to support tourism growth across the country and encourage

dispersal beyond the main centres. This year we worked with Destination Queenstown, Southern Way, Nelson Regional Development Agency, Northland Inc and ChristchurchNZ to showcase the diverse experiences available across Aotearoa New Zealand. We also worked with Hamilton and Christchurch airports to celebrate the launch of our jet service between these ports, helping stimulate domestic connectivity and regional visitation.



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 2026.

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 2026 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:



Alison Gerry
Director



Dame Therese Walsh
Chair
28 August 2026

Our Consolidated Financial Statements



Consolidated Statement of Financial Performance

For the year ended 30 June

	NOTES	2026 \$M	2025 RESTATED* \$M
Operating revenue			
Passenger revenue		6,129	5,851
Cargo		484	487
Contract services		66	61
Other revenue and income	1	337	356
	1	7,016	6,755
Operating expenditure			
Labour		(1,739)	(1,707)
Fuel	1	(1,738)	(1,484)
Maintenance	1	(771)	(627)
Aircraft operations		(929)	(878)
Passenger services		(499)	(425)
Sales and marketing		(343)	(328)
Foreign exchange (losses)/gains		(48)	25
Other expenses	1	(479)	(430)
	2	(6,546)	(5,854)
Operating earnings (excluding items below)		470	901
Depreciation and amortisation	1	(768)	(727)
(Loss)/Earnings before net finance costs, associates and taxation		(298)	174
Finance income		65	101
Finance costs	1	(144)	(149)
Share of earnings of associates (net of taxation)	12	41	38
(Loss)/Earnings before taxation		(336)	164
Taxation credit/(expense)	3	94	(56)
Net (loss)/profit attributable to shareholders of parent company		(242)	108
Per share information:			
Basic and diluted (loss)/earnings per share (cents)	4	(7.4)	3.2

Consolidated Statement of Comprehensive Income

For the year ended 30 June

	NOTES	2026 \$M	2025 RESTATED* \$M
Net (loss)/profit for the year		(242)	108
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans		-	(2)
Taxation on above reserve movements		-	1
Total items that will not be reclassified to profit or loss		-	(1)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges	24	260	(50)
Transfers to net (loss)/profit from cash flow hedge reserve	24	(168)	(8)
Transfers to asset carrying value from cash flow hedge reserve	24	(2)	(3)
Net translation gain on investment in foreign operations		3	-
Changes in costs of hedging reserve	24	7	(26)
Taxation on above reserve movements		(23)	24
Total items that may be reclassified subsequently to profit or loss		77	(63)
Total other comprehensive income/(loss) for the year, net of taxation		77	(64)
Total comprehensive (loss)/income for the year, attributable to shareholders of the parent company		(165)	44

Consolidated Statement of Changes in Equity

For the year ended 30 June

	NOTES	SHARE CAPITAL \$M	HEDGE RESERVES \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	GENERAL RESERVES \$M	TOTAL EQUITY \$M
Balance as at 1 July 2025		3,346	(68)	(9)	(1,323)	1,946
Prior period restatement	27	-	-	-	(18)	(18)
Restated balance at 1 July 2025		3,346	(68)	(9)	(1,341)	1,928
Net loss for the year		-	-	-	(242)	(242)
Other comprehensive income for the year		-	70	7	-	77
Total comprehensive loss for the year		-	70	7	(242)	(165)
Transactions with owners:						
Equity-settled share-based payments (net of taxation)	19	6	-	-	-	6
Equity settlements of staff share award obligations	19	(2)	-	-	-	(2)
Acquisition of own shares	19	(43)	-	-	-	(43)
Dividends on Ordinary Shares	18	-	-	-	(41)	(41)
Total transactions with owners		(39)	-	-	(41)	(80)
Balance as at 30 June 2026		3,307	2	(2)	(1,624)	1,683

	NOTES	SHARE CAPITAL \$M	HEDGE RESERVES \$M	FOREIGN CURRENCY TRANSLATION RESERVE \$M	GENERAL RESERVES RESTATED \$M	TOTAL EQUITY RESTATED \$M
Balance as at 1 July 2024		3,379	(5)	(9)	(1,355)	2,010
Net profit for the year	27	-	-	-	108	108
Other comprehensive loss for the year		-	(63)	-	(1)	(64)
Total comprehensive income for the year	27	-	(63)	-	107	44
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	27	3,346	(68)	(9)	(1,341)	1,928

Consolidated Statement of Financial Position

As at 30 June

	NOTES	2026 \$M	2025 RESTATED* \$M
Current assets			
Bank and short-term deposits	5	989	1,436
Trade and other receivables	6	494	441
Inventories	7	167	165
Derivative financial assets	24	160	55
Intangible assets	11	29	35
Income taxation		28	28
Interest-bearing assets	8	9	155
Other assets		14	15
Total current assets		1,890	2,330
Non-current assets			
Trade and other receivables	6	55	45
Property, plant and equipment	9	4,855	4,225
Right-of-use assets	10	1,449	1,467
Intangible assets	11	184	178
Investments in other entities	12	298	240
Derivative financial assets	24	164	60
Interest-bearing assets	8	194	180
Other assets		8	6
Total non-current assets		7,207	6,401
Total assets		9,097	8,731
Current liabilities			
Trade and other payables		1,032	1,002
Revenue in advance	13	1,962	1,805
Interest-bearing liabilities	14	133	512
Lease liabilities	15	352	287
Derivative financial liabilities	24	52	109
Provisions	16	208	44
Income taxation		1	6
Other liabilities	17	287	314
Total current liabilities		4,027	4,079
Non-current liabilities			
Trade and other payables		-	10
Revenue in advance	13	219	222
Interest-bearing liabilities	14	1,370	765
Lease liabilities	15	1,333	1,274
Derivative financial liabilities	24	120	61
Provisions	16	263	243
Deferred taxation	3	44	112
Other liabilities	17	38	37
Total non-current liabilities		3,387	2,724
Total liabilities		7,414	6,803
Net assets		1,683	1,928
Equity			
Share capital	19	3,307	3,346
Reserves	20	(1,624)	(1,418)
Total equity		1,683	1,928

Therese Walsh

Dame Therese Walsh
Chair

For and on behalf of the Board, 28 August 2026

Alison Gerry

Alison Gerry
Director

* Balances have been restated (refer to Note 27 for further details).
The accompanying accounting policies and notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June

	NOTES	2026 \$M	2025 \$M
Cash flows from operating activities			
Receipts from customers		7,153	6,731
Receipts from suppliers		13	39
Payments to suppliers and employees		(6,256)	(5,779)
Income tax paid		(2)	(1)
Interest paid		(142)	(154)
Interest received		53	104
Net cash flow from operating activities	5	819	940
Cash flows used in investing activities			
Disposal of property, plant and equipment, intangibles and assets held for sale	15	1	194
Acquisition of property, plant and equipment, right-of-use assets and intangibles		(1,157)	(780)
Interest-bearing assets		146	467
Investment in other entities		(3)	-
Net cash flow used in investing activities		(1,013)	(119)
Cash flows used in financing activities			
Cash paid on acquisition of own shares	19	(43)	(38)
Interest-bearing liabilities drawdowns	14	681	-
Rollover of foreign exchange contracts*		28	6
Equity settlements of staff share award obligations	19	(2)	(3)
Interest-bearing liabilities payments		(556)	(164)
Lease liabilities payments	15	(320)	(372)
Dividends on Ordinary Shares	18	(41)	(93)
Net cash flow used in financing activities		(253)	(664)
(Decrease)/increase in cash and cash equivalents		(447)	157
Cash and cash equivalents at the beginning of the year		1,436	1,279
Cash and cash equivalents at the end of the year	5	989	1,436

* 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 2026

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 interests 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 2026.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered Air New Zealand’s available sources of funding including access to capital markets, sale and leaseback transactions, available unencumbered aircraft, cash on-hand and secured debt structures, together with factors likely to affect future performance, as well as principal risks and uncertainties.

During the year, conflict and geopolitical events in the Middle East resulted in a significant increase in jet fuel prices and heightened fuel price volatility. Continued instability in the region could prolong these conditions and contribute to supply chain disruption, weaker demand and broader economic uncertainty, adversely affecting Air New Zealand’s operations, financial performance and liquidity.

As at 30 June 2026, Air New Zealand had total liquidity of \$1,593 million, comprising \$989 million of cash and cash equivalents and \$604 million of committed undrawn facilities, together with significant additional financing capacity supported by its aircraft asset base and investment-grade credit rating. In assessing going concern, the Directors considered cash flow projections covering at least 12 months from the date of approval of these financial statements, including expected routine debt financing and a range of downside scenarios reflecting uncertainties in fuel prices and the broader economic and geopolitical environment.

Having reviewed the projections, the Directors believe that Air New Zealand has sufficient liquidity to continue to operate for a period of at least 12 months from the date of approval of the financial statements and hence continue to adopt the going concern basis in preparing the financial statements at 30 June 2026.

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.

Statement of Accounting Policies (continued)

For the year ended 30 June 2026

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

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

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 from jet fuel by 2050. The 2050 target was announced in 2020 and aligns with the aviation industry's collective 2050 target via the International Air Transport Association (IATA).

As of 30 June 2026, Air New Zealand expects to reduce its Well-to-Wake net Greenhouse Gas emissions from jet fuel by 25 to 30 percent by 2030, from a 2019 baseline. The 2030 Emissions Guidance aims to provide a regular and transparent update of Air New Zealand's short-term decarbonisation progress and is communicated annually through the Climate Statement.

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

- Sustainable aviation fuel (SAF) – using SAF as global uplift requirements, supply and affordability scale.
- Fleet and network – implementing the airline's fleet modernisation programme and adopting next-generation aircraft when that technology becomes commercially available.
- Operational efficiency improvements – improving fuel efficiency through technology, operational practices, and system-wide improvements.
- 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 2026 financial year are disclosed within 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.

Comparative information has also been restated to correct a prior period error identified by Air New Zealand in respect of the year ended 30 June 2025. Refer to Note 27 for further details.

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.

Statement of Accounting Policies (continued)

For the year ended 30 June 2026

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

NZ IFRS 18 *Presentation and Disclosure in Financial Statements* introduces new requirements for the presentation and disclosure of information in financial statements and will replace NZ IAS 1 *Presentation of Financial Statements*. The changes include the classification of income and expenses in the consolidated Statement of Financial Performance into operating, investing and financing categories, with separate categories for income taxes and discontinued operations; the presentation of two new defined subtotals; enhanced aggregation and disaggregation requirements; and disclosures about management-defined performance measures, where applicable.

NZ IFRS 18 is effective for annual periods beginning on or after 1 January 2027, with earlier adoption permitted. Air New Zealand will apply the standard effective 1 July 2027 and it will be applied retrospectively. Adoption is expected to change the presentation and classification of certain income and expense items and related subtotals. In particular, foreign exchange gains and losses will generally be classified in the same category as the underlying items and may therefore be presented across more than one category. The standard is not expected to affect the recognition or measurement of transactions or total earnings. The quantitative impact on individual financial statement line items is still to be assessed.

Certain other pronouncements have been issued that are mandatory for accounting periods beginning after 30 June 2026. Management is still evaluating and does not expect any such pronouncements to have a significant impact on the financial statements upon adoption.

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.

Foreign currency translation

Functional currency

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

Transactions and balances

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

Group companies

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

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

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

Impairment

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

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

Notes to the Financial Statements

For the year ended 30 June 2026

1. Revenue Recognition and Segmental Information



Revenue is recognised when (or as) control of goods or services is transferred to a customer in an amount that reflects the consideration to which Air New Zealand expects to be entitled in exchange for those goods or services. 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.

Loyalty programmes

Revenue associated with the award of Airpoints™ to Koru 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™ to third-parties, is deferred to revenue in advance (net of estimated expiry) until such time as the Koru 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.

	2026 \$M	2025 \$M
Analysis of revenue by geographical region of original sale		
New Zealand	4,117	4,140
Australia and Pacific Islands	914	809
Asia, United Kingdom and Europe	1,011	931
America	974	875
Total operating revenue	7,016	6,755

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 2026

1. Revenue Recognition and Segmental Information (continued)

Compensation received from manufacturers

Air New Zealand has entered into a series of confidential agreements with several manufacturers to compensate for the impact of engine shortages on the business. Compensation recognised in the Statement of Financial Performance arising from these agreements has been reflected in the following line items:

	2026 \$M	2025 \$M
Other revenue and income	65	104
Fuel	-	2
Maintenance	4	3
Other expenses	8	3
Depreciation and amortisation	26	16
Finance costs	2	1
Total compensation received from manufacturers	105	129

2. Expenses

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

Pension contributions

	2026 \$M	2025 \$M
Defined contribution superannuation expense	74	71

Remuneration to auditors

	2026 \$000	2025 \$000
Audit and review of financial statements	1,439	1,429
Other assurance services and other agreed-upon procedures engagements		
Student fee protection audit	6	6
Passenger facility charge audit	29	57
Greenhouse gas emissions inventory review	53	62
Other services		
Climate-related disclosures assurance readiness	-	78
Other services*	14	14
	1,541	1,646

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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.

	2026	2025
	\$M	RESTATED \$M
Current taxation expense		
Adjustments for prior periods	3	-
	3	-
Deferred taxation credit/(expense)		
Origination of temporary differences	47	14
Unused tax losses	44	(70)
	91	(56)
Total taxation credit/(expense) recognised in earnings	94	(56)
Reconciliation of effective tax rate		
(Loss)/Earnings before taxation	(336)	164
Taxation at 28%	94	(46)
Adjustments		
Non-deductible expenses	(3)	(2)
Non-taxable income	2	1
Over/(under) provided in prior periods	2	1
Foreign tax paid	(1)	-
Changes in tax depreciation on building assets	-	(10)
Taxation credit/(expense)	94	(56)

The Group has \$2 million of imputation credits as at 30 June 2026 (30 June 2025: \$3 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

3. Taxation (continued)

Deferred taxation

	2026	2025
	\$M	RESTATED \$M
Movement during the year:		
Opening deferred taxation liability	112	81
Taxation expense	(91)	56
Amounts recognised directly in equity reserves	23	(25)
Closing deferred taxation liability	44	112
Comprised of:		
Non-aircraft assets	(3)	(16)
Aircraft assets	234	243
Right-of-use assets	184	153
Lease liabilities	(140)	(79)
Provisions and accruals	(104)	(81)
Financial instruments	(8)	(31)
Pension obligations	-	(1)
Equity settlement	-	(1)
Unused tax losses/tax credits	(119)	(75)
	44	112

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 \$400 million of tax losses (30 June 2025: \$243 million) that are available indefinitely for offsetting against future taxable income. A deferred tax asset of \$112 million (30 June 2025: \$68 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 2025: \$7 million).

