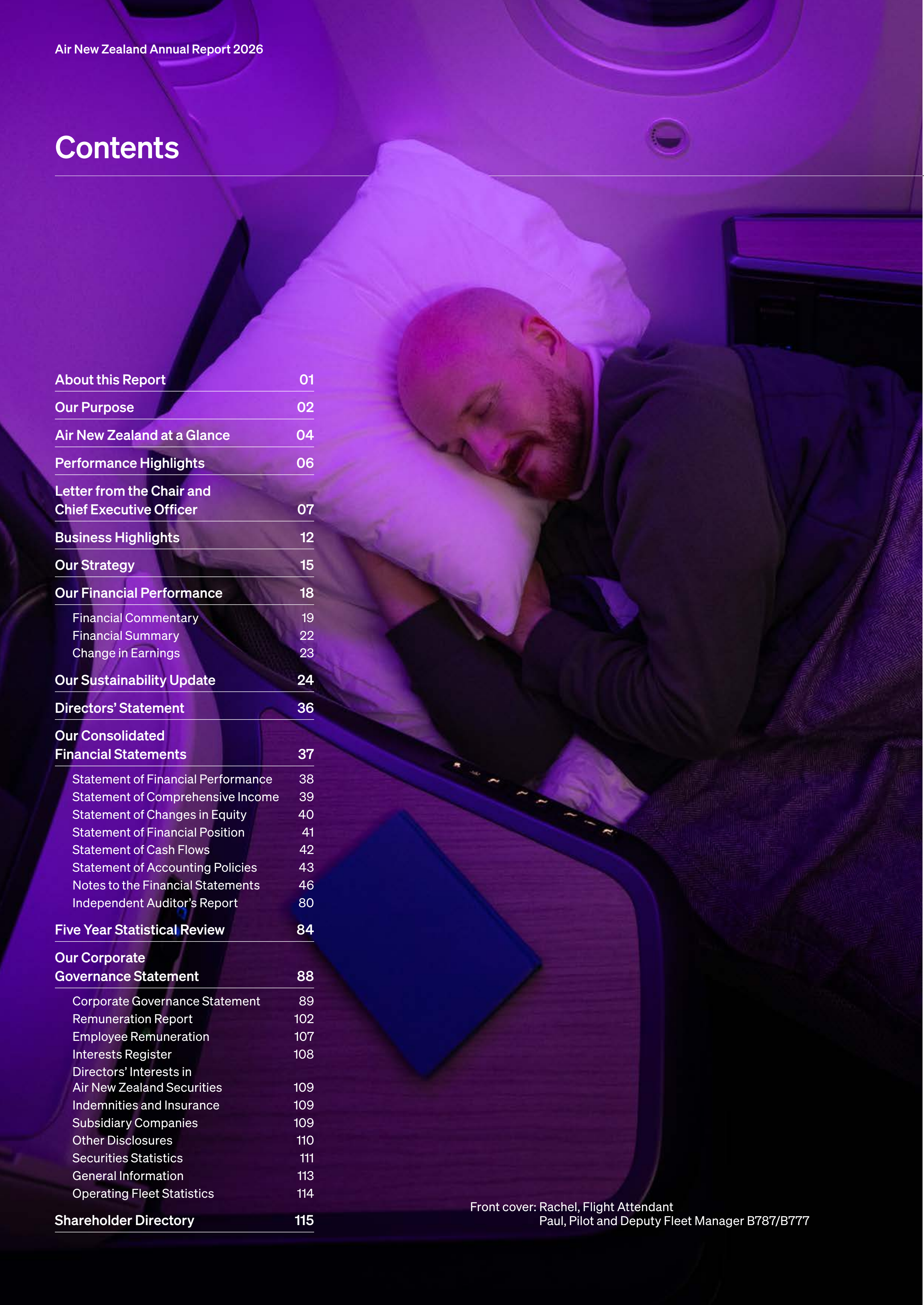
STAR ALLIANCE

AIR NEW ZEALAND

Annual Report 2026

Contents



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

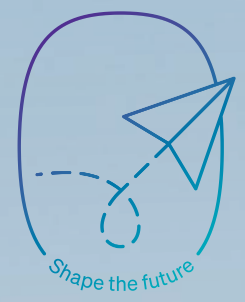
I am you and you are me

