SAFE SKIES TODAY AND TOMORROW

AIRWAYS INTEGRATED REPORT 2025

AIRWAYS



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KEY ACHIEVEMENTS FOR 2025

492,037

FLIGHT MOVEMENTS SAFELY MANAGED THROUGH OUR AIRSPACE

'99.97%

CORE SYSTEMS AVAILABILITY

O

WORKSAFE NOTIFIABLE EVENTS INVOLVING OUR PEOPLE

15.1

SECONDS AVERAGE DELAY PER ARRIVAL

°\$11.94m

NET PROFIT AFTER TAX

\$10m

GOVERNMENT SHAREHOLDER

ADVANCING SAFETY GLOBALLY

2025 CANSO Global Safety Conference

HYDROGEN POWER

Introduced New Zealand's first hydrogen fuel cell uninterruptible power supply

► RAINBOW TICK

Reaccredited with Rainbow Tick and launched a new rainbow employeeled network, reinforcing our inclusive workplace culture

GENDER PAY GAP

Publication of gender pay gap

CHAIR AND CEO SUMMARY

In the 2024/25 financial year, Airways has continued to perform strongly, delivering safe, efficient and resilient air traffic services across our vast 30 million square kilometres of controlled airspace.



Denise Church QSO Chair



James Young
Chief Executive

Future focused

We safely managed 492,037 flight movements during the year, with no WorkSafe notifiable events involving our people. This is a result we are proud of and do not take for granted.

The Airways Group reported a net profit after tax of \$11.94 million for the year ended 30 June 2025. We also delivered a dividend of \$10 million to our government shareholder.

These results were delivered against a backdrop of a tight fiscal environment and operational constraints across the aviation sector, demonstrating our strong cost discipline and long-term investment focus.

For the period, we are reporting one air proximity event (Category A), attributable to Airways, within controlled airspace. This occurred in the vicinity of Nelson Airport and was resolved safely. The event has been reported to the Civil Aviation Authority (CAA), in line with reporting standards, and investigated internally to identify lessons learned as part of our continuous improvement approach to safety.

Our safety focus

Maintaining safety is not only our core purpose, it's the foundation of everything we do. Throughout the year, we strengthened our safety systems and culture through advancing our integrated safety

management system, expanding our data and intelligence capabilities and strengthening the three lines of defence across Airways.

This year, we were also proud to host the Civil Air Navigation Services Organisation (CANSO) Global Safety Conference in Christchurch. The event brought together 160 senior leaders from the global aviation sector, providing a platform to exchange insights and reinforce New Zealand's contribution to international airspace safety.

Hosting the conference highlighted our position as a trusted global partner, and the insights gained will help us further strengthen how we serve all users of New Zealand's airspace.

Performance against strategy

We have now completed the connect phase of our 10-year 'safe skies today and tomorrow' strategy. This phase has strengthened the foundations of our business by renewing connections with our people, customers and stakeholders, and finalising key legacy transformation projects.

In FY26, we will enter the build phase, focused on investing in the infrastructure, technology and people that will support a future-ready, resilient airspace system for New Zealand.

Putting our people first

STRATEGY

Our people remain at the heart of our strategy. We have laid the groundwork for a more performance-driven and values-aligned culture, with new frameworks for leadership development and performance management to be rolled out from July 2026. These frameworks are designed to support individual growth, recognise excellence and ensure clear expectations across all levels of the organisation.

This year, we took important steps to build an even more inclusive and equitable workplace. We were reaccredited with the Rainbow Tick, launched a new rainbow employee-led network and progressed towards GenderTick certification. We are also

publishing our gender pay gap for the first time, currently at 17.2%, and have committed to transparent, ongoing reporting and action to work towards closing it.

Further work included expanding awareness and support for neurodiversity, promoting flexible working and improving policies that support the diverse needs of our people. Through these initiatives, we continue to position Airways as an employer of choice in the aviation sector.

Our people are highly skilled, and their expertise is increasingly sought after both in New Zealand and overseas. While this reflects the strength of our workforce, it also brings ongoing challenges in attracting and retaining

talent. Managing these pressures remains a key focus as we work to maintain the capability and resilience needed to deliver on our strategy.