Air New Zealand is within the scope of the OECD Pillar Two model rules and has applied the mandatory temporary exception in NZ IAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. Based on the assessment of enacted and substantively enacted Pillar Two legislation in the jurisdictions in which it operates, Air New Zealand does not expect to have any Pillar Two top-up tax payable for the year ended 30 June 2026 and no current tax expense has been recognised in respect of Pillar Two income taxes.

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.

	2026	2025
	\$M	RESTATED \$M
Earnings for the purpose of basic and diluted earnings per share:		
Net (loss)/profit attributable to shareholders	(242)	108
Weighted average number of shares (in millions of shares)		
Weighted average number of Ordinary Shares for basic earnings per share	3,253	3,358
Effect of dilutive ordinary shares:		
- Share rights	-	9
Weighted average number of Ordinary Shares for diluted earnings per share	3,253	3,367
Basic and diluted earnings per share	(7.4)	3.2

The effect of the assumed conversion of outstanding employee share rights is antidilutive for the year to 30 June 2026, and therefore, has not been included in the diluted loss per share calculation.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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:

	2026 \$M	2025 \$M
Cash balances	221	91
Short-term deposits and short-term bills	768	1,345
Total cash and cash equivalents	989	1,436
	2026 \$M	2025 RESTATED \$M
Reconciliation of Net (loss)/profit attributable to shareholders to net cash flows from operating activities:		
Net (loss)/profit attributable to shareholders	(242)	108
Plus/(less) non-cash items:		
Depreciation and amortisation	768	727
Net loss on disposal of property, plant and equipment, intangibles and assets held for sale	15	7
Share of earnings of associates	(41)	(38)
Movements on fuel derivatives	5	(2)
Foreign exchange losses	37	34
Other non-cash items	6	7
	548	843
Net working capital movements:		
Assets	(35)	17
Revenue in advance	154	(24)
Liabilities	152	104
	271	97
Net cash flow from operating activities	819	940

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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.

	2026 \$M	2025 \$M
Current		
Trade and other receivables	430	367
Provision for expected credit losses	(2)	(3)
Net trade and other receivables	428	364
Prepayments	66	77
	494	441
Non-current		
Prepayments	55	45
	55	45

7. Inventories



Inventories are measured at the lower of cost and net realisable value. Such cost is determined by the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Inventories include mainly aircraft spare parts and supplies.

	2026 \$M	2025 \$M
Engineering expendables	133	132
Consumable stores	34	33
	167	165
Held at cost	144	149
Held initially at cost	69	66
Less provision for inventory obsolescence	(46)	(50)
Held at net realisable value	23	16
	167	165

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

8. Interest-bearing Assets

	Interest-bearing assets	
	Interest-bearing assets are measured at amortised cost using the effective interest method, less any impairment.	
	2026 \$M	2025 \$M
Current		
Interest-bearing assets	9	155
	9	155
Non-current		
Interest-bearing assets	194	180
	194	180

Interest-bearing assets comprise Euro denominated fixed rate deposits that mature between September 2030 and September 2031 held as part of aircraft financing arrangements and fixed rate deposits provided as security over standby letters of credit. In the prior year, the balance also included fixed rate Term Deposits and floating rate Certificates of Deposit that were provided as security over credit card obligations incurred by Air New Zealand and are no longer required following changes to the credit card arrangements. Fixed interest rates in the year to 30 June 2026 were between 2.4% and 4.6% per annum (30 June 2025: 3.1% to 6.5% per annum).

The fair value of interest-bearing assets as at 30 June 2026 was \$205 million (30 June 2025: \$341 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 aircraft and engines, these are either recorded as a reduction to the cost of the related aircraft and engines, or offset against the associated operating expense, according to the reason for which they were received.	
Depreciation	
Depreciation is calculated to write down the cost of assets on a straight line basis to an estimated residual value over their economic lives as follows:	
Airframes	18 – 30 years
Engines	5 – 17 years
Engine overhauls	period to next overhaul
Aircraft specific plant and equipment (including simulators and spares)	10 – 21 years
Buildings	50 – 100 years
Non-aircraft specific leasehold improvements, plant, equipment, furniture and vehicles	2 – 10 years

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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
2026						
Carrying value as at 1 July 2025	3,300	132	121	153	519	4,225
Additions	570	36	5	44	418	1,073
Disposals	(55)	(9)	(1)	-	(1)	(66)
Depreciation	(363)	(16)	(29)	(26)	-	(434)
Transfers of capital work in progress	266	-	46	118	(430)	-
Transfers from right-of-use assets	57	-	-	-	-	57
Carrying value as at 30 June 2026	3,775	143	142	289	506	4,855
Represented by:						
Cost	6,961	250	590	744	506	9,051
Accumulated depreciation and impairment	(3,186)	(107)	(448)	(455)	-	(4,196)
Carrying value as at 30 June 2026	3,775	143	142	289	506	4,855
2025						
Cost	5,207	198	547	568	274	6,794
Accumulated depreciation and impairment	(2,255)	(89)	(431)	(411)	-	(3,186)
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

	2026 \$M	2025 \$M
Airframes, engines and simulators comprise:		
Owned airframes, engines and simulators	3,216	2,963
Progress payments	559	337
	3,775	3,300
Land and buildings comprise:		
Leasehold properties	280	144
Freehold properties	9	9
	289	153

Certain aircraft and aircraft related assets with a carrying value of \$1,229 million as at 30 June 2026 are pledged as specific security over secured borrowings (30 June 2025: \$1,365 million). Aircraft assets of \$575 million as at 30 June 2026 are pledged as security over a secured revolving credit facility (30 June 2025: Nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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. As a result of the adverse impact of the ongoing Middle East conflict on fuel prices, broader macroeconomic uncertainty, and Air New Zealand's financial performance during the year, management has performed impairment testing to assess whether the carrying value of non-financial assets remains recoverable.

The carrying value of non-financial assets was tested for impairment as a single airline network cash-generating unit, using a value-in-use discounted cash flow model.

Cash flow projections were developed for a 10-year period, on the basis of a Board-endorsed five-year plan. Cash flows for the 2032 to 2036 financial years were extrapolated from the 2031 projections using a growth rate of 2.0% per annum. A terminal value was calculated at the end of the 2036 financial year using a long-term growth rate of 2.0%.

Cash flow projections used in the discounted cash flow models reflect the Board's and management's assumptions regarding the expected normalisation of fuel prices over the forecast period. The projections incorporated key inputs and assumptions including a reduction in fuel prices, network growth and recovery of passenger demand. Based on the expected return to service of aircraft assets and positive levels of customer demand observed to date, the airline's passenger network has been assumed to progressively ramp up in the 2027 financial year to the 2029 financial year. Cash flow projections also included Air New Zealand's expectations for expected aircraft delivery, network operations and investment profile.

In assessing the cash flow projections, the Board has considered a number of assumptions. Within the detailed forecast period to the 2031 financial year the primary assumptions were RASK (Revenue per Available Seat Kilometre) and jet fuel prices. Across the entire forecast period a significant proportion of the value in use is attributable to the terminal value and therefore the key assumptions within the model are the discount rate and terminal growth rate.

The cash flow projections are discounted using a pre-tax rate of 11.9% equated to a post tax rate of 10.0%. Sensitivity analysis was performed using pre-tax discount rates ranging from 10.8% to 13.0%.

Reasonably possible adverse changes were applied to the key assumptions, including an increase in the pre-tax discount rate to 13.0% and a reduction in the terminal growth rate to 1.0%. None of these changes, either individually or in the combined downside scenario tested, resulted in the recoverable amount of the airline network cash-generating unit falling below its carrying amount.

The discounted cash flows from the cash-generating unit confirmed that there was no impairment to assets as, in the opinion of the directors, the recoverable value from value-in-use exceeded the book value of the assets, based on the directors current assessment of Air New Zealand's future operations.

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 2026 the residual values of the aircraft were reassessed and depreciation expense was decreased by \$11 million (30 June 2025: decreased by \$22 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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
2026				
Carrying value as at 1 July 2025	611	577	279	1,467
Additions	4	232	96	332
Disposals	-	-	(1)	(1)
Depreciation	(52)	(185)	(55)	(292)
Transfers to property, plant and equipment	(57)	-	-	(57)
Carrying value as at 30 June 2026	506	624	319	1,449
Represented by:				
Cost	770	1,510	671	2,951
Accumulated depreciation and impairment	(264)	(886)	(352)	(1,502)
Carrying value as at 30 June 2026	506	624	319	1,449

	AIRFRAME AND ENGINES WITH PURCHASE OPTION* \$M	AIRFRAME AND ENGINES WITH NO PURCHASE OPTION \$M	LAND AND BUILDINGS \$M	TOTAL \$M
2025				
Cost	1,864	1,017	542	3,423
Accumulated depreciation and impairment	(1,018)	(639)	(246)	(1,903)
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.

Certain aircraft and aircraft related assets with a carrying value of \$507 million as at 30 June 2026 (30 June 2025: \$600 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 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 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 2026 the residual values of the aircraft were reassessed and depreciation expense was decreased by \$1 million (30 June 2025: decreased by \$8 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 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. Carbon credit units are not revalued or amortised but are tested for impairment whenever indicators exist that the carrying value may not be recoverable.

	INTERNALLY DEVELOPED SOFTWARE \$M	EXTERNALLY PURCHASED SOFTWARE \$M	CAPITAL WORK IN PROGRESS \$M	CARBON CREDITS \$M	OTHER \$M	TOTAL \$M
2026						
Carrying value as at 1 July 2025	130	6	21	55	1	213
Additions	-	-	56	24	-	80
Disposals	-	-	(2)	(36)	-	(38)
Amortisation	(41)	(1)	-	-	-	(42)
Transfers of capital work in progress	48	-	(48)	-	-	-
Carrying value as at 30 June 2026	137	5	27	43	1	213
Represented by:						
Cost	672	150	27	43	1	893
Accumulated depreciation	(535)	(145)	-	-	-	(680)
Carrying value as at 30 June 2026	137	5	27	43	1	213
Current assets	-	-	-	29	-	29
Non-current assets	137	5	27	14	1	184
Carrying value as at 30 June 2026	137	5	27	43	1	213

	INTERNALLY DEVELOPED SOFTWARE \$M	EXTERNALLY PURCHASED SOFTWARE \$M	CAPITAL WORK IN PROGRESS \$M	CARBON CREDITS \$M	OTHER \$M	TOTAL \$M
2025						
Cost	608	159	27	73	1	868
Accumulated depreciation	(488)	(152)	-	-	-	(640)
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

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 received.

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.

Investments in other entities are accounted for at fair value through profit or loss.

	2026 \$M	2025 \$M
Investments in associates	291	237
Investments in other entities	7	3
	298	240

Investments in associates

The Group's investments in 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

Summary financial information of associates

	CEC 2026 \$M	DRYLAND 2026 \$M	TOTAL 2026 \$M	CEC 2025 \$M	DRYLAND 2025 \$M	TOTAL 2025 \$M
Assets and liabilities of associates are as follows:						
Current assets	612	3	615	537	6	543
Non-current assets	223	109	332	111	107	218
Current liabilities	(262)	-	(262)	(194)	(1)	(195)
Non-current liabilities	(28)	-	(28)	(18)	-	(18)
Net identifiable assets (100% share)	545	112	657	436	112	548
Group share of net identifiable assets	268	23	291	214	23	237
Carrying value of investment in associates	268	23	291	214	23	237

Results of associates						
Revenue	2,104	15	2,119	1,888	18	1,906
Earnings after taxation	77	12	89	73	14	87
Total comprehensive income (100% share)	77	12	89	73	14	87
Group share of net earnings after taxation	38	3	41	35	3	38
Group share of total comprehensive income	38	3	41	35	3	38

Reconciliation to carrying amounts:						
Opening carrying value	214	23	237	179	23	202
Share of net earnings after taxation	38	3	41	35	3	38
Distributions received	-	(3)	(3)	-	(3)	(3)
Foreign currency movements	16	-	16	-	-	-
Closing carrying value	268	23	291	214	23	237

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

12. Investments in Other Entities (continued)

Subsidiaries

Subsidiaries are all entities over which Air New Zealand has control. The significant subsidiary companies of Air New Zealand and their activities are as follows:

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION
Air New Zealand Aircraft Holdings Limited	Aircraft leasing and financing	New Zealand
Air New Zealand Associated Companies Limited	Investment	New Zealand
TEAL Insurance Limited	Captive insurer	New Zealand

All subsidiary entities above have a balance date of 30 June and are 100% owned.

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™ to Koru members as part of the initial sales transaction and with sales of Airpoints™ to third-parties, net of estimated expiry (non-redeemed Airpoints™), in respect of which the Koru 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 2026, Air New Zealand held \$35 million in Transportation sales in advance in respect of unused travel credits (30 June 2025: \$192 million). Travel credits issued due to disrupted flights have an expiration date of up to 12-months after issue. The Group also held credits issued under a flexibility policy provided over the period from January 2020 to September 2022. Credits held under this flexibility policy expired on 31 January 2026.

An allowance for the estimated value of travel credits not expected to be used prior to expiry is recognised as ‘Passenger revenue’ when it can be reasonably determined that there will not be a significant reversal of the revenue in future periods. The value of travel credits issued for disrupted flights which were not expected to be used prior to expiry of \$4 million was recognised within the Statement of Financial Performance (30 June 2025: Nil). A further \$11 million of flexibility policy travel credits was recognised in the 2026 financial year. For the 2025 financial year the value of flexibility policy 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 resulting in breakage of \$35 million being recognised in the Statement of Financial Performance.

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.

	2026 \$M	2025 \$M
Current		
Transportation sales in advance	1,741	1,588
Loyalty programme	196	193
Other	25	24
	1,962	1,805
Non-current		
Transportation sales in advance	-	11
Loyalty programme	212	204
Other	7	7
	219	222

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

14. Interest-bearing Liabilities



Interest-bearing liabilities are initially recognised at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liability. They are subsequently measured at amortised cost using the effective interest method.

Certain medium-term notes and bonds are designated in fair value hedge relationships. Where hedge accounting is applied, the carrying amount of the hedged liabilities is adjusted for changes in fair value attributable to the hedged interest rate risk, with the corresponding gain or loss recognised in profit or loss.