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

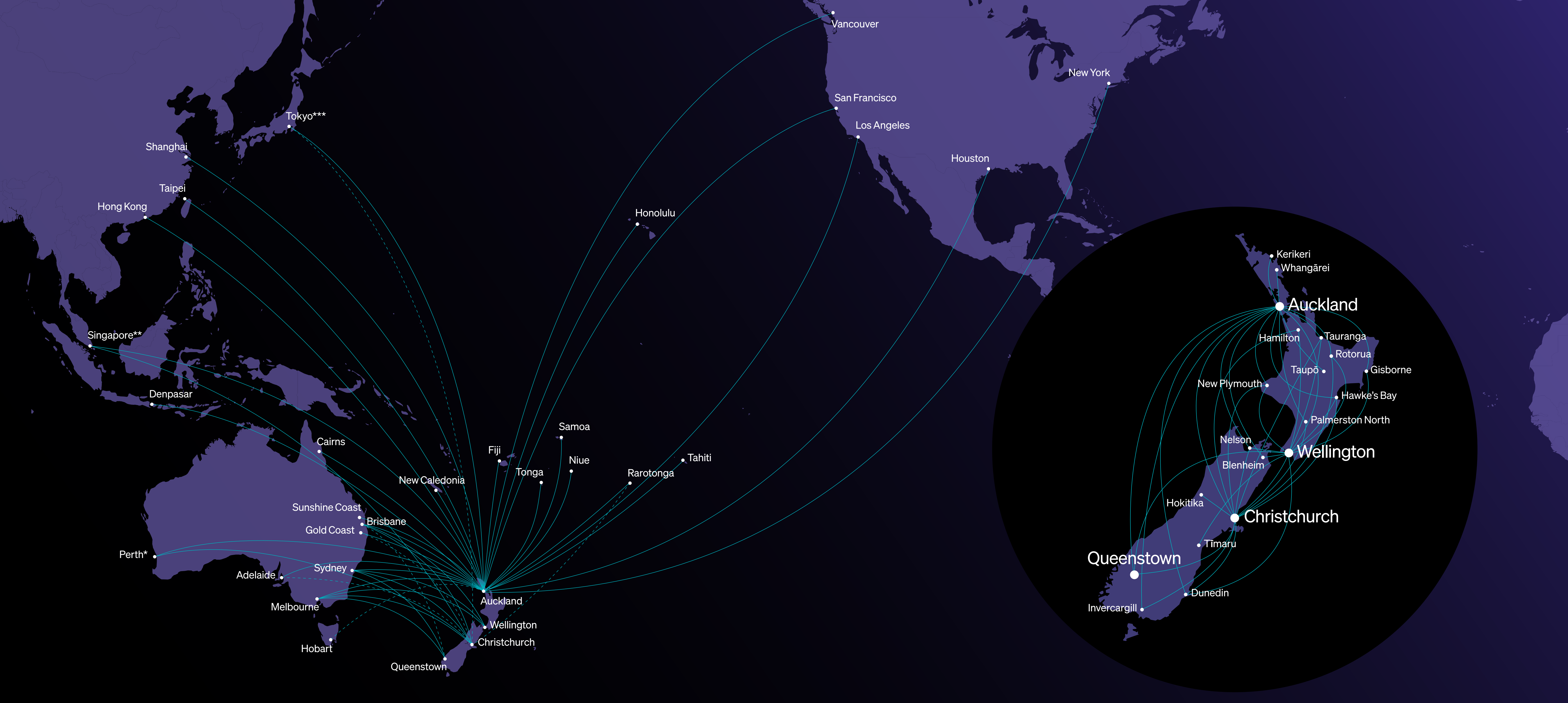
At Air New Zealand we provide world-class air passenger and cargo services to, from and within New Zealand.