Serving all airspace users

Serving all airspace users means delivering safe, efficient and reliable services while understanding and adapting to the diverse needs of those who use New Zealand's airspace.

In July 2025, we concluded our pricing consultation for the FY26-28 period, following consultation with customers and stakeholders that began in March. The consultation resulted in a 17.7% pricing increase for the period, with an average annual increase of 5.9%. We would like to sincerely thank our customers and stakeholders for their

valuable participation and thoughtful feedback throughout this process.

In December, we undertook our voice of the customer survey to gather insights that will help us to refine and strengthen our customer and stakeholder relationships. It was heartening to see that customers and stakeholders see Airways as a trusted and reliable partner. We received strong feedback around our role in aviation sector coordination, with four out of five respondents recognising our contribution to maintaining safe air travel. We also received positive feedback on our approach to engagement and consultation.

These results have informed our refreshed customer framework to be rolled out in FY26.



Creating the airspace environment of the future

STRATEGY

Planning is under way for a multi-year programme to redesign the country's domestic surveillance airspace, with strong engagement from stakeholders. This work, subject to a robust business case, will enable more efficient flight paths, reduce delays and better accommodate both current and emerging users.



We are proud to contribute to several global network management initiatives that aim to improve the efficiency of air navigation services across jurisdictions.

We also continued development of a remote aerodrome flight information service (R-AFIS) for Milford Aerodrome. This is designed to support safe operations for Milford, while addressing the challenges of staffing in a remote location. This globally established service model is part of how we're enabling sustainable access to the network for a wider range of users.

We are proud to contribute to several global network management initiatives that aim to improve the efficiency. predictability and safety of air navigation services across jurisdictions. These initiatives focus on strategically planning and managing international flights to help airlines and airports operate more effectively. Key projects include trajectory-based operations (a collaboration among eight air navigation service providers in the Pacific region) and airport collaborative decision making (a joint effort to enhance efficiency through coordinated actions among airport stakeholders).

This year, after industry consultation, we confirmed a decision to proceed with a physical replacement tower for Auckland Airport. This ensures operational reliability at our busiest airport while preserving the potential for digital solutions in the future.

Our Queenstown thematic safety review has led to tangible proposed improvements in the predictability and safety of traffic flows at this increasingly busy and complex airspace. This is the result of local operators, Queenstown Airport and Airways coming together to find workable solutions.

Supporting sustainable aviation

Sustainability is firmly embedded into our strategy. This year, we confirmed a refreshed sustainability framework, designed to ensure we are focusing our actions where we can make the greatest impact. We have set our first science-aligned greenhouse gas (GHG) emissions reduction targets, supported by the formation of a cross-functional emissions reduction committee. We also began work to assess the physical impacts of climate change on our operations through scenario planning.

Innovation continues to play a key role in our sustainability journey.
One highlight was the installation of New Zealand's first hydrogen fuel cell uninterruptible power supply at a Wellington site. This provides clean, reliable backup power and reduces the logistical challenges of maintaining a diesel generator at a remote area.





Hosting the 2025 CANSO Global Safety Conference further cemented Airways' position as a trusted international partner and opened doors to future commercial opportunities.

STRATEGY



Unlocking future growth

In October, we initiated a strategic reset of our commercial business. aimed at aligning its operating model more closely with the core of Airways. The proposed changes introduced new operating parameters and structural adjustments designed to enable the commercial business to function as a more integrated business unit. This reset is ongoing and forms a key part of the build phase of our 10-year 'safe skies today and tomorrow' strategy, supporting our ambition to grow a sustainable global commercial business through FY26 and beyond.

This year, Airways International represented New Zealand at the Airspace World global summit in Lisbon, promoting our services to over 7,000 industry attendees. Our team participated in 54 customer meetings, delivered 52 product demonstrations and secured significant new leads, contracts and partnerships.

Hosting the 2025 CANSO Global Safety Conference further cemented Airways' position as a trusted international partner and opened doors to future commercial opportunities. The event highlighted our leadership in air traffic management and allowed our people to engage directly with global leaders in aviation safety.