Interest-bearing liabilities are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

	2026 \$M	2025 \$M
Current		
Secured borrowings		
Secured borrowings*	133	189
Medium-term notes		
AUD notes issued 25 May 2022		
Tranche 1: 5.7% 4-year fixed-rate notes due 25 May 2026 (AUD300 million)	-	323
	133	512
Non-current		
Secured borrowings		
Secured borrowings*	267	390
Secured revolving credit facility		
USD400 million floating-rate secured revolving facility expiring 19 May 2030 (USD200 million drawn)	354	-
Medium-term notes		
AUD notes issued 25 May 2022		
Tranche 2: 6.5% 7-year fixed-rate notes due 25 May 2029 (AUD250 million)	279	270
AUD notes issued 30 September 2025		
5.179% 7-year fixed-rate notes due 30 September 2032 (AUD300 million)	366	-
Unsecured bonds		
NZD100 million bonds issued 27 October 2022		
6.61% 5.5-year unsecured, unsubordinated fixed-rate bonds due 27 April 2028	104	105
	1,370	765
	1,503	1,277
Interest rates basis:		
Fixed rate	782	751
Floating rate	721	526
At carrying amount	1,503	1,277
At fair value**	1,525	1,305

* Secured borrowings relate to specific financing of aircraft and engines and are secured over aircraft assets and subject to both fixed and floating interest rates. Fixed interest rates on secured borrowings were 1.0% per annum (30 June 2025: 1.0% per annum).

** 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.

Non-cash movements in interest-bearing liabilities during the year ended 30 June 2026 included foreign exchange losses of \$127 million (30 June 2025: losses of \$28 million) and fair value hedge adjustments of \$26 million (30 June 2025: \$20 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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.

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 transaction

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

15. Lease Liabilities (continued)

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 ended 30 June 2025.

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

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
2026				
Carrying value as at 1 July 2025	614	645	302	1,561
Additions	-	260	107	367
Interest cost	-	35	16	51
Capitalised interest	6	-	-	6
Repayments**	(65)	(234)	(72)	(371)
Terminations	-	-	(1)	(1)
Foreign currency movements	17	51	4	72
Carrying value as at 30 June 2026	572	757	356	1,685
Represented by:				
Current	119	184	49	352
Non-current	453	573	307	1,333
Carrying value as at 30 June 2026	572	757	356	1,685

	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

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

** The principal repayment amount of \$320 million (30 June 2025: \$372 million) is presented in the Statement of Cash Flows within 'Financing Activities', and interest payments of \$51 million (30 June 2025: \$36 million) are presented in 'Operating Activities'.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

15. Lease Liabilities (continued)

	2026 \$M	2025 \$M
Interest rates basis:		
Fixed rate	1,359	1,197
Floating rate	326	364
At amortised cost	1,685	1,561

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 2025: 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 4.7% per annum (30 June 2025: 4.6% per annum).

	2026 \$M	2025 \$M
Amounts recognised in earnings (within ‘Other expenses’)		
Expenses relating to short-term leases*	55	10
Expenses relating to variable lease payments, not included in the measurement of lease liabilities	-	4
	55	14

* Includes short-term aircraft wet lease costs entered into due to engine availability issues on the Airbus neo fleet.

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	CARBON CREDIT LIABILITIES \$M	RESTRUCTURING \$M	OTHER \$M	TOTAL \$M
Balance as at 1 July 2025	253	-	-	9	262
Prior period adjustment (Note 27)	25	-	-	-	25
Restated Balance as at 1 July 2025	278	-	-	9	287
Amount provided	154	56	9	1	220
Utilised during the year	(32)	(36)	(2)	(1)	(71)
Amount released	(7)	-	-	(4)	(11)
Transfers from other payables	-	28	-	-	28
Foreign exchange movement	16	2	-	-	18
Balance as at 30 June 2026	409	50	7	5	471
Represented by:					
Current	180	16	7	5	208
Non-current	229	34	-	-	263
Balance as at 30 June 2026	409	50	7	5	471

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

16. Provisions (continued)

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.

Carbon credit liabilities

Air New Zealand incurs obligations under the New Zealand Emissions Trading Scheme (NZ ETS) and Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) schemes to surrender emission units to the relevant authorities. These obligations are extinguished upon surrender or retirement of the required units. For the NZ ETS, obligations are typically surrendered within 12 months of the reporting date. For CORSIA, obligations are settled on a three-year compliance cycle, with the first settlement for the 2024-2026 calendar year period expected in 2028. The obligations are measured based on the cost of units held (including free allocations) and at market value for rights yet to be acquired.

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 one year (30 June 2025: two years).

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.

	2026 \$M	2025 \$M
Current		
Employee entitlements	280	307
Other liabilities (including defined benefit liabilities)	7	7
	287	314
Non-current		
Employee entitlements	21	19
Other liabilities	17	18
	38	37

The Group operates one defined benefit plan for qualifying employees in New Zealand, which is closed to new members. The plan provides 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 \$1 million (30 June 2025: \$2 million). The current service cost recognised through earnings was \$1 million (30 June 2025: \$1 million).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

18. Distributions to Owners

	2026 CENTS PER SHARE	2026 \$M	2025 CENTS PER SHARE	2025 \$M
Distributions recognised				
Interim dividend on ordinary shares	-	-	1.25	42
Final dividend on ordinary shares	1.25	41	1.50	51
		41		93
Distributions paid				
Interim dividend on ordinary shares	-	-	1.25	42
Final dividend on ordinary shares	1.25	41	1.50	51
		41		93

No dividends were declared in respect of the 2026 financial year.

A final dividend in respect of the 2025 financial year of 1.25 cents per Ordinary Share was paid on 25 September 2025 (2024 financial year: 1.5 cents per Ordinary Share paid on 26 September 2024). No imputation credits were attached to the dividends and no supplementary dividends were paid to non-resident shareholders.

An interim dividend in respect of the 2025 financial year of 1.25 cents per Ordinary Share was paid on 19 March 2025. No imputation credits were attached to the dividends and no supplementary dividends were paid to non-resident shareholders.

The dividend reinvestment plan is currently suspended.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

19. Share Capital



Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and share rights are shown in equity as a deduction, net of taxation, from the proceeds.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from issued capital.

Shares purchased and held by the Air New Zealand Staff Share Schemes are disclosed as treasury shares (at their purchase price) and deducted from contributed equity.

	2026 \$M	2025 \$M
Share Capital comprises:		
Authorised, issued and fully paid in capital	3,258	3,303
Equity-settled share-based payments (net of taxation)	49	43
	3,307	3,346
Balance at the beginning of the year	3,346	3,379
Acquisition of own shares*	(43)	(38)
Equity settlements of staff share award obligations**	(2)	(3)
Equity-settled share-based payments	6	8
Balance at the end of the year	3,307	3,346

* In February 2025 the Board of Directors approved a 12-month share buyback programme of up to \$100 million, which commenced in March 2025. The buyback programme included both on-market and off-market components. The on-market buyback component was acquired on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) and an off-market buyback component was undertaken following any on-market acquisition, whereby Air New Zealand acquired a corresponding number of shares held by the Crown in order to maintain the Crown's shareholding. As at 30 June 2026, 134,902,189 shares (\$81 million) had been acquired under the programme, with 73,431,317 shares (\$43 million) acquired in the year to 30 June 2026. Upon purchase the shares were cancelled.

** During the year ended 30 June 2026 the Group funded the on-market purchase of 3,571,250 shares (30 June 2025: 4,558,097 shares). The shares were used to settle obligations under staff share award and long-term incentive schemes.

	2026	2025
Number of Ordinary Shares authorised, fully paid and on issue		
Balance at the beginning of the year	3,306,993,443	3,368,464,315
Acquisition and cancellation of own shares	(73,431,317)	(61,470,872)
Balance at the end of the year***	3,233,562,126	3,306,993,443

*** Includes treasury stock of 93 shares (30 June 2025: 93 shares).

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.

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 2026 was 93 (30 June 2025: 93).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

19. Share Capital (continued)

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 2026 in respect of equity-settled share-based payment transactions related to share rights was \$5 million (30 June 2025: \$5 million). An additional \$1 million of expense was recognised in relation to an Exceptional Contributor incentive scheme (30 June 2025: \$3 million).

Share rights

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

	2026	2025
Number outstanding		
Outstanding at beginning of the year	51,222,622	33,324,652
Granted during year	22,391,420	25,207,198
Forfeited during year	(16,896,896)	(7,309,228)
Outstanding at the end of the year	56,717,146	51,222,622
Fair value of rights granted in year (\$M)	6.3	7.1
Unamortised grant date fair value (\$M)	7.4	7.9

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 (%)
2026	59	34	18	0.52	3.0	3.20
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

Air New Zealand operates a stock-settled share rights scheme under which, share rights for a specified value are granted at no cost to employees. Each vested share right converts to one Ordinary Share, with the number of rights granted determined by an independent fair value assessment at grant date. Vesting is subject to continued employment and specified market performance conditions.

For the 2024, 2025 and 2026 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 Large, Mid & Small 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 2022 to 2023 performance share rights, vesting occurred when the Air New Zealand share price adjusted for distributions made over the period outperformed 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 Large, Mid & Small Index (adjusted for dividends). Where vesting was not achieved on the third anniversary of the issue date, 50% of share rights lapsed. For the remaining 50%, there was a further six month opportunity for the share rights to vest. At the end of this period they lapsed.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

20. Reserves

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

	2026 \$M	2025 RESTATED \$M
Cash flow hedge reserve	18	(47)
Costs of hedging reserve	(16)	(21)
Hedge reserves	2	(68)
Foreign currency translation reserve	(2)	(9)
General reserves	(1,624)	(1,341)
Total reserves	(1,624)	(1,418)

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 and remeasurements in respect of the defined benefit liabilities.

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:

	2026 \$M	2025 \$M
Aircraft and engines	2,985	3,140
Other property, plant and equipment and intangible assets	32	45
	3,017	3,185

Capital commitments include ten Boeing 787 aircraft (contractual delivery from the 2027 to 2029 financial years) and two Airbus A321neo aircraft (delivery in the 2027 financial year).

Lease commitments:

	2026 \$M	2025 \$M
Aircraft	209	314
	209	314

Lease commitments include two Airbus A321neo aircraft (delivery in the 2029 financial year).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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.

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.

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.

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 is exposed to foreign currency translation risk on the net assets of its investments in foreign operations. Currency exposure arising on the net assets of the Group's foreign operations is managed through liabilities denominated in the relevant foreign currencies that are accounted for as net investment hedges.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 2026							
Investments in other entities	23	274	-	-	-	1	298
Interest-bearing assets	9	-	-	194	-	-	203
Lease liabilities	(303)	(1,009)	(15)	(213)	(143)	(2)	(1,685)
Interest-bearing liabilities	(104)	(586)	(645)	(25)	(143)	-	(1,503)
Provisions	(49)	(422)	-	-	-	-	(471)
	(424)	(1,743)	(660)	(44)	(286)	(1)	(3,158)
Hedged by:							
Derivatives	-	1,598	645	-	122	-	2,365
Cash flow hedges of forecast revenue	-	239	15	44	164	-	462
Unhedged	(424)	94	-	-	-	(1)	(331)

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)	(274)	-	-	-	-	(287)
	(191)	(1,301)	(602)	(68)	(387)	(1)	(2,550)
Hedged by:							
Derivatives	-	984	593	9	158	-	1,744
Cash flow hedges of forecast revenue	-	316	9	59	229	-	613
Unhedged*	(191)	(1)	-	-	-	(1)	(193)

* Balances have been restated (refer to Note 27 for further details).

The residual net foreign currency exposure has not been designated into hedge relationships, consistent with the Group's risk management strategy of primarily hedging forecast foreign currency cash flows, with certain balances remaining available to offset future foreign currency exposures.

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.

	2026 NZ\$M +5c	2026 NZ\$M -5c	2025 NZ\$M +5c	2025 NZ\$M -5c
Appreciation/depreciation (US cents):				
Impact on (loss)/earnings before taxation:				
USD	2	(3)	(15)	17
EUR	(1)	1	(1)	1
	2026 NZ\$M +5c	2026 NZ\$M -5c	2025 NZ\$M +5c	2025 NZ\$M -5c
Impact on equity:				
USD	(86)	103	(58)	68
AUD	18	(21)	15	(17)
EUR	4	(5)	5	(6)
JPY	13	(16)	17	(21)
CNY	4	(5)	3	(4)
Other	5	(6)	5	(5)

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 2026

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.

The reasonably possible crude oil price movement applied in the sensitivity analysis has been increased from USD30 per barrel in the previous financial year to USD40 per barrel in current financial year. This change reflects management’s assessment of market conditions, including the significantly greater crude oil price movements experienced during the current financial year and the elevated market volatility prevailing at the reporting date. The valuation methodology remains unchanged, with the revised movement applied to fuel derivatives outstanding at 30 June 2026 and all other variables held constant.

	2026 \$M	2026 \$M	2025 \$M	2025 \$M
Price movement per barrel:	+USD 40	-USD 40	+USD 30	-USD 30
Impact on cash flow hedge reserve (within equity)	265	(243)	242	(251)

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 and cash flow hedges (30 June 2025: 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 the impact of hedge accounting.

	2026 \$M	2026 \$M	2025 \$M	2025 \$M
Interest rate change:	+150 bp*	-150 bp*	+150 bp*	-150 bp*
Impact of (loss)/earnings before taxation	(16)	16	(13)	13

*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 0.7% past due by more than 90 days (30 June 2025: over 94% current and less than 1.7% past due by more than 90 days). An impairment expense of \$1 million was recognised in relation to financial assets (30 June 2025: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 and a secured revolving credit facility of USD400 million (of which USD200 million remains undrawn at 30 June 2026) 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 2026						
Trade and other payables	1,032	1,032	1,032	-	-	-
Secured borrowings	754	841	162	122	503	54
Medium-term notes	645	827	39	39	355	394
Unsecured bonds	104	117	7	110	-	-
Lease liabilities*	1,685	1,980	404	305	728	543
Total non-derivative financial liabilities	4,220	4,797	1,644	576	1,586	991
Foreign exchange derivatives						
– Inflow		2,877	2,636	54	81	106
– Outflow		(2,789)	(2,562)	(51)	(76)	(100)
	78	88	74	3	5	6
Fuel derivatives	35	35	35	-	-	-
Interest rate derivatives	39	80	5	9	37	29
Total derivative financial instruments	152	203	114	12	42	35

* Lease liabilities recognised within 5+ years include \$203 million related to three properties with lease terms ranging between 10-23 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 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 and lease liabilities (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.

The fair value of derivatives held by the Group is summarised below.

	DERIVATIVE FINANCIAL ASSETS		DERIVATIVE FINANCIAL LIABILITIES	
As at 30 June	2026 \$M	2025 \$M	2026 \$M	2025 \$M
Derivatives designated as hedging instruments				
Currency contracts	41	6	(3)	(24)
Fuel contracts	56	11	(21)	(21)
Interest rate contracts	186	95	(147)	(106)
	283	112	(171)	(151)
Derivatives not designated as hedging instruments				
Currency contracts	41	3	(1)	(19)
	41	3	(1)	(19)
Total derivatives	324	115	(172)	(170)

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 floating-rate interest cash flows, 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 (losses)/gains’, the ineffective portion relating to fuel contracts is recognised in ‘Fuel’ and the ineffective portion relating to interest rate swaps is recognised in ‘Finance Costs’ in the Statement of Financial Performance.