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 million[1] profit before taxation last year, due to increased jet fuel prices, and continued engine availability issues

$242m
Net loss after taxation
Compared to $108 million[1] 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

~$190m[2]
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

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.

Letter from the Chair and Chief Executive Officer


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

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 million[1] 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. 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:

- 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. 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 performance[1] 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.

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

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 was $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

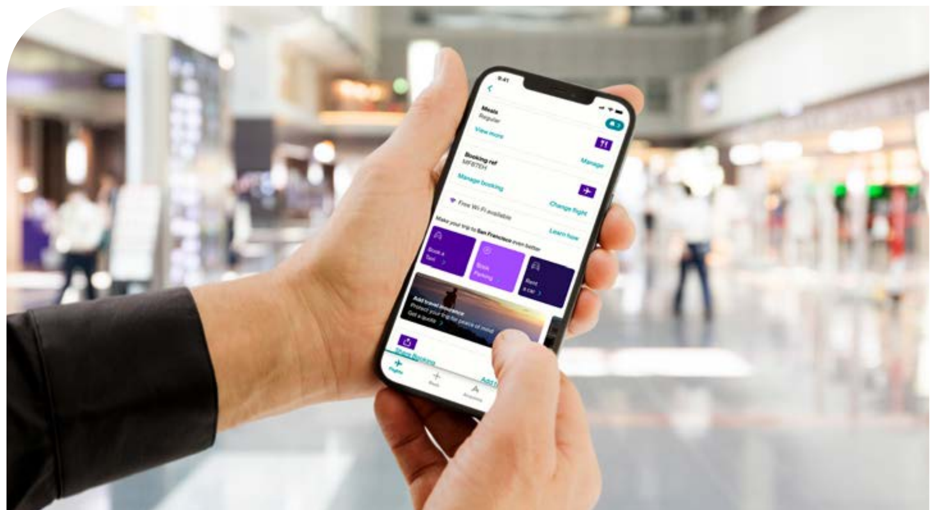
We appointed Kris Cudmore as Chief Financial Officer on the 3rd of August. As well as bringing significant aviation and international experience, Kris has a deep background in capital allocation and cost management, both from industry, as well as from investment roles.

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.

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.

Dame Therese Walsh
Chair

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

Our new Culinary Ambassador, Josh Emett

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 Emett joined as Culinary Ambassador

Air New Zealand has partnered with celebrated New Zealand chef Josh Emett, one of the country's most recognised chefs and restaurateurs, as its new Culinary Ambassador.

Emett 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

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

1. Cost per available seat kilometres.
2. Relative unit economics of A321neo vs. A320ceo and of B787-9 vs. B777-300ER depends on sector flown and fuel price, among other factors.

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 million[1] for the 2025 financial year.

The net loss after taxation was $242 million, compared to a net profit after taxation of $108 million[1] 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

$6.1b
Passenger revenue
4.8 percent on last year, reflecting growth in capacity, passenger volumes and improved yields

$242m
Net loss after taxation
Compared to $108 million net profit after taxation 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 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.


Georgia, Flight Attendant

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 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.

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	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 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 additional 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

Our reporting approach

Data and commentary contained in this sustainability update relate to the financial year ended 30 June 2026, unless otherwise stated. Air New Zealand's organisational boundary for sustainability reporting encompasses the companies listed on page 30 of Air New Zealand's 2026 Climate Statement. Our website contains the following supporting information:

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 68[1]. This is one point lower than our February 2025 score of 69. Our belonging score improved to 67[2] 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.

Our Future workshops

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 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.


International Women's Day

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

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

Restoring Island Resilience Awards

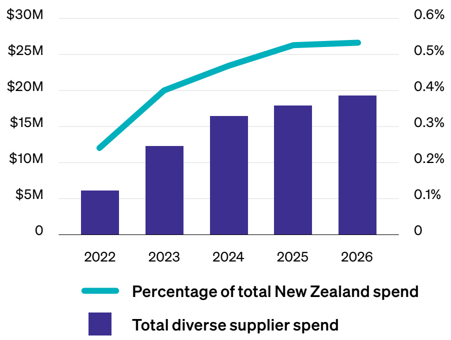
In March 2026, Air New Zealand was part of the Pacific Regional Invasive Species Management Support Service (PRISMSS) Restoring Island Resilience Awards recognising Pacific non-governmental organisations leading practical action to manage invasive species, restore ecosystems and build local conservation 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 supply chain

During the year, diverse supplier[3] spend increased to $19 million, up from $18 million[4] 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 and seek opportunities for diverse suppliers to compete for project work.

Air New Zealand local Māori-owned supplier, Aotea

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 (CO_2) and other GHG, expressed as carbon dioxide equivalent (CO_2e).

For the 2026 financial year, Air New Zealand's total reported Scope 1, Scope 2 and Scope 3 emissions were 4.4 million tonnes CO_2e, up 3.6 percent from 4.2 million tonnes CO_2e 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.

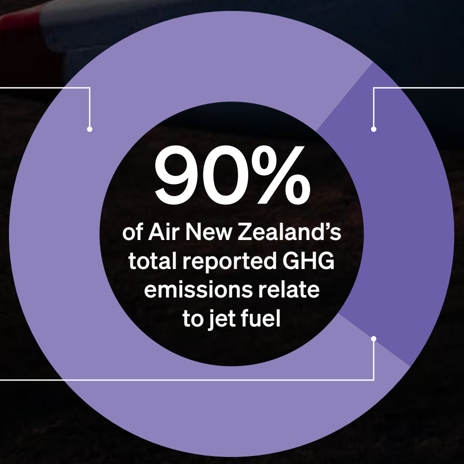
Our Transition Plan is organised around four key decarbonisation levers: fleet and network, SAF, operational efficiency, and carbon credits. It includes short-term and long-term components, reflecting the greater degree of certainty we have over the levers available to address emissions in the short-term.

Emissions snapshot 2026

Scope 1
74%
3.2 million tCO_2e
99.9% is from jet fuel

Scope 2
<0.1%
0.002 million tCO_2e

Scope 3
26%
1.1 million tCO_2e
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 Guidance[5]

Air New Zealand's 2030 Emissions Guidance provides an annual update on our expected Well-to-Wake net GHG emissions reduction from jet fuel[6]. 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 Target[5]

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 outcomes[7].