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 2026	AVERAGE RATE/PRICE	NOMINAL AMOUNT* NZ\$M	MATURITY
FOREIGN CURRENCY RISK			
Forecast foreign currency operating transactions			
USD forward contracts	0.5851	867	up to 1 year
AUD forward contracts	0.8492	(205)	up to 1 year
Forecast foreign currency revenue transactions**			
USD liabilities	0.6160	234	up to 7 years
AUD liabilities	0.8910	16	up to 4 years
EUR liabilities	0.5910	44	up to 5 years
JPY liabilities	82.00	164	up to 7 years
Forecast capital expenditure			
USD forward contracts	0.5807	42	up to 1 year
Foreign currency denominated liabilities			
USD forward contracts	0.6100	258	up to 5 years
FUEL PRICE RISK			
Forecast transactions			
Brent collar contracts (millions of barrels)	\$63 – \$77 USD/barrel	4.9	up to 1 year
INTEREST RATE RISK			
Floating-rate financial instruments			
Interest rate swaps	3.26%	400	up to 5 years

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

* 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 2026 totalled \$95 million and \$363 million, respectively (30 June 2025: \$167 million and \$444 million, respectively).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

24. Derivatives and Hedge Accounting (continued)

Movements in reserves relating to cash flow hedge accounting

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

CASH FLOW HEDGE RESERVE					COSTS OF HEDGING RESERVE
	TRANSFERS TO THE STATEMENT OF FINANCIAL PERFORMANCE	FAIR VALUE MOVEMENTS RECOGNISED IN OCI*	AMOUNTS TRANSFERRED TO THE STATEMENT OF FINANCIAL POSITION	TOTAL	CHANGES IN COSTS OF HEDGING RESERVE
2026	NZ\$M	NZ\$M	NZ\$M	NZ\$M	NZ\$M
Balance at beginning of year				(47)	(21)
Foreign exchange contracts**	22	30	(2)	50	(2)
Fuel contracts**	(120)	150	-	30	9
Interest rate contracts***	(70)	80	-	10	-
Taxation of reserve movements	47	(73)	1	(25)	(2)
Balance at end of year	(121)	187	(1)	18	(16)

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

* 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 2026 and 30 June 2025.

** Forward points and time value excluded from the hedge designation were losses of \$3 million (30 June 2025: losses of \$1 million) and gains of nil (30 June 2025: losses of \$5 million), respectively.

*** Interest rate contracts comprise interest rate swaps designated as cash flow hedges and 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 2025: losses of \$2 million).

Fair value hedges

Air New Zealand 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.

During the current financial year, the interest rate swap was terminated early, and the hedge relationship was discontinued.

Nominal amount of the interest rate swap designated as a fair value hedge

	2026	2025
Interest rate swap		
Carrying amount (NZD millions)	-	5
Nominal amount (NZD millions)	-	100
Weighted average contract rate (%)	-	6.61% / floating
Weighted average remaining contract maturity (years)	-	2.8

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

24. Derivatives and Hedge Accounting (continued)

Cash flow and fair value hedges

Air New Zealand has Australian Dollar denominated medium-term notes (AMTN) on 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 (losses)/gains' 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

	2026	2025
Cross-currency interest rate swaps		
Carrying amount (NZD millions)	37	(16)
Nominal amount (AUD millions)	550	550
Weighted average contract rate, AUD/NZD (%)	5.8% / floating	6.1% / floating
Weighted average remaining contract maturity (years)	4.7	2.3

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

	2026	2025
United States Dollar interest-bearing liabilities		
Nominal amount (NZD millions)	209	155
Carrying amount (NZD millions)	(209)	(155)

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.

	2026	2025
Foreign currency translation reserve		
Balance at the beginning of the year	(9)	(9)
Translation gains on hedged investment*	16	-
Translation losses on interest-bearing liabilities*	(13)	-
Taxation on reserve movements	4	-
Balance at the end of the year	(2)	(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 2025: nil).

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

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 that 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 2026 \$M	AMOUNTS NOT OFFSET 2026 \$M	NET AMOUNTS IF OFFSET 2026 \$M	STATEMENT OF FINANCIAL POSITION 2025 \$M	AMOUNTS NOT OFFSET 2025 \$M	NET AMOUNTS IF OFFSET 2025 \$M
Financial assets						
Bank and short-term deposits	989	-	989	1,436	(41)	1,395
Derivative financial assets	324	(172)	152	115	(111)	4
Financial liabilities						
Derivative financial liabilities	(172)	172	-	(170)	152	(18)

26. Related Parties

Air New Zealand's related parties include the Crown, other Crown controlled entities, subsidiaries, associates and key management personnel. Balances and transactions between the Company and its fully consolidated subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Crown ownership and transactions

The Crown is the majority shareholder of Air New Zealand, holding 51% of outstanding shares (30 June 2025: 51%).

During the year ended 30 June 2026, Air New Zealand paid dividends of \$21 million to the Crown (30 June 2025: \$47 million).

On 20 February 2025 Air New Zealand announced a share buyback programme (refer Note 19). Following on-market acquisitions of shares 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 ended 30 June 2026, 37,622,496 shares were acquired from the Crown for \$21 million (30 June 2025: 30,926,540 shares acquired for \$19 million).

Transactions with other Crown-controlled 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.

Investments in Associates

Air New Zealand has investments in associates that are considered related parties.

The Christchurch Engine Centre (CEC) undertakes maintenance on V2500 engines. The Group receives revenue for contract and administration services provided to the CEC.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

26. Related Parties (continued)

Transactions between the Group and its associates are conducted on normal terms and conditions and are disclosed below.

	2026 \$M	2025 \$M
Transactions between Air New Zealand and its associates:		
Operating revenue	1	1
Balances outstanding at the end of the year (unsecured and on normal trading terms):		
Amounts owing from associates	1	-
Distributions received from associates:		
Drylandcarbon One (non-cash distributions)	3	3

Key management personnel compensation

Key management personnel of the Group comprises the Directors and the Executive team.

	2026 \$M	2025 \$M
Short-term employee benefits	11	15
Directors’ remuneration	1	1
Share-based payments	3	4
	15	20

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

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2026

27. Prior Period Restatement

Air New Zealand identified certain accounting adjustments required in the Group’s consolidated financial statements for the year ended 30 June 2025. The adjustments originated from an omission in the maintenance provisioning process relating to leased aircraft assets, which resulted in the related provisions and corresponding maintenance costs not being reflected in the relevant accounting periods. The adjustments had no cash impact in the respective periods.

The following tables summarise the impacts on the comparative balances in these financial statements:

a) Statement of Financial Position

AS AT 30 JUNE 2025	AS REPORTED \$M	ADJUSTMENT \$M	AS RESTATED \$M
Non-current liabilities			
Provisions	218	25	243
Deferred taxation	119	(7)	112
Total non-current liabilities	2,706	18	2,724
Total liabilities	6,785	18	6,803
Total net assets	1,946	(18)	1,928
Reserves	(1,400)	(18)	(1,418)
Total equity	1,946	(18)	1,928

b) Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2025	AS REPORTED \$M	ADJUSTMENT \$M	AS RESTATED \$M
Operating expenditure			
Maintenance	(602)	(25)	(627)
	(5,829)	(25)	(5,854)
Operating earnings (excluding items below)	926	(25)	901
Earnings before finance costs, associates and taxation	199	(25)	174
Earnings before taxation	189	(25)	164
Taxation expense	(63)	7	(56)
Net profit attributable to shareholders of parent company	126	(18)	108
Per share information			
Basic earnings per share (cents)	3.8	(0.6)	3.2
Diluted earnings per share (cents)	3.7	(0.5)	3.2

c) Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2025	AS REPORTED \$M	ADJUSTMENT \$M	AS RESTATED \$M
Net profit for the year	126	(18)	108
Total comprehensive income for the year, attributable to shareholders of the parent company	62	(18)	44

There was no impact on the consolidated Statement of Cash Flows resulting from the restatement.

Independent Auditor’s Report



To the Shareholders of Air New Zealand Limited

Auditor-General	The Auditor-General is the auditor of Air New Zealand Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Jason Stachurski, using the staff and resources of Deloitte Limited, to carry out the audit of the consolidated financial statements of the Group on his behalf.
Opinion	We have audited the consolidated financial statements of the Group on pages 38 to 79, that comprise the Consolidated Statement of Financial Position as at 30 June 2026, the Consolidated Statement of Financial Performance, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with New Zealand Equivalents to IFRS Accounting Standards and IFRS Accounting Standards.
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 <i>Auditor's responsibilities for the audit of the consolidated financial statements</i> section of our report. We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: <i>International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)</i> issued by the New Zealand Auditing and Assurance Standards Board, as applicable to audits of public interest entities. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In addition to the audit we have carried out engagements in the areas of 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 services to the Corporate Taxpayers Group of which Air New Zealand is a member, along with a number of other organisations. These services are compatible with those independence requirements. 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 or any of its subsidiaries.
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 6.8% of loss before tax, 1.4% 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 of 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.

Description of key audit matter	How we addressed this matter
Passenger revenue recognition	The Group's revenue consists of passenger revenue which totalled \$6,129 million (2025: \$5,851 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. 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.
	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; and • Agreed a sample of passenger revenue and passenger revenue in advance to supporting documentation. We are satisfied that revenue has been appropriately recognised.

Independent Auditor’s Report (continued)

Other information	The Board of Directors are responsible on behalf of the Group for the other information. The other information comprises all of the information in the Annual Report other than the consolidated financial statements, and our auditor’s report thereon. 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 and, in doing so, 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 the work we have performed, 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.
Board of Directors responsibilities for the consolidated financial statements	The Board of Directors is responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS Accounting Standards and IFRS Accounting Standards, and for such internal control as the Board of Directors determine is necessary to enable the preparation of 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so. The Board of Directors’ responsibilities arise from the Financial Markets Conduct Act 2013.
Auditor’s responsibilities 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 conducted in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of shareholders taken on the basis of these 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. We also: • 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. • 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. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

Auditor’s responsibilities for the audit of the consolidated financial statements (continued)

- 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units 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.

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 Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 responsibilities arise from the Public Audit Act 2001.



Jason Stachurski
for Deloitte Limited

On behalf of the Auditor-General
Auckland, New Zealand

28 August 2026

Historical Summary of Financial Performance

Five Year Statistical Review

For the year to 30 June

	2026	2025	2024	2023	2022
	\$M	RESTATED* \$M	\$M	\$M	\$M
Operating Revenue					
Passenger revenue	6,129	5,851	5,942	5,349	1,476
Cargo	484	487	459	628	1,016
Contract services	66	61	89	133	117
Other revenue and income	337	356	262	220	125
	7,016	6,755	6,752	6,330	2,734
Operating Expenditure					
Labour	(1,739)	(1,707)	(1,629)	(1,441)	(976)
Fuel	(1,738)	(1,484)	(1,692)	(1,499)	(560)
Maintenance	(771)	(627)	(481)	(395)	(259)
Aircraft operations	(929)	(878)	(812)	(694)	(412)
Passenger services	(499)	(425)	(403)	(334)	(116)
Sales and marketing	(343)	(328)	(324)	(291)	(131)
Foreign exchange (losses)/gains	(48)	25	(3)	4	(3)
Other expenses	(479)	(430)	(467)	(394)	(281)
	(6,546)	(5,854)	(5,811)	(5,044)	(2,738)
Operating Earnings (excluding items below)	470	901	941	1,286	(4)
Depreciation and amortisation	(768)	(727)	(716)	(695)	(668)
(Loss)/Earnings before Finance Costs, Associates, Other Significant Items and Taxation	(298)	174	225	591	(672)
Finance income	65	101	153	119	14
Finance costs	(144)	(149)	(186)	(164)	(94)
Share of earnings of associates (net of taxation)	41	38	30	39	27
(Loss)/Earnings before Other Significant Items and Taxation	(336)	164	222	585	(725)
Other significant items ¹	-	-	-	(11)	(85)
(Loss)/Earnings before Taxation	(336)	164	222	574	(810)
Taxation (expense)/credit	94	(56)	(76)	(162)	219
Net (Loss)/Profit Attributable to Shareholders of Parent Company	(242)	108	146	412	(591)

* The 2025 financial year results have been restated for the prior period adjustment to the end of lease provision (refer Note 27 of the 2026 Group financial statements).

1. 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

	2026	2025	2024	2023	2022
	\$M	\$M	\$M	\$M	\$M
Net Cash Flow from Operating Activities	819	940	810	1,853	574
Net Cash Flow used in Investing Activities	(1,013)	(119)	(822)	(916)	(355)
Net Cash Flow (used in)/from Financing Activities	(253)	(664)	(936)	(503)	1,308
(Decrease)/increase in cash and cash equivalents	(447)	157	(948)	434	1,527
Total cash and cash equivalents	989	1,436	1,279	2,227	1,793

Historical Summary of Financial Position

Five Year Statistical Review

As at 30 June

	2026	2025	2024	2023	2022
	\$M	RESTATED* \$M	\$M	\$M	\$M
Current Assets					
Bank and short-term deposits	989	1,436	1,279	2,227	1,793
Other current assets	901	894	1,161	1,042	704
Total Current Assets	1,890	2,330	2,440	3,269	2,497
Non-Current Assets					
Property, plant and equipment	4,855	4,225	3,608	3,261	3,190
Other non-current assets	2,352	2,176	2,500	2,665	2,663
Total Non-Current Assets	7,207	6,401	6,108	5,926	5,853
Total Assets	9,097	8,731	8,548	9,195	8,350
Current Liabilities					
Debt ¹	485	799	488	545	590
Other current liabilities	3,542	3,280	3,111	3,291	2,581
Total Current Liabilities	4,027	4,079	3,599	3,836	3,171
Non-Current Liabilities					
Debt [*]	2,703	2,039	2,328	2,790	2,978
Other non-current liabilities	684	685	611	490	524
Total Non-Current Liabilities	3,387	2,724	2,939	3,280	3,502
Total Liabilities	7,414	6,803	6,538	7,116	6,673
Net Assets	1,683	1,928	2,010	2,079	1,677
Total Equity	1,683	1,928	2,010	2,079	1,677

* Certain 2025 balances have been restated for the prior period adjustment to the end of lease provision (refer Note 27 of the 2026 Group financial statements).