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

Figure 1: The central case to the 2050 Target

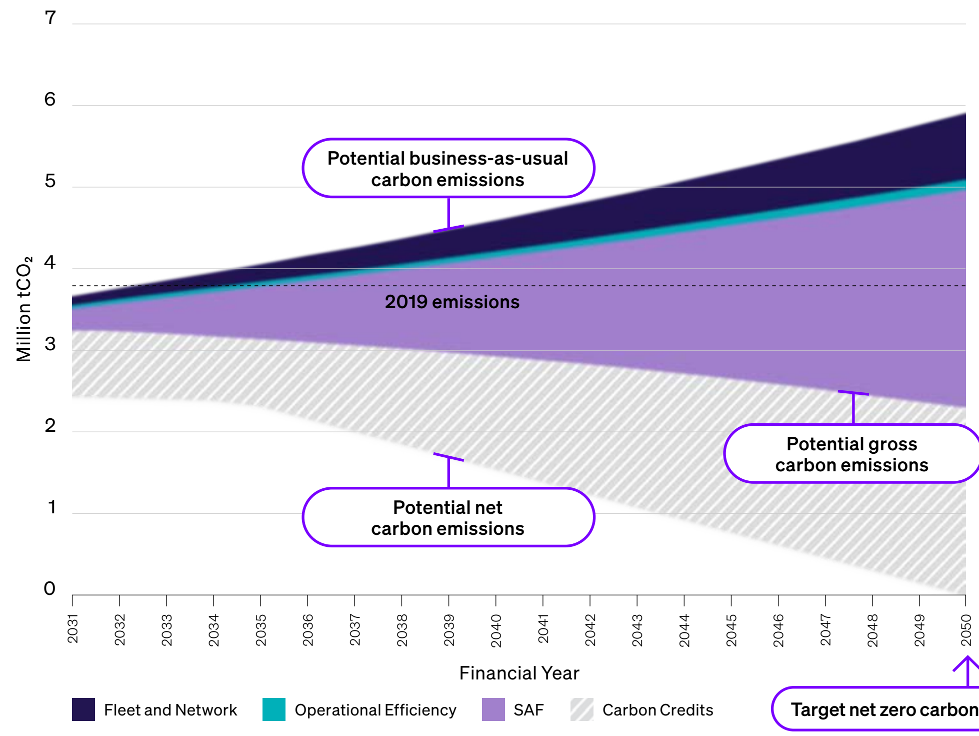


Figure 2: Indicative low and high cases[8]

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 residual[9] 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 CO_2e 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 CO_2 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.

Motukauri Whakaora, a restoration project VECP customers support

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 landfill[10]. 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 initiative[11] 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.

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

Riwai 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 SAFc[12] and enabled the planting of 73,606 native trees through Trees That Count, supporting positive outcomes for biodiversity and communities across Aotearoa New Zealand[13]. 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.

Long-tailed bat
Photo: Chris Hillock

Conservation Dogs Programme

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.

The Spectacle in Nelson

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:

A. R. Gerry

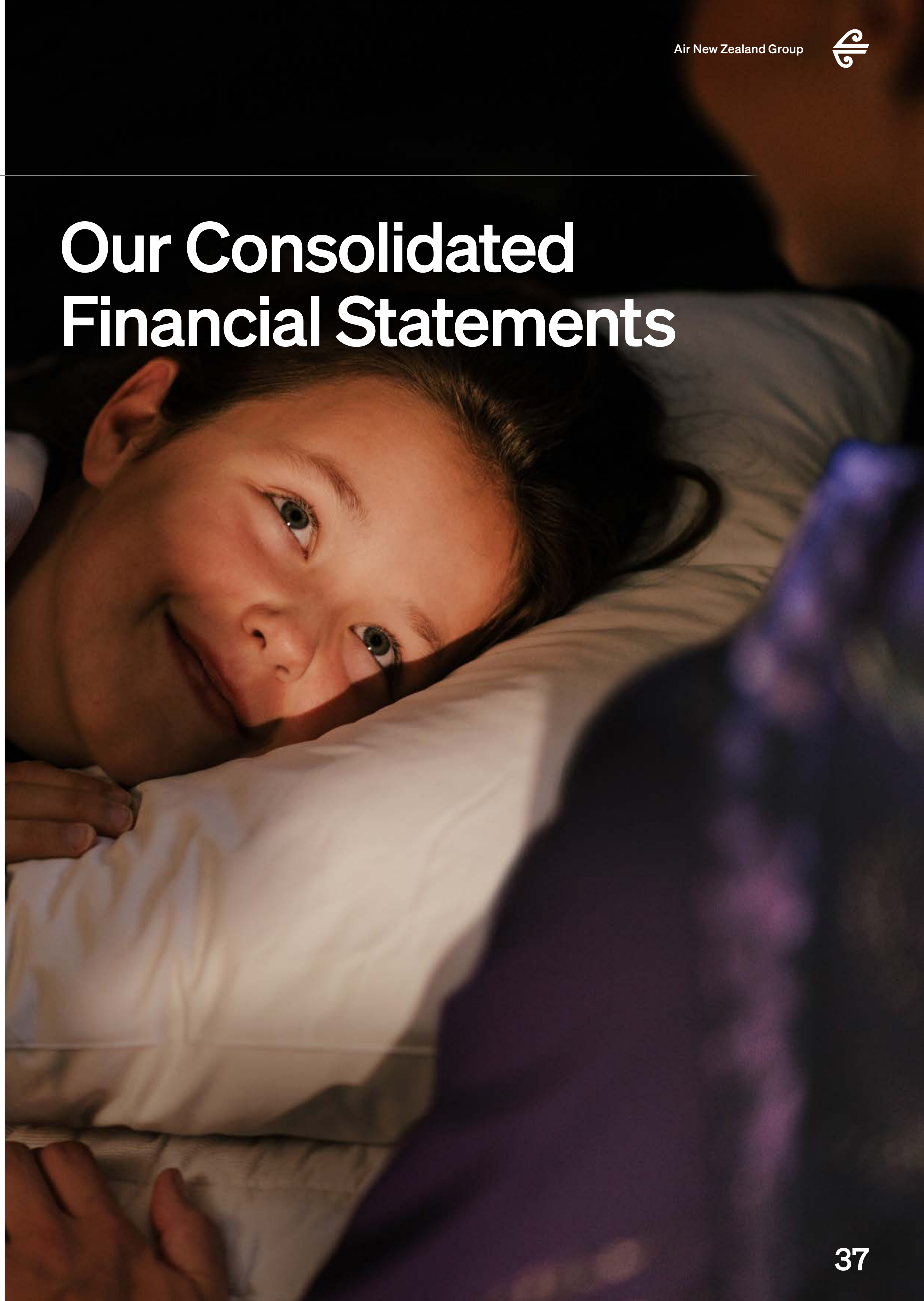
Alison Gerry
Director

T M Walsh

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

* June 2025 results 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 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

* June 2025 results 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 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

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

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

Dame Therese Walsh
Chair

Alison Gerry
Director

For and on behalf of the Board, 28 August 2026

* 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.

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

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 e 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 $M	2025 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 $M	2025 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 $M	2025 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.

Appreciation/depreciation (US cents):	2026 NZ$M +5c	2026 NZ$M -5c	2025 NZ$M +5c	2025 NZ$M -5c
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.

Price movement per barrel:	2026 $M +USD 40	2026 $M -USD 40	2025 $M +USD 30	2025 $M -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.

Interest rate change:	2026 $M +150 bp*	2026 $M -150 bp*	2025 $M +150 bp*	2025 $M -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

The Audit Office
Te Mana Arotake

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 *Auditor's responsibilities for the audit of the consolidated financial statements* 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: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 $M	2025 RESTATED* $M	2024 $M	2023 $M	2022 $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 $M	2025 $M	2024 $M	2023 $M	2022 $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 $M	2025 RESTATED* $M	2024 $M	2023 $M	2022 $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[1]	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 $M	2025 $M	2024 $M	2023 $M	2022 $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.	Leader	Some experience	Some experience	Leader	Some experience	Leader	Leader
Health, Safety & Security Leadership in operational health and safety within complex or high-risk environments, reflecting its critical importance at board level in the aviation sector.	Leader		Leader	Some experience	Leader		Some experience
Technology & Digital Innovation Oversight of digital transformation and technology modernisation initiatives, with a focus on customer experience, operational effectiveness, and awareness of cyber risks and emerging technologies.	Some experience	Leader			Some experience	Some experience	
Sustainability Experience overseeing sustainability initiatives and programmes relating to climate change, emissions reduction, innovations and responsible sourcing.	Some experience	Some experience	Some experience	Leader	Some experience	Some experience	Some experience
Stakeholder & Government Engagement Experience managing regulatory, policy, and shareholder relationships, with a focus on political engagement and interaction with government and regulators.	Leader	Some experience	Some experience	Some experience		Some experience	Leader
Strategy, Customer & Commercial Leadership Overseeing organisational strategy and transformation with strong commercial judgement, customer insight, and global brand experience.	Leader	Leader	Leader	Some experience	Leader	Leader	Leader
Aviation Industry Expertise Broad understanding of the aviation sector, including operational experience across airlines, tourism, and logistics, with strong awareness of market trends and industry connections.		Some experience	Some experience	Some experience	Leader	Some experience	Leader
People & Culture Experience in people strategy, organisational design, and workplace culture, including large team leadership and union engagement. Knowledge of executive succession and remuneration frameworks, with alignment to organisational strategy.	Some experience	Some experience	Leader	Leader	Leader	Some experience	Some experience
Governance, Risk & Compliance Significant governance experience in listed or large-scale commercial organisations, with strong market insight and regulatory awareness.	Some experience	Leader	Leader	Some experience	Some experience	Leader	Leader

Leader Some experience

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.