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

Historical Summary of Debt

Five Year Statistical Review

As at 30 June

	2026	2025	2024	2023	2022
	\$M	\$M	\$M	\$M	\$M
Debt					
Secured borrowings	754	579	707	998	1,185
Unsecured bonds	104	105	102	102	50
Medium-term notes	645	593	584	578	608
Lease liabilities	1,685	1,561	1,423	1,657	1,525
Redeemable shares	-	-	-	-	200
	3,188	2,838	2,816	3,335	3,568
Bank and short-term deposits	(989)	(1,436)	(1,279)	(2,227)	(1,793)
Net open derivatives held in relation to interest-bearing liabilities and lease liabilities ¹	(72)	13	15	31	(23)
Interest-bearing assets	(203)	(335)	(780)	(732)	(360)
Net Debt	1,924	1,080	772	407	1,392

1. Unrealised gains/losses on open debt derivatives.

Key Operating Statistics

Five Year Statistical Review

For the year to 30 June

	2026	2025	2024	2023	2022
Passengers Carried (000)					
Domestic	10,048	10,142	10,721	10,946	6,836
International					
Australia and Pacific Islands	4,041	3,840	3,811	3,352	734
Asia	1,094	1,101	1,026	697	51
America and Europe	827	824	902	781	124
Total	5,962	5,765	5,739	4,830	909
Total Group	16,010	15,907	16,460	15,776	7,745
Available Seat Kilometres (M)					
Domestic	6,439	6,409	6,620	6,685	4,929
International					
Australia and Pacific Islands	12,454	11,562	11,655	10,237	2,665
Asia	10,969	11,464	10,911	7,423	1,229
America and Europe	11,184	11,066	12,881	9,936	1,828
Total	34,607	34,092	35,447	27,596	5,722
Total passenger flights	41,046	40,501	42,067	34,281	10,651
Cargo-only flights	-	-	-	1,680	9,368
Total Group	41,046	40,501	42,067	35,961	20,019
Revenue Passenger Kilometres (M)					
Domestic	5,351	5,311	5,571	5,679	3,452
International					
Australia and Pacific Islands	10,657	10,055	9,831	8,707	1,937
Asia	9,357	9,462	8,967	6,128	445
America and Europe	8,981	8,941	9,916	8,518	1,312
Total	28,995	28,458	28,714	23,353	3,694
Total Group	34,346	33,769	34,285	29,032	7,146
Passenger Load Factor (%)					
Domestic	83.1	82.9	84.2	84.9	70.1
International					
Australia and Pacific Islands	85.6	87.0	84.3	85.1	72.7
Asia	85.3	82.5	82.2	82.6	36.2
America and Europe	80.3	80.8	77.0	85.7	71.8
Total	83.8	81.7	82.8	84.7	65.5
Total Group	83.7	83.4	81.5	84.7	67.1
GROUP EMPLOYEE NUMBERS (Full Time Equivalents)	11,675	11,710	11,702	11,474	8,863

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.

Key Financial Metrics

Five Year Statistical Review

		2026	2025 RESTATED ⁸	2024	2023	2022
Profitability and Capital Management						
Passenger Revenue per Revenue Passenger Kilometre (Yield)	cents	17.8	17.3	17.3	18.4	20.7
Passenger Revenue per Available Seat Kilometre (RASK) ¹	cents	14.9	14.4	14.1	15.6	13.9
Cost per Available Seat Kilometre (CASK) ²	cents	15.9	14.5	13.8	14.0	13.7
Return on Invested Capital Pre-tax (ROIC) ³	%	(7.8)	7.3	9.7	22.3	(21.2)
Liquidity ratio ⁴	%	14.1	21.3	18.9	35.2	65.6
Net debt to EBITDA	times	3.8	1.2	0.8	0.3	(22.5)
Gearing ⁵	%	53.3	35.9	27.7	16.4	45.4
Shareholder Value						
Basic (Loss)/Earnings per Share ⁶	cps	(7.4)	3.2	4.3	12.2	(40.8)
Operating Cash Flow per Share ⁶	cps	25.3	28.4	24.0	55.0	17.0
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	\$	0.47	0.55	0.55	0.55	0.39
Closing Share Price 30 June	\$	0.44	0.59	0.53	0.78	0.57
Weighted Average Number of Ordinary Shares	m	3,253	3,358	3,368	3,368	1,449
Total Number of Ordinary Shares	m	3,234	3,307	3,368	3,368	3,368
Total Market Capitalisation	\$m	1,423	1,951	1,785	2,627	1,920
Total Shareholder Returns ⁷	%	(11.4)	(3.3)	(17.7)	(14.9)	(19.5)

1. Passenger revenue per passenger flights Available Seat Kilometres (ASKs)
2. Operating expenditure per ASK
3. EBIT/average capital employed (Net Debt plus Equity) over the period
4. Bank and short-term deposits/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)
8. Certain 2025 metrics (CASK, ROIC, Net debt to EBITDA, Gearing, Earnings per Share and Net Tangible Assets per Share) have been restated for the prior period adjustment to the EOL provision.



Our Corporate Governance Statement

This Corporate Governance Statement was approved by the Board on 28 August 2026 and is current as at that date.

This Corporate Governance Statement outlines the Company's key governance practices. The Board considers the Company's governance practices to be consistent with the principles and recommendations of the NZX Corporate Governance Code. The Board and management are committed to maintaining high standards of corporate governance and oversee the Company's

governance framework. They regularly review its structures, practices and policies to ensure that they remain appropriate for the nature and scale of the Company's operations and the regulatory environment in which it operates. Further information on this governance framework including Board and committee charters and key policies are available on the Company's website.

Corporate Governance Statement

Principle 1: Ethical Standards

“Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.”

1.1: The board should document minimum standards of ethical behaviour to which the issuer’s directors and employees are expected to adhere (a code of ethics).

Air New Zealand is committed to conducting its business ethically and with integrity. The Board has approved a Code of Conduct and Ethics which applies to all employees and directors. This Code sets out expectations for acceptance of ethical behaviour, conflicts of interest, the proper use of Company information and assets, gifts and hospitality, and compliance with applicable laws and policies. It also includes processes for reporting concerns and managing breaches of the Code.

New employees complete training on the Code as part of their onboarding and all employees are required to complete annual refresher training. Air New Zealand maintains a confidential Speak Up service through which concerns regarding misconduct or potential breaches of the Code can be raised.



View our Code of Conduct and Ethics.

1.2: An issuer should have a financial product dealing policy which applies to employees and directors.

Air New Zealand has a Securities Trading Policy which applies to directors, employees and their associated persons. This policy governs dealings in Air New Zealand securities and is designed to ensure compliance with insider trading laws and to promote responsible and appropriate trading behaviour.



View our Securities Trading Policy.

Principle 2: Board Composition & Performance

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.”

2.1: The board of an issuer should operate under a written charter which sets out the roles and responsibilities of the board. The board charter should clearly distinguish and disclose the respective roles and responsibilities of the board and management.

The Board Charter sets out the composition, responsibilities and roles of the Board. Day-to-day management of the Company is delegated to the Chief Executive Officer who is accountable to the Board. The Board maintains a formal delegation of authority framework which clearly defines the responsibilities and decisions delegated to management and those retained by the Board.

The Board regularly reviews its Charter, delegation framework and related governance documents to ensure they remain appropriate and consistent with applicable legal and regulatory requirements.



View our Board Charter - About Air New Zealand.

2.2: Every issuer should have a procedure for the nomination and appointment of directors to the board.

The nomination and appointment of directors is carried out in accordance with the Company’s Constitution, the NZX Listing Rules and the Board Charter.

The Board is responsible for the nomination process and follows a formal approach to identify and assess candidates considering the Board’s existing composition and the ongoing skills, experience, independence and diversity required of the Board. This includes consideration of the ongoing Board skills matrix, appropriate background checks and where appropriate the support of external advisers.

Directors appointed by the Board are subject to election by shareholders at the next Annual Shareholders’ Meeting. Shareholders are provided with relevant information about candidates to support informed decision-making and may also nominate candidates for election as Directors during the formal nomination period before the Annual Shareholders’ Meeting.

2.3: An issuer should enter into written agreements with each newly appointed director establishing the terms of their appointment.

On appointment each new director enters into a written agreement with the Company setting out the key terms and conditions of their appointment including their roles and responsibilities, expected time commitment, remuneration, confidentiality obligations and other relevant requirements.

2.4: Every issuer should disclose information about each director in its annual report or on its website, including

(a) a profile of experience, length of service, and ownership interests,

- (b) the director’s attendance at board meetings, and
- (c) the board’s assessment of the director’s independence, including a description as to why the board has determined the director to be independent if one of the factors in the NZX Corporate Governance Code applies to the director, along with a description of the interest, relationship or position that triggers the application of the relevant factor.
- (a) A biography for each director can be found on Air New Zealand’s [website](#).
- (b) The table in Recommendation 3.5 summarises director attendance at Board and Committee meetings.
- (c) Each Director’s profile identifies whether the Director is an Independent Director. The Board’s approach to assessing director independence, and its determination that all Directors are independent, is discussed in recommendation 2.8.

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 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

Corporate Governance Statement (continued)

Principle 2: Board Composition & Performance (continued)

“To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.” (continued)

2.5: An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity’s progress in achieving them. An issuer within the S&P/NZX 20 Index at the commencement of its reporting period should have a measurable objective for achieving gender diversity in relation to the composition of its board, that is to have not less than 30% of its directors being male, and not less than 30% of its directors being female, within a specified period. An issuer should disclose its diversity policy or a summary of it.

Air New Zealand has a Diversity, Equality and Inclusion Policy which recognises the value of a diverse and inclusive workforce and workplace. The Board through the People, Remuneration & Diversity Committee, oversees the policy, sets measurable diversity objectives, and monitors progress against those objectives.

Diversity is considered across a range of dimensions including gender, ethnicity, age, disability and sexual orientation. Air New Zealand has established measurable diversity objectives and reports to the People, Remuneration & Diversity Committee annually on progress against those objectives.

As at 30 June 2026, the composition of the Board exceeded the NZX Corporate Governance Code objective of at least 30% representation of each gender. Air New Zealand also maintains a target of 50% women in the Senior Leaders Forum (which includes the Executive), with women representing 41% of that group as at 30 June 2026.

In addition, Air New Zealand has a target for Māori and Pasifika employees to hold 21% of people leadership roles by 2027. As at 30 June 2026 Māori and Pasifika employees held 17.5% of people leadership roles. The Company continues to support this objective through initiatives including its Mangōpare leadership development programme.



View our Diversity, Equality and Inclusion Policy.

Gender representation as at 30 June



2.6: Directors should undertake appropriate training to remain current on how to best perform their duties as directors of an issuer.

Directors are expected to maintain and enhance the knowledge and skills required to perform their duties effectively. This includes participation in ongoing professional development, management briefings, engagement with external experts, and updates on relevant industry, regulatory and governance developments. The Company facilitates site visits and operational briefings to support directors’ understanding and governance of the business, as well as facilitating educational updates on relevant specialist topics from time to time.

New directors also participate in an induction programme which includes briefings on the Company’s operations, governance framework and key strategic risks.

2.7: The board should have a procedure to regularly assess director, board and committee performance.

- The Board regularly assesses the performance of the Board, its Committees and individual directors. To support continuous improvement and Board effectiveness, the Board periodically undertakes:
- (i) evaluations of its performance against the Board Charter;
 - (ii) reviews of Committee performance against their respective charters; and
 - (iii) externally facilitated evaluations.

2.8: A majority of the board should be independent directors.

The Board has determined that all directors are independent. The Board Charter sets out the criteria for assessing director independence, having regard to the NZX Listing Rules and the NZX Corporate Governance Code. Directors are required to bring forward to the Board all relevant information that may affect their independence and, as part of the Company’s annual governance processes, are asked to confirm whether they remain independent.

No Director has disclosed an interest, relationship or position that triggers any of the relevant independence factors in the NZX Corporate Governance Code.

2.9: An issuer should have an independent chair of the board.

The Chair is an independent non-executive director.

2.10: The Chair and the CEO should be different people.

The positions of Chair and Chief Executive Officer are held by different people.

Principle 3: Board Committees

“The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.”

The Board has established three committees to assist in the execution of the Board’s responsibilities. Board committees do not act or make decisions on behalf of the Board unless specifically mandated to do so by prior Board authority.

The current committees of the Board are:

- Audit & Risk Committee;
- People, Remuneration & Diversity Committee; and
- Health, Safety & Security Committee.

Other committees may be established from time to time to consider matters of special importance or to exercise the delegated authority of the Board on a particular matter or situation.

All Board committees operate under written charters approved by the Board. All charters set out their roles, responsibilities and delegated authority.

The current membership and Chair of each Board committee is set out below and on the Company’s website.

Audit & Risk Committee*	Alison Gerry (Chair) Neal Barclay Claudia Batten Laurissa Cooney
People, Remuneration & Diversity Committee*	Laurissa Cooney (Chair) Claudia Batten Dean Bracewell
Health, Safety & Security Committee*	Dean Bracewell (Chair) Neal Barclay Alison Gerry Larry De Shon

* Dame Therese Walsh sits on all Committees ex officio as Chair of the Board.



View our Board Committees and Charters.

Corporate Governance Statement (continued)

Principle 3: Board Committees (continued)

“The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.” (continued)

3.1: An issuer’s audit committee should operate under a written charter. Membership on the audit committee should be majority independent and comprise solely of non-executive directors of the issuer. The chair of the audit committee should be an independent director and not the chair of the board.

The Audit & Risk Committee operates under a written charter. All Committee members, including the Committee Chair (who is not the Chair of the Board), are independent non-executive directors. The Committee includes members with appropriate accounting, financial and risk expertise.



Alison Gerry discusses the activities of the Audit & Risk Committee.

3.2: Employees should only attend audit committee meetings at the invitation of the audit committee.

Under the Audit & Risk Committee Charter the Chief Executive Officer, Chief Financial Officer, Internal Audit Lead and General Counsel & Company Secretary attend Committee meetings by standing invitation. Other employees may attend at the invitation of the Committee from time to time as considered appropriate.

3.3: An issuer should have a remuneration committee which operates under a written charter (unless this is carried out by the whole board). At least a majority of the remuneration committee should be independent directors. Management should only attend remuneration committee meetings at the invitation of the remuneration committee.

The People, Remuneration & Diversity Committee operates under a written charter. All Committee members are independent non-executive directors.

Under the Committee Charter the Chief Executive Officer, Chief People Officer and General Counsel & Company Secretary attend Committee meetings by standing invitation. Other employees may attend Committee meetings at the invitation of the Committee from time to time as considered appropriate.



Laurissa Cooney discusses the activities of the People, Remuneration & Diversity Committee.

3.4: An issuer should establish a nomination committee to recommend director appointments to the board (unless this is carried out by the whole board), which should operate under a written charter. At least a majority of the nomination committee should be independent directors.

In accordance with the Board Charter, the functions of a nomination committee including director nomination and appointments, are carried out by the full Board, all of whom are independent.

The procedures for the nomination and appointment of directors are governed by the Company’s Constitution, the NZX Listing Rules and the Board Charter.

3.5: An issuer should consider whether it is appropriate to have any other board committees as standing board committees. All committees should operate under written charters. An issuer should identify the members of each of its committees and periodically report member attendance.