Larissa 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 attendance[1] – 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; 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_2e	3.860m tonnes CO_2e	3.821m tonnes CO_2e	3.932m tonnes CO_2e	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.

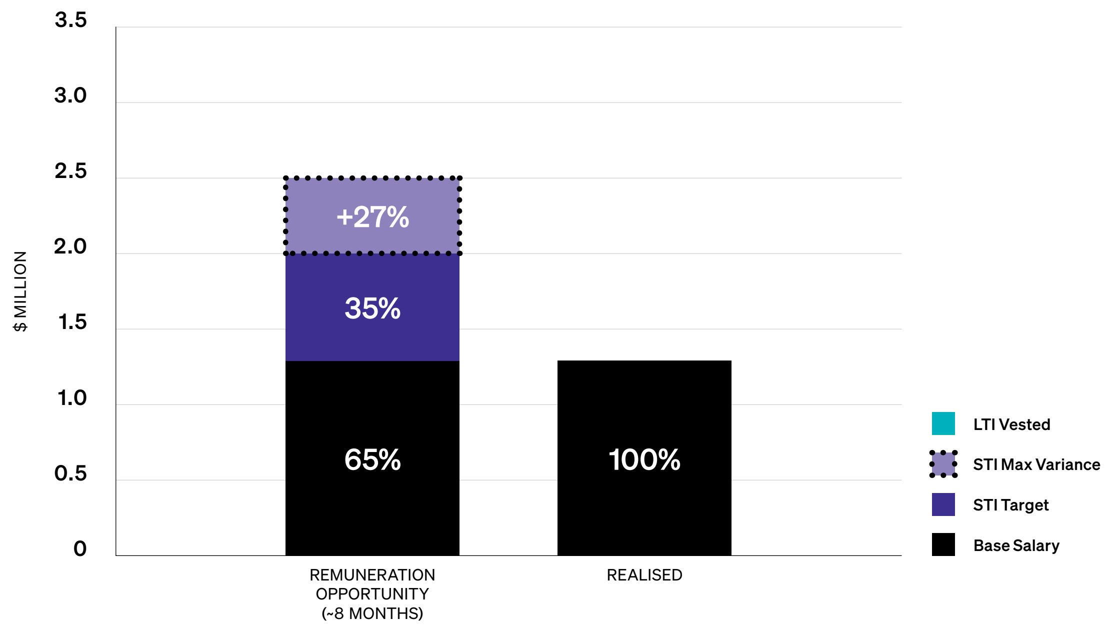
Accordingly, the remuneration arrangements and outcomes for Nikhil and Greg are presented separately below, reflecting the period they served as Chief Executive Officer during the 2026 financial year.

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 year[1]

	New Zealand Management	Aircrew, Engineering, Overseas & Other
100,000 - 110,000	275	669
110,000 - 120,000	236	392
120,000 - 130,000	185	318
130,000 - 140,000	194	238
140,000 - 150,000	192	166
150,000 - 160,000	154	193
160,000 - 170,000	139	198
170,000 - 180,000	130	179
180,000 - 190,000	101	142
190,000 - 200,000	89	147
200,000 - 210,000	64	178
210,000 - 220,000	61	162
220,000 - 230,000	42	102
230,000 - 240,000	46	103
240,000 - 250,000	24	79
250,000 - 260,000	21	79
260,000 - 270,000	27	59
270,000 - 280,000	15	84
280,000 - 290,000	10	75
290,000 - 300,000	2	50
300,000 - 310,000	10	30
310,000 - 320,000	7	67
320,000 - 330,000	10	62
330,000 - 340,000	6	43
340,000 - 350,000	8	29
350,000 - 360,000	6	35
360,000 - 370,000	5	27
370,000 - 380,000	2	19
380,000 - 390,000	1	14
390,000 - 400,000	4	8
400,000 - 410,000	-	15
410,000 - 420,000	1	18
420,000 - 430,000	4	22
430,000 - 440,000	2	27
440,000 - 450,000	1	20
450,000 - 460,000	-	15
460,000 - 470,000	5	13
470,000 - 480,000	1	13
480,000 - 490,000	-	10
490,000 - 500,000	1	7
	New Zealand Management (continued)	**Aircrew, Engineering, Overseas & Other (continued)**
500,000 - 510,000	1	16
510,000 - 520,000	2	10
520,000 - 530,000	-	7
530,000 - 540,000	1	6
540,000 - 550,000	2	13
550,000 - 560,000	-	18
560,000 - 570,000	1	8
570,000 - 580,000	-	7
580,000 - 590,000	-	3
590,000 - 600,000	-	3
600,000 - 610,000	1	-
610,000 - 620,000	1	3
620,000 - 630,000	1	5
630,000 - 640,000	1	1
640,000 - 650,000	-	2
650,000 - 660,000	-	1
660,000 - 670,000	-	4
670,000 - 680,000	-	3
680,000 - 690,000	-	4
690,000 - 700,000	-	3
700,000 - 710,000	-	2
710,000 - 720,000	1	-
720,000 - 730,000	-	2
740,000 - 750,000	-	3
750,000 - 760,000	-	1
770,000 - 780,000	-	2
780,000 - 790,000	-	2
790,000 - 800,000	1	-
800,000 - 810,000	-	2
880,000 - 890,000	1	1
930,000 - 940,000	1	-
970,000 - 980,000	-	1
1,090,000 - 1,100,000	1	-
1,140,000 - 1,150,000	1	-
1,400,000 - 1,410,000	1	-
1,670,000 - 1,680,000	1	-
2,240,000 - 2,250,000	1	-
2,650,000 - 2,660,000	1	-
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.

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 Climate Change Commission – Nominations Panel Cricket World Cup 2028 Australia and NZ Fonterra – Independent Assessment Panel Major Events Attraction Fund On Being Bold Limited Therese Walsh Consulting Limited Wellington Homeless Women's Trust	Chair Chair Chair Panel Member Chair Director Director Ambassador
Neal Barclay	Chorus Limited Ngāi Tahu Holdings	Director Director
Claudia Batten	Michael Hill International Limited Pyper Vision Limited Serko Limited Vista Group International Limited Wonderful Investments Limited	Deputy Chair Shareholder Chair Director Director
Dean Bracewell	Ara Street Investments Limited Dean Bracewell Limited Freightways Limited Halberg Trust (ceased on 11 Nov 2025) NorthPort Group Limited and subsidiaries Port of Tauranga Limited Property for Industry Limited	Director & Shareholder Director & Shareholder Shareholder Director Director Director Chair
Laurissa Cooney	Asia Pacific Village Group Limited Asia Pacific Village Holdings Limited Chapter Zero Steering Group, Institute of Directors Goodman (NZ) Limited Goodman Property Aggregated Limited Goodman Property Services (NZ) Ltd GMT Bond Issuer Limited Metlifecare Limited Ngāi Tai ki Tāmaki Charitable Investment Trust Rabobank New Zealand	Director Director Member Director Director Director Director Director & ARC Chair Audit Committee Chair Director
Larry De Shon	Nominating and Governance Committee for United Rentals International The Hartford Financial Services Group, Inc The Hartford's Finance, Investment, Risk Management Committee United Rental Inc	Chair Director Chair Director
Alison Gerry	ANZ BH Pty Limited ANZ Group Holdings Limited Australia and New Zealand Banking Group Limited Glendora Avocados Limited Glendora Holdings Limited Infratil Limited On Being Bold Limited Sharesies AU Group Limited (ceased on 11 Aug 2025) Sharesies Australia Limited Sharesies Australia Nominee Pty Limited Sharesies Financial Limited (ceased on 11 Aug 2025) Sharesies Group Limited (ceased on 11 Aug 2025) Sharesies Investment Management Limited (ceased on 11 Aug 2025) Sharesies Limited (ceased on 11 Aug 2025) Sharesies Nominee Limited (ceased on 11 Aug 2025)	Director Director Director Director Director Chair Director Director Director Director Director Director Director Director 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

New Zealand
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
Fax: (64 9) 336 2401
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