Given the nature of its operations the Board has established a Health, Safety & Security Committee to support the Board in overseeing health, safety and security matters. The Committee operates under a written charter approved by the Board.

The membership of each Board committee is set out above and on the Company’s website. Committee attendance is reported annually. See Recommendation 6.2 for more detail on this committee.



Dean Bracewell discusses the activities of the Health, Safety & Security Committee.

Board / Committee meeting attendance¹ – 1 July 2025 to 30 June 2026

Director	Board	Audit & Risk Committee	People, Remuneration & Diversity Committee	Health, Safety & Security Committee
Dame Therese Walsh	10/10	4/4	5/5	4/4
Neal Barclay	10/10	4/4		3/4
Claudia Batten	10/10	4/4	5/5	
Dean Bracewell	10/10		5/5	4/4
Laurissa Cooney	10/10	4/4	5/5	
Alison Gerry	10/10	4/4		4/4
Larry De Shon	10/10			4/4

1. Attendance is the number of meetings attended/number of meetings for which the Director was a member.

3.6: The Board should establish appropriate protocols that set out the procedure to be followed if there is a ‘control transaction’ for the issuer including the procedure for any communication between the issuer’s Board and management and the bidder. The Board should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent control transaction committee, and the likely composition and implementation of an independent control transaction committee.

The Board considers a control transaction unlikely given the Crown’s majority shareholding in Air New Zealand and has therefore not adopted formal control transaction protocols at this time.

Should circumstances change, or a control transaction proposal be received, the Board considers it would have sufficient time to implement appropriate protocols and procedures, including arrangements for independent oversight, communication with shareholders and where appropriate, the establishment of an independent control transaction committee.

Accordingly, the Board considers it appropriate not to adopt Recommendation 3.6 at this time.

Principle 4: Reporting and Disclosure

“The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.”

4.1: An issuer’s Board should have a written continuous disclosure policy.

Air New Zealand has a Continuous Disclosure Policy to support compliance with the Company’s continuous disclosure obligations. The Policy sets out the Company’s approach to ensuring that material information is identified, assessed and disclosed to the market in a timely, accurate and complete manner and outlines some specific responsibilities of directors, management and employees in relation to managing and overseeing disclosure and related processes.

At each meeting, the Board considers whether any information discussed may require disclosure to the market. Between scheduled meetings, any matters that may require disclosure are considered by the Disclosure Committee in accordance with the Continuous Disclosure Policy. The Board Chair and the Chair of the Audit & Risk Committee are standing invitees to meetings of the Disclosure Committee.



View our Continuous Disclosure Policy.

Corporate Governance Statement (continued)

Principle 4: Reporting and Disclosure (continued)

“The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.” (continued)

4.2: An issuer should make its code of ethics, board and committee charters and the policies recommended in the NZX Code, together with any other key governance documents, available on its website.

Air New Zealand’s website contains a dedicated governance section that provides access to the Company’s key governance documents, including its Code of Conduct and Ethics, Board and Committee Charters and other governance policies recommended by the NZX Corporate Governance Code.



Air New Zealand’s key Governance documents can be found here.

4.3: Financial reporting should be balanced, clear and objective.

The 2026 Annual Report provides a comprehensive overview of the financial and operational performance.

4.4: An issuer should provide non-financial disclosure at least annually, including considering environmental, social sustainability and governance factors and practices. It should explain how operational or non-financial targets are measured. Non-financial reporting should be informative, include forward-looking assessments, and align with key strategies and metrics monitored by the Board.

Air New Zealand provides non-financial disclosures annually through its Annual Report (that includes our Sustainability Update and Corporate Governance Statement) and other reporting available on the Company’s website including its Climate Statement. These disclosures provide information on environmental, social sustainability and governance matters including the Company’s strategy, performance, risks, opportunities and progress against key objectives and targets monitored by the Board.

The Company’s non-financial reporting includes forward-looking information and explains how material operational and sustainability targets are measured and assessed.

Principle 5: Remuneration

5.1: An issuer should have a remuneration policy for the remuneration of directors. An issuer should recommend director remuneration to shareholders for approval in a transparent manner. Actual director remuneration should be clearly disclosed in the issuer’s annual report.

Air New Zealand has a remuneration policy for directors which sets out the framework for determining director remuneration. In accordance with the Company’s Constitution, shareholder approval must be obtained for any increase to the fee pool available for the payment of directors’ fees. That fee pool has not changed since 2015.

Actual remuneration paid to directors during the reporting period is disclosed in the Remuneration section of the 2026 Annual Report.

5.2: An issuer should have a remuneration policy for remuneration of executives which outlines the relative weightings of remuneration components and relevant performance criteria.

Air New Zealand maintains an executive remuneration framework which sets out the relative weightings of remuneration components and relevant performance criteria. The framework is designed to support the attraction, retention and motivation of high-calibre leaders and to align remuneration outcomes with Company performance and strategic objectives.

The People, Remuneration & Diversity Committee assists the Board in overseeing executive remuneration and related remuneration policies.

Further information on executive remuneration is set out in the Remuneration section of the 2026 Annual Report.

5.3: An issuer should disclose the remuneration arrangements in place for the CEO in its annual report. This should include disclosure of the base salary, short-term incentives and long-term incentives and the performance criteria used to determine performance-based payments.

Detailed information on the Chief Executive Officer’s remuneration arrangements is set out in the Remuneration section of the 2026 Annual Report.

Principle 6: Risk Management

“Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.”

6.1: An issuer should have a risk management framework for its business and the issuer’s board should receive and review regular reports. An issuer should report the material risks facing the business and how these are being managed.

Risk Management Framework

The Board recognises the importance of identifying material risks and ensuring that appropriate mitigation strategies are implemented and monitored to support the airline’s operations and delivery of the airline’s strategy.

Air New Zealand operates an Enterprise Risk Management Framework, supported by established safety management systems. The Framework provides a consistent approach to identifying, assessing and managing risk across the business, and across all risk domains including operational safety, people safety and digital risk.

The Framework ensures that:

- material risks are identified through both top-down and bottom-up processes, informed by enterprise-wide insights from specialist risk functions;
- risks are assessed based on likelihood and impact, taking into account the effectiveness of existing mitigations;
- appropriate mitigation strategies are implemented to reduce risk to target levels as expressly set out under the Board’s Risk Appetite, and their effectiveness is regularly monitored and reported; and
- clear ownership of risks is assigned, with members of the Executive acting as Risk Owners responsible for managing risks within Board-approved parameters.

Risk reporting and oversight

Principal strategic risks are reported in the Group Risk Profile, which is refreshed annually and reviewed by the Audit & Risk Committee and the Board. Risks are prioritised based on risk ratings, with an assessment of risk control effectiveness provided to the Board and its Committees. There is a regular cadence of risk reporting to management, Board Committees and the Board, including targeted deep dives on key strategic risk areas.



For more details on the airline’s material climate-related risks please see the 2026 Climate Statement.

Risk appetite

The Board sets the Company’s risk appetite through the Risk Appetite Statement (RAS), which outlines the level of risk the Company is willing to accept in pursuit of its strategy. The RAS is formally reviewed by the Board annually and updated as required to ensure the settings remain appropriate and reflect changes in the Company’s internal and external operating environment.

Governance

Overall responsibility for the Enterprise Risk Management Framework rests with the Board supported by the Audit & Risk Committee, which oversees the effectiveness and implementation.

The Board regularly reviews the effectiveness of the mitigating actions in place for its principal strategic risks, including planned mitigations to reduce risks within risk appetite targets.

The Company’s principal strategic risks are outlined on the following page.



View our Risk Management Policy.

Corporate Governance Statement (continued)

Principle 6: Risk Management (continued)

Strategic Risk	Risk description and potential impact	How the risk is managed
Climate Change	Climate change, and society's response to it, presents physical and transitional risks that could materially impact the airline's performance, people, safety, reputation, social licence, competitiveness, and investor confidence.	Implementing the 2050 Transition Plan; maintaining transparent climate-related disclosures and regulatory engagement; strengthening operational and network resilience; progressing sustainable aviation fuel and fleet transition initiatives; and monitoring emissions pricing, customer expectations and investor requirements.
Domestic & Global Uncertainty	Reliance on the strength of the domestic economy, combined with geopolitical uncertainty and market and fuel price volatility, create unpredictability in supply and demand planning, adversely impacting revenue and growth.	Monitoring economic, geopolitical and market conditions; undertaking revenue and demand forecasting and scenario analysis; managing capacity and network planning; maintaining fuel price hedging and financial resilience, and identifying opportunities to respond to changing market conditions and diversify revenue streams.
Costs of Aeronautical Infrastructure Investment	Third-party investment in aeronautical infrastructure that is not aligned with Air New Zealand's growth plans, or not delivered at the right value or capacity, may impact growth, financial performance and operational outcomes.	Engaging with airport operators, regulators and other stakeholders to influence infrastructure planning and investment; aligning network and capacity planning with infrastructure development; advocating for commercially sustainable outcomes, and strengthening fuel resilience planning.
Critical Supplier Dependency	Reliance on a limited number of strategic and essential third-party suppliers for aircraft, parts, services and technology critical to operations may result in operational disruption, reputational impacts or financial costs if supply is disrupted.	Managing supplier relationships through due diligence; ongoing risk monitoring; business continuity planning and testing; inventory and contract management; digital third-party assessments; performance monitoring, and alternative supply arrangements where appropriate.
Cost Escalation	Financial performance may be impacted by inflationary pressures on the cost base, including fuel, labour, aviation sector and infrastructure costs, together with constraints on the ability to fully recover costs or realise new revenue streams.	Driving productivity and cost efficiencies through procurement optimisation; digital investment and process automation; implementing pricing, network and cost reduction initiatives; pursuing new revenue opportunities; modernising the fleet, and improving aircraft utilisation and schedule resilience.
Cyber Attack & Data Security	Ineffective identification, prevention, detection or response to cyber threats may result in business disruption, privacy breaches or other information loss, financial loss or reputational damage.	Strengthening cybersecurity capabilities through vulnerability management; penetration testing; access management; continuous monitoring; privacy and cyber awareness training; breach response planning; third-party security monitoring; insider threat detection, and ongoing testing and evaluation.
Social Licence & Corporate Reputation	Stakeholder perceptions relating to operational and financial performance, pricing, scheduling and sustainability may affect the airline's social licence, brand strength and reputation.	Building stakeholder trust through proactive engagement; brand investment; sentiment monitoring; clear communication of pricing and network decisions; operational reliability initiatives; Māori strategy; sustainable procurement; supply chain due diligence; ESG reporting; sponsorships and loyalty programme enhancements.
Competition	Competitor capacity growth, changes to alliance relationships and shifts in customer behaviour may increase competitive pressure and impact market share, growth and profitability.	Responding to competitive market dynamics through ongoing competitor analysis; alliance and strategic partnerships; pricing and revenue management; loyalty programme enhancements; customer and product innovation; investment in fleet and cabin improvements; and technology-enabled customer solutions.
Business Resilience	A significant event or crisis may result in operational disruption and adverse safety, compliance, financial or reputational outcomes.	Maintaining crisis and emergency management frameworks; business continuity planning and testing; emergency response exercises; resilience tools and major incident management processes; disaster recovery capabilities; resilience reporting; and risk and change management governance.

6.2: An issuer should disclose how it manages its health and safety risks and should report on its health and safety risks, performance and management.

Safety is a core priority for Air New Zealand. The Company's goal of achieving a Zero-Harm work environment reflects its commitment to continuous improvement and to the wellbeing of its people, customers and communities. Air New Zealand's strategy and promise of manaaki, taking care further than any other airline, recognise safety as essential to the Company's long-term success.

Overall responsibility for health and safety risk management rests with the Board. The Board is supported by the Health, Safety & Security Committee, which monitors safety performance, operational risk and the effectiveness of the Company's health, safety and security management systems. The Board has set an 'averse' risk appetite for inadequate safety, security and health management systems.

Health, safety and security risks are managed through an integrated operational risk framework. These systems support the identification and assessment of risks, implementation of mitigations and controls, ongoing training, internal investigations and audits, and continuous improvement.

The Health, Safety & Security Committee receives regular reporting from management on safety performance and operational risk and engages with management and frontline representatives through Committee meetings. Directors also undertake operational site visits, including domestic and international visits, to observe operations and engage with employees and stakeholders across the business. 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.

Air New Zealand's safety and security management approach is supported by proactive risk management, technology, training and assurance activity. The Company also maintains external certifications and oversight, including regulation by the Civil Aviation Authority and IATA Operational Safety Audit registration.

Principle 7: Auditors

“The board should ensure the quality and independence of the external audit process.”

7.1: The board should establish a framework for the issuer's relationship with its external auditors. This should include procedures (a) for sustaining communication with the issuer's external auditors, (b) to ensure that the ability of the external auditors to carry out their statutory audit role is not impaired, or could reasonably be perceived to be impaired, (c) to address what, if any, services (whether by type or level) other than their statutory audit roles may be provided by the auditors of the issuer, and (d) to provide for monitoring and approval by the issuer's audit committee of any service provided by the external auditors to the issuer other than in their statutory audit role.

As a Public Entity, Air New Zealand is subject to the Public Audit Act 2001, under which the Auditor-General is the Group's auditor and may appoint an audit service provider to carry out the audit on the Auditor-General's behalf. For the 2026 financial year, Jason Stachurski of Deloitte Limited has been appointed to carry out the audit.

The Audit & Risk Committee oversees the Company's relationship with its external auditor, including maintaining regular communication and monitoring the independence and effectiveness of the audit process. The Committee meets regularly with the external auditor, including without management present, to discuss audit matters and any issues of concern.

The Committee monitors auditor independence in accordance with the Audit Independence Policy, which governs the provision of non-audit services. The Committee monitors and approves any non-audit services provided by the external auditor to ensure that auditor independence is not impaired or perceived to be impaired. The external auditor is also subject to lead and support partner rotation at least every five years.

7.2 The external auditor should attend the issuer's Annual Meeting to answer questions from shareholders in relation to the audit.

The external auditor attends the Annual Shareholders' Meeting where they are available to respond to shareholder questions in relation to the audit.

Corporate Governance Statement (continued)

7.3: Internal audit functions should be disclosed.

Air New Zealand has an internal audit function that provides both independent and objective assurance to the Board and assurance over the effectiveness of the Company’s risk management, internal control and governance processes.

The internal audit function adopts a risk-based approach, assessing key areas of risk across the business and recommending improvements to strengthen controls and processes. The internal audit work is reviewed and approved annually by the Audit & Risk Committee.

The internal audit function reports to the Audit & Risk Committee which oversees its activities, reviews audit findings and monitors the implementation of management actions in response to those findings.

Principle 8:
Shareholder Rights and Relations

“The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.”

8.1: An issuer should have a website where investors and interested stakeholders can access financial and operational information and key corporate governance information about the issuer.

There is a dedicated investor centre on Air New Zealand’s website where investors and other stakeholders can access key information about the Company including financial and operational performance, annual and interim reports, investor presentations, sustainability information, market announcements and corporate governance information.



View our Investor Centre.

8.2: An issuer should allow investors the ability to easily communicate with the issuer, including by designing its shareholder meeting arrangement to encourage shareholder participation and by providing shareholders the option to receive communications from the issuer electronically.

Air New Zealand values effective two-way communication with the wider investment community. The Company’s investor relations team is designed to support shareholders and other stakeholders to understand Air New Zealand’s business, governance, financial performance and prospects, and to provide opportunities for shareholders to express their views on matters of interest or concern.

Air New Zealand’s investor website is updated regularly and contains key financial, operational and governance information, including annual and interim reports, market announcements, investor presentations, sustainability information, shareholder meeting materials and other investor resources.

The Company encourages shareholders to receive communications electronically. Electronic communications provide shareholders with faster access to key information. Shareholders can update their communication preferences, contact details and other shareholding details through Air New Zealand’s share registrar, MUFG Pension & Market Services (NZ) Limited.

Air New Zealand encourages shareholder participation at its Annual Shareholders’ Meeting. The Company has supported online shareholder participation, including through hybrid meetings. The 2026 Annual Shareholders’ Meeting will be held as an online-only meeting, enabling shareholders to attend virtually, vote and ask questions through the online platform. Shareholders are also able to lodge questions online before the meeting.

The Annual Shareholders’ Meeting provides shareholders with an opportunity to hear from and ask questions of the Board and management. Shareholders and other investors can contact Air New Zealand’s investor relations team at; investor@airnz.co.nz.

8.3: Quoted equity security holders should have the right to vote on major decisions which may change the nature of the issuer in which they are invested.

Air New Zealand shareholders have the right to vote on major decisions that may change the nature of the Company, in accordance with the NZX Listing Rules and the Companies Act 1993. Each ordinary share carries one vote and voting at shareholder meetings is conducted by poll.

8.4: If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

If Air New Zealand seeks to raise additional equity capital, the Board will consider the interests of existing shareholders and where appropriate, will seek to offer new equity securities to existing shareholders on a pro rata basis and on no less favourable terms.

The Board retains discretion to undertake alternative forms of equity capital raising where it considers this to be in the best interests of the Company having regard to factors such as market conditions, timing, costs and the strategic objectives of the capital raising.

Air New Zealand did not undertake any equity capital raising during the financial year.

8.5: The board should ensure that the notice of annual or special meetings of quoted equity security holders is posted on the issuer’s website as soon as possible and at least 20 working days prior to the meeting.

Air New Zealand provides notice of shareholder meetings to shareholders and posts the notice on its website as soon as practicable and at least 20 working days prior to the meeting.

Remuneration Report

Director Remuneration

The current director fee pool, set in 2015, available to pay Director fees is \$1,100,000 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. 8. In accordance with the Constitution, shareholder approval must be sought for any increase in the pool available to pay Directors’ fees.

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.

	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 ^{1,2}
Dame Therese Walsh	\$270,000 (Chair)	-	-	-	\$270,000	\$19,472
Laurissa Cooney	\$100,000	\$20,000	-	\$30,000 (Chair)	\$150,000	\$210
Dean Bracewell	\$100,000	-	\$40,000 (Chair)	\$10,000	\$150,000	\$29,327
Larry De Shon	\$100,000	-	\$20,000	-	\$120,000	-
Claudia Batten	\$100,000	\$20,000	-	\$10,000	\$130,000	\$11,245
Alison Gerry	\$100,000	\$40,000 (Chair)	\$20,000	-	\$160,000	\$33,905
Neal Barclay	\$100,000	\$20,000	\$20,000	-	\$140,000	\$13,635
Total	\$870,000	\$100,000	\$100,000	\$50,000	\$1,120,000	\$107,794

Amounts stated are 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. The value of travel entitlements utilised by former directors during the 2026 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 Bingham (\$35,426), Tony Carter (\$6,364), Jan Dawson (\$14,549), Roger France (\$1,981), Robert Jager (\$16,236) and Jonathan Mason (\$5,920). These amounts total \$80,476 and are not included in the total column in the table above.

Key highlights from the People, Remuneration and Diversity Committee

The role of the People, Remuneration and Diversity Committee (PRDC) 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 apprised 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 2026 financial year, the PRDC main priorities included:

Remuneration and incentives: The PRDC maintained a strong focus on ensuring remuneration and incentive arrangements remained aligned with Company performance, strategic priorities and the need to attract and retain key talent. This included oversight of the FY26 short-term incentive framework and its performance measures, and consideration of remuneration positioning and affordability.

Leadership, culture and inclusion: Supporting effective leadership and a strong, inclusive culture remained an important priority for the Committee during the year. This included oversight of refreshed leadership expectations, centred on Purpose, Care and Courage, to provide greater clarity on how leaders are expected to lead and to support the Company’s strategy, performance, engagement and culture. The Committee also continued to maintain oversight of employee engagement and culture insights and the Company’s Diversity, Equity and Inclusion agenda, supporting the development of a high-performance and 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 4 percent of gross taxable earnings. Fixed remuneration is reviewed periodically based on market data from external independent remuneration sources. The PRDC approves any 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 Short-Term Incentive (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 of these variable pay elements are set out below.

The CEO remuneration targets and outcomes are set out in a separate section below.

Short-Term Incentive and outcomes for 2026

The STI performance targets apply consistently across participants and comprise a range of financial and non-financial measures designed to support shared accountability and collaboration through shared objectives.

For the 2026 financial year, 50 percent of the incentive related to Group financial targets, with the remaining 50 percent comprising measures for customer satisfaction, people safety, on-time performance and sustainability.

The 2026 financial year STI scorecard comprised seven Company performance measures, with weightings reflecting their relative performance and minimum, maximum and target performance levels established for each measure. The 2026 financial year scorecard is set out in the table below with the FY26 outcomes under each Performance Measure noted.

Notwithstanding three Performance Measures achieving at or above target, the PRDC reviewed the 2026 financial year STI outcomes in the context of the Company’s financial performance, the constrained fiscal environment including the impact of elevated fuel prices from the Middle East crisis, and the need to maintain alignment between remuneration outcomes and overall Company performance. In that context, the PRDC exercised its discretion to suspend the 2026 financial year STI scheme and determined that no STI payment would be made. Accordingly, the approved STI outcome for the 2026 financial year was nil.

Remuneration Report (continued)

Executive remuneration (continued)

Short-Term Incentive and outcomes for 2026 (continued)

2026 Performance measure	Weighting	Minimum threshold	Target	Maximum threshold	2026 Performance ⁸	2026 STI % Outcome versus weighting	Commentary
Return on Invested Capital (ROIC) ¹	25%	7%	13%	19%	(7.8%)	0%	Target not achieved
Controllable Cost / Revenue ²	25%	64.5%	63%	61%	68%	0%	Target not achieved
Customer Satisfaction ³	15%	83	84	86	84	100% of the 15%	Target achieved
People Safety ⁴	10%	87%	90%	95%	94%	140% of the 10%	Target exceeded
On-time Performance ⁵	10%	55%	58%	60%	58%	100% of the 10%	Target achieved
Well-to-wake greenhouse gas emissions ⁶	10%	3.937m tonnes CO ₂ e	3.860m tonnes CO ₂ e	3.821m tonnes CO ₂ e	3.932m tonnes CO ₂ e	10% of the 10%	Minimum threshold achieved
Reduction in landfill waste per FTE ⁷	5%	3%	5%	7%	0.3%	0% of the 5%	Target not achieved
Total	100%					40%	

1. ROIC is the return the Company earns on capital invested. A full definition of ROIC can be found on page 87 of the Five-Year Statistical Review.
2. Controllable Cost are costs the Company can control such as catering and ground handling costs. This excludes fuel and foreign exchange. A percentage that is lower than the target percentage indicates stronger performance. The minimum payout for controllable cost/revenue is 25%.
3. Customer Satisfaction is measured via the MyVoice Customer Satisfaction Tracking, an optional post-flight survey completed by passengers via an email link.
4. People Safety is comprised of Risk Control Effectiveness (RCE) which focusses on our critical people safety risks and ensuring the Company has the controls in place to operate safely.
5. On-time performance is measured through Departure Zero controllable (the percentage of Airline controllable on-time departures within zero minutes). To achieve this measure the minimum threshold for the RCE target must be achieved (which it was, as shown in the STI outcomes table above) before a payment for on-time performance can trigger a payment.
6. This is a gross emissions measure that includes the total emissions from jet fuel, including fuel production, distribution and combustion in flight. The target is calculated based on budgeted fuel use adjusted for cancellations, operational efficiency savings and Sustainable Aviation Fuel uplift. The measure may be subject to revision if there is a change to externally published emissions factors during the financial year.
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 Air New Zealand sites 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.

2027 STI

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 2027 financial year, the PRDC has retained an overall framework and approach broadly consistent from the prior year, with some refinements to align the Performance Measures to the Company's refreshed strategy. In addition, in the 2027 financial year a portion of STI for executives will be derived from individual performance measures and weightings that are intended to further drive performance against our financial and strategic priorities.

Executive remuneration (continued)

Long-Term Incentive

The current 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.

In September 2025 the relevant LTI performance hurdles for the 2022 award were not met and therefore the Share Rights awarded to Participants lapsed and no value accrued to Participants. Details of the grant of Share Rights in 2023 and applicable performance hurdles for the Share Rights which will be tested in September 2026 are set out in last year's Annual Report.

Mandatory Shareholding

For as long as they remain employed, the CEO and Executives must hold an amount of shares through any vesting of Share Rights equivalent in value 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 Remuneration

CEO transition during 2026

During the 2026 financial year, Greg Foran served as Chief Executive Officer until 19 October 2025, and Nikhil Ravishankar commenced as Chief Executive Officer on 20 October 2025.

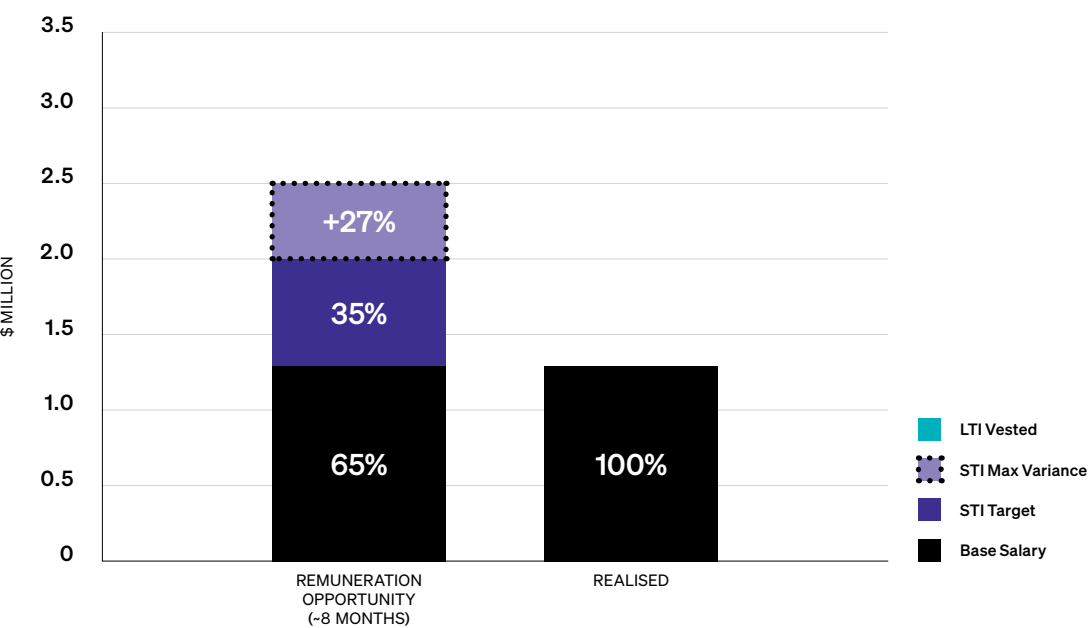
Accordingly, the remuneration arrangements and outcomes for Nikhil and Greg are presented separately below, reflecting the period they served as Chief Executive Officer during the 2026 financial year.

Nikhil Ravishankar – Chief Executive Officer

CEO remuneration structure

Nikhil's remuneration structure is consistent with the executive management remuneration framework described above and comprises fixed remuneration and the STI and LTI as described above.

As Nikhil commenced as CEO on 20 October 2025, the table below presents his pro-rated remuneration opportunity for the circa eight months to 30 June 2026 and the remuneration earned for that period in his capacity as CEO. Benefits are excluded from the remuneration opportunity figures but are included, where applicable, in actual remuneration earned.



Remuneration Report (continued)

Nikhil Ravishankar – Chief Executive Officer (continued)

CEO remuneration outcomes

Financial Year	Base Salary	Benefits ¹	Target STI	STI Earned ²	STI Earned as % of Target	Shares vested	Market value at vesting	Retention Earned ³	Total	Share Rights allocated and at risk ⁴
2026 (part year) Nikhil Ravishankar	\$1,291,154	\$57,722	\$710,135	\$0	0%	-	-	-	\$1,348,876	3,162,500
2026 (part year) Greg Foran	\$1,353,260 ⁵	\$91,254	\$743,558	\$165,000	22%	-	-	-	\$1,609,514	-
2025 Greg Foran	\$1,996,448	\$154,071	\$1,074,150	\$623,007	58%	-	-	-	\$2,773,526	3,836,250
2024 Greg Foran	\$1,928,478	\$162,484	\$1,037,850	\$518,925	50%	1,003,976	\$677,684	\$900,000	\$4,187,571	2,471,072

1. Benefits include superannuation and travel in accordance with the arrangements applying during the period as CEO.
2. Greg received a pro-rata STI payment for the period until his resignation based on the then expected payout of 50%. Subsequently, and given the onset of the Middle East Crisis, as noted above the PRDC exercised their discretion to suspend the STI scheme, resulting in no STI payment to Nikhil as CEO in 2026.
3. Other than in relation to 2024, no payment was made to Greg under the former CEO Retention Plan which then ceased following his resignation.
4. No shares vested in the reporting period.
5. 2026 part year salary for Greg includes \$751,000 payment in lieu of the balance of his notice period.

Employee Remuneration

Total remuneration paid in the 2026 financial year¹

	New Zealand Management	Aircrew, Engineering, Overseas & Other		New Zealand Management (continued)	Aircrew, Engineering, Overseas & Other (continued)
100,000 - 110,000	275	669	500,000 - 510,000	1	16
110,000 - 120,000	236	392	510,000 - 520,000	2	10
120,000 - 130,000	185	318	520,000 - 530,000	-	7
130,000 - 140,000	194	238	530,000 - 540,000	1	6
140,000 - 150,000	192	166	540,000 - 550,000	2	13
150,000 - 160,000	154	193	550,000 - 560,000	-	18
160,000 - 170,000	139	198	560,000 - 570,000	1	8
170,000 - 180,000	130	179	570,000 - 580,000	-	7
180,000 - 190,000	101	142	580,000 - 590,000	-	3
190,000 - 200,000	89	147	590,000 - 600,000	-	3
200,000 - 210,000	64	178	600,000 - 610,000	1	-
210,000 - 220,000	61	162	610,000 - 620,000	1	3
220,000 - 230,000	42	102	620,000 - 630,000	1	5
230,000 - 240,000	46	103	630,000 - 640,000	1	1
240,000 - 250,000	24	79	640,000 - 650,000	-	2
250,000 - 260,000	21	79	650,000 - 660,000	-	1
260,000 - 270,000	27	59	660,000 - 670,000	-	4
270,000 - 280,000	15	84	670,000 - 680,000	-	3
280,000 - 290,000	10	75	680,000 - 690,000	-	4
290,000 - 300,000	2	50	690,000 - 700,000	-	3
300,000 - 310,000	10	30	700,000 - 710,000	-	2
310,000 - 320,000	7	67	710,000 - 720,000	1	-
320,000 - 330,000	10	62	720,000 - 730,000	-	2
330,000 - 340,000	6	43	740,000 - 750,000	-	3
340,000 - 350,000	8	29	750,000 - 760,000	-	1
350,000 - 360,000	6	35	770,000 - 780,000	-	2
360,000 - 370,000	5	27	780,000 - 790,000	-	2
370,000 - 380,000	2	19	790,000 - 800,000	1	-
380,000 - 390,000	1	14	800,000 - 810,000	-	2
390,000 - 400,000	4	8	880,000 - 890,000	1	1
400,000 - 410,000	-	15	930,000 - 940,000	1	-
410,000 - 420,000	1	18	970,000 - 980,000	-	1
420,000 - 430,000	4	22	1,090,000 - 1,100,000	1	-
430,000 - 440,000	2	27	1,140,000 - 1,150,000	1	-
440,000 - 450,000	1	20	1,400,000 - 1,410,000	1	-
450,000 - 460,000	-	15	1,670,000 - 1,680,000	1	-
460,000 - 470,000	5	13	2,240,000 - 2,250,000	1	-
470,000 - 480,000	1	13	2,650,000 - 2,660,000	1	-
480,000 - 490,000	-	10			
490,000 - 500,000	1	7			
			Grand Total	2,102	4,240

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 2025 financial year performance paid in the 2026 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.

107

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.

Director	Governance Appointments	Position
Dame Therese Walsh	ASB Bank Limited	Chair
	Climate Change Commission – Nominations Panel	Chair
	Cricket World Cup 2028 Australia and NZ	Chair
	Fonterra – Independent Assessment Panel	Panel Member
	Major Events Attraction Fund	Chair
	On Being Bold Limited	Director
	Therese Walsh Consulting Limited	Director
	Wellington Homeless Women's Trust	Ambassador
Neal Barclay	Chorus Limited	Director
	Ngāi Tahu Holdings	Director
Claudia Batten	Michael Hill International Limited	Deputy Chair
	Pyper Vision Limited	Shareholder
	Serko Limited	Chair
	Vista Group International Limited	Director
	Wonderful Investments Limited	Director
Dean Bracewell	Ara Street Investments Limited	Director & Shareholder
	Dean Bracewell Limited	Director & Shareholder
	Freightways Limited	Shareholder
	Halberg Trust (ceased on 11 Nov 2025)	Director
	NorthPort Group Limited and subsidiaries	Director
	Port of Tauranga Limited	Director
	Property for Industry Limited	Chair
Laurissa Cooney	Asia Pacific Village Group Limited	Director
	Asia Pacific Village Holdings Limited	Director
	Chapter Zero Steering Group, Institute of Directors	Member
	Goodman (NZ) Limited	Director
	Goodman Property Aggregated Limited	Director
	Goodman Property Services (NZ) Ltd	Director
	GMT Bond Issuer Limited	Director
	Metlifecare Limited	Director & ARC Chair
	Ngāi Tai ki Tāmaki Charitable Investment Trust	Audit Committee Chair
	Rabobank New Zealand	Director
Larry De Shon	Nominating and Governance Committee for United Rentals International	Chair
	The Hartford Financial Services Group, Inc	Director
	The Hartford's Finance, Investment, Risk Management Committee	Chair
	United Rental Inc	Director
Alison Gerry	ANZ BH Pty Limited	Director
	ANZ Group Holdings Limited	Director
	Australia and New Zealand Banking Group Limited	Director
	Glendora Avocados Limited	Director
	Glendora Holdings Limited	Director
	Infratil Limited	Chair
	On Being Bold Limited	Director
	Sharesies AU Group Limited (ceased on 11 Aug 2025)	Director
	Sharesies Australia Limited	Director
	Sharesies Australia Nominee Pty Limited	Director
	Sharesies Financial Limited (ceased on 11 Aug 2025)	Director
	Sharesies Group Limited (ceased on 11 Aug 2025)	Director
	Sharesies Investment Management Limited (ceased on 11 Aug 2025)	Director
	Sharesies Limited (ceased on 11 Aug 2025)	Director
	Sharesies Nominee Limited (ceased on 11 Aug 2025)	Director

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

Directors’ Interests in Air New Zealand Securities

Directors had relevant interests in shares as at 30 June 2026 as below:

Director	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 2026. 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.

Company	Directors
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, Richard Thomson
Air New Zealand Express Limited	Jennifer Page, Richard Thomson
ANNZES Engines Christchurch Limited	Jennifer Page, Richard Thomson
Mount Cook Airline Limited	Jennifer Page, Michael Williams
TEAL Insurance Limited	Katrina Meredith, Jennifer Page, Hannah Ringland
Air New Zealand (Australia) Pty Limited (incorporated in Australia)	Kathryn O’Brien, Jennifer Page

Other Disclosures

Donations

Air New Zealand Group made a donation of \$8,000 to Koru Care (Christchurch) Charitable Trust during the financial year to 30 June 2026. 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 2026. The total number of listed Ordinary shares of Air New Zealand Limited at that date was 3,233,562,126.

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 their Minister of Finance	1,649,367,765 ordinary shares as reported in the Substantial Security Holder notice dated 30 June 2026 ¹

1. During the financial year, the Company completed its share buyback programme, which involved on-market purchases and corresponding off-market purchases from the Crown on a pro rata basis to maintain the Crown’s proportionate shareholding. As at 30 June 2026, the Crown held 1,649,367,765 ordinary shares, as reported in its Substantial Security Holder notice dated 30 June 2026.
- In 1989, the Crown issued a notice arising from its holding of a special rights Convertible Share, known as the “Kiwi Share”, and the power of the Kiwi Shareholder under the Constitution. Full details of the rights attaching to the Kiwi Share are 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 it has been converted into an Ordinary Share by its holder. The Kiwi Share is not listed on any stock exchange.

Securities Statistics

Top Twenty Shareholders – as at 31 July 2026

Investor Name	Number of Ordinary Shares	% of Ordinary Shares
The Sovereign in Right of New Zealand, acting by and through their Minister of Finance	1,649,367,765	51.01
New Zealand Depository Nominee	194,805,649	6.02
HSBC Nominees (New Zealand) Limited	108,091,349	3.34
Citibank Nominees (NZ) Ltd	99,592,195	3.08
BnP Paribas Nominees NZ Limited (BPSS40)	82,422,931	2.55
Citicorp Nominees Pty Limited	70,433,541	2.18
BnP Paribas Nominees NZ Limited	65,406,744	2.02
JPMORGAN Chase Bank	51,347,370	1.59
HSBC Nominees (New Zealand) Limited	44,658,081	1.38
J P Morgan Nominees Australia Pty Limited	29,200,738	0.90
Public Trust	21,859,072	0.68
Apex Custodian Nominees	20,802,729	0.64
PT Booster Investments Nominees Limited	17,251,020	0.53
BnP Paribas Nominees Pty Ltd	14,582,113	0.45
HSBC Custody Nominees (Australia) Limited	12,280,803	0.38
Custodial Services Limited	11,512,390	0.36
Accident Compensation Corporation	10,502,266	0.33
Ping Luo	7,146,838	0.22
FNZ Custodians Limited	7,112,445	0.22
BnP Paribas Nominees Pty Ltd	6,311,427	0.20
Total	2,524,687,466	78.08

Shareholder Statistics – as at 31 July 2026

Size of Holding	Investors	% Investors	Shares	% Issued
1-1,000	15,978	36	7,038,887	0.22
1,001-5,000	13,252	30	33,679,634	1.04
5,001-10,000	5,036	11	37,622,959	1.16
10,001-50,000	7,236	17	163,060,299	5.04
50,001-100,000	1,276	3	91,219,092	2.82
Greater than 100,000	1,198	3	2,900,941,255	89.72
Total	43,976	100	3,233,562,126	100.00

Securities Statistics (continued)

Top Twenty Bondholders – as at 31 July 2026

Investor Name	Number of Bonds	% of Bonds
Forsyth Barr Custodians Limited	33,900,000	33.9
FNZ Custodians Limited	8,469,000	8.47
BnP Paribas Nominees NZ Limited BPSS40	7,587,000	7.59
HSBC Nominees (New Zealand) Limited	4,830,000	4.83
JPMORGAN Chase Bank	4,767,000	4.77
Investment Custodial Services Limited	4,063,000	4.06
Forsyth Barr Custodians Limited	2,417,000	2.42
Custodial Services Limited	2,243,000	2.24
Mt Nominees Limited	2,070,000	2.07
PT (Booster Investments) Nominees Limited Retail	1,871,000	1.87
Forsyth Barr Custodians Limited	1,532,000	1.53
JBWERE (NZ) Nominees Limited	1,501,000	1.50
Public Trust RIF Nominees Limited	750,000	0.75
Forsyth Barr Custodians Limited	689,000	0.69
HSBC Nominees (New Zealand) Limited	661,000	0.66
HSBC Nominees (NZ) Limited	450,000	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
Custodial Services Limited	380,000	0.38
Total	79,388,000	79.39

Bondholder Statistics – as at 31 July 2026

Size of Holding	Holders	% Holders	Bonds	% Issued
1-1,000	-	-	-	-
1,001-5,000	52	9	260,000	0.26
5,001-10,000	129	21	1,203,000	1.20
10,001-50,000	324	53	8,745,000	8.74
50,001-100,000	55	9	4,167,000	4.17
Greater than 100,000	46	8	85,625,000	85.63
Total	606	100	100,000,000	100.00

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 2026. 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 held by the Crown and requirements regulating ownership and transfer of Ordinary Shares.

New Zealand Exchange

Compliance with Listing Rules:

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

Operating Fleet Statistics

As at 30 June 2026

Boeing 777-300ER

Number: 10
Average Age: 14.3 years
Maximum Passengers: 342*
Cruising Speed: 910 km/hr
Average Daily Utilisation: 14:36 hrs



Boeing 787-9 Dreamliner

Number: 14
Average Age: 9.8 years
Maximum Passengers: 272, 275 or 302
Cruising Speed: 910 km/hr
Average Daily Utilisation: 12:57 hrs



Airbus A321neo

Number: 14
Average Age: Short-haul: 5.9 years
Domestic: 3.1 years
Maximum Passengers: Short-haul: 214
Domestic: 217
Cruising Speed: 850 km/hr
Average Daily Utilisation: Short-haul: 10:07 hrs
Domestic: 7:55** hrs



Airbus A320neo

Number: 6
Average Age: 6.3 years
Maximum Passengers: 165
Cruising Speed: 850 km/hr
Average Daily Utilisation: 10:30 hrs



Airbus A320ceo

Number: 17
Average Age: 12.4 years
Maximum Passengers: 171
Cruising Speed: 850 km/hr
Average Daily Utilisation: 6:43 hrs



ATR 72-600

Number: 31
Average Age: 8.8 years
Maximum Passengers: 68
Cruising Speed: 518 km/hr
Average Daily Utilisation: 6:10 hrs



Bombardier Q300

Number: 23
Average Age: 19.4 years
Maximum Passengers: 50
Cruising Speed: 520 km/hr
Average Daily Utilisation: 4:58 hrs



* 342 seats on Air New Zealand's core fleet. Three short-term leased Boeing 777-300ER aircraft have either 294 or 368 seats.
** The majority of the Airbus A321neo domestic fleet has been parked for the 2026 financial year due to continuing Pratt & Whitney PW1100 Geared Turbo Fan engine issues and lack of engine availability. One aircraft was operating for the full financial year and a further aircraft was reactivated in December 2025.

Shareholder Directory

New Zealand

MUFG Pension and Market Services (NZ) Limited
Level 7, PwC Tower,
15 Customs Street West, Auckland 1142
New Zealand
Investor Enquiries:
Phone: (64 9) 375 5998
Fax: (64 9) 375 5990
Email: enquiries.nz@cm.mpms.mufg.com

Australia

MUFG Pension and Market Services
Level 12, 680 George Street
Sydney NSW 2000, Australia
Locked Bag A14, Sydney South
NSW 1235
Australia
Investor Enquiries:
Phone: (61) 1300 554 474
Fax: (61 2) 9287 0303

Investor Relations

Investor Relations Office
Private Bag 92007, Auckland 1142
New Zealand
Phone: (64 9) 336 2607
Email: investor@airnz.co.nz
Website: airnzinvestor.com

Annual Shareholders' Meeting

Date: 24 September 2026
Time: 2:00pm
Venue: Online meeting only

Current Credit Rating

Moody's rate Air New Zealand Baa1

Auditor

Deloitte Limited
(on behalf of the Auditor-General)
Deloitte Centre
1 Queen Street, Auckland Central
PO Box 115033, Shortland Street
Auckland 1140
New Zealand

Lawyers

Bell Gully
Deloitte Centre
1 Queen Street, Auckland 1010
PO Box 4199, Auckland 1140
New Zealand

Registered Offices

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Air New Zealand Limited
Air New Zealand House
185 Fanshawe Street
Auckland 1010
Postal: Private Bag 92007
Auckland 1142, New Zealand
Phone: (64 9) 336 2400
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NZBN: 9429040402543

Australia
Air New Zealand Limited
Level 12, 7 Macquarie Place
Sydney
Postal: GPO 3923, Sydney
NSW 2000, Australia
Phone: (61 2) 8235 9999
Fax: (61 2) 8235 9946
ABN: 70 000 312 685

Board of Directors

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

Chief Executive Officer
Nikhil Ravishankar

Chief Financial Officer
Kris Cudmore

General Counsel and Company Secretary
Jennifer Page



Back cover: Georgia, Flight Attendant