Board and leadership changes

In November, Louise Edwards joined the Airways Board, succeeding Lisa Jacobs whose term concluded. The Board and Airways thank Lisa for her valuable contribution to governance, including six years as the Chair of the Audit and Finance Committee, and wish her every success in her future endeavours.

In June, Geoff Peck stepped down from his role as Chief Information Officer. Jennifer Nepton has been appointed as Acting Chief Information Technology Officer while recruitment for the permanent role is under way.

Following a review of our commercial structures, the role of Airways International Limited Chief Executive Officer (AIL CEO) was disestablished, with the functions of the role brought within Airways.

Following her decision not to take up the option of redeployment, AIL CEO Sharon Cooke made the difficult decision to move on from Airways. James Evans is currently acting in the newly created General Manager Commercial role.

WHO WE ARE

Airways is New Zealand's air navigation service provider, responsible for managing one of the largest airspaces in the world. From 19 control towers, two operating centres and technical bases across the country, we deliver modern, reliable air traffic management services and maintain the infrastructure that supports the safe and efficient movement of aircraft across our skies.

STRATEGY

Every year, our team guides nearly 500,000 flights through New Zealand's airspace. We work with a diverse range of customers, including airlines, airports, private and commercial aircraft operators and the New Zealand Defence Force, to help ensure all passengers and cargo reach their destinations safely.

Through our subsidiary Airways International, we also take our expertise to the world. Airways International provides consultancy, airspace design and training services to more than 60 countries, supporting safe and integrated airspace systems through a proactive safety culture, expert knowledge and innovative technology.

We're committed to achieving our goals in a socially and environmentally responsible way that supports our people, our industry and the wider communities we serve.

Airways is a state-owned enterprise established under the State-Owned Enterprises Act 1986.

FIND OUT MORE about Airways at www.airways.co.nz/about-us

OUR PURPOSE

Safe skies today and tomorrow

OUR VISION

Create the aviation environment of the future

OUR VALUES

We are safe

Safety is at the forefront of everything we do. We are committed to the safety of our people, our operations and the communities we serve.

We are one Airways

We all have our own areas of expertise, and by working together and sharing knowledge, we achieve our aspiration.

We strive for excellence

We deliver our best work each and every day and look for ways to continue to improve what we do.

We celebrate success

We recognise our people's achievements, big and small, and celebrate our successes.



PERFORMANCE AND FINANCIALS

▶ OVERVIEW

GOVERNANCE

PERFORMANCE AND FINANCIALS

HOW WE CREATE VALUE

STRATEGY

Our resources >

How we create value

And achieve these outcomes

Financial

Our financial capability and flexibility

Our infrastructure

Networks and assets that support operations and services

Our expertise

Progressive, innovative, customer-focused technologies and capabilities

Our people

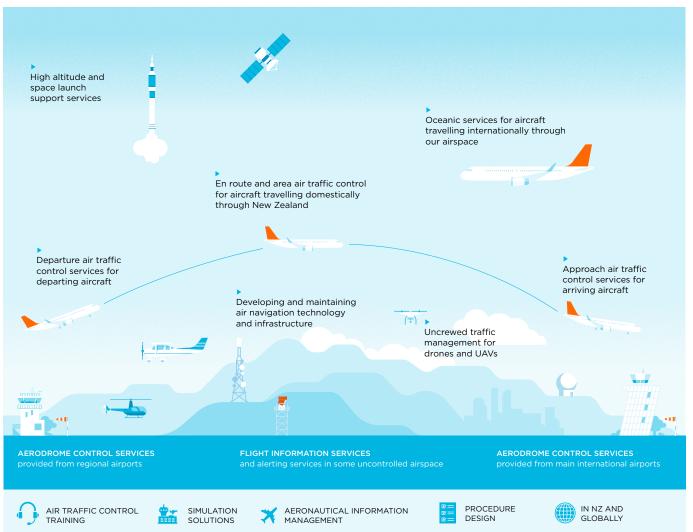
The skills and knowledge of our people

Our relationships

With our customers, aviation industry, communities and government

Our environment

The natural resources and environmental assets integral to delivering our services





Better work and careers

We are committed to creating a diverse workplace where people feel valued and safe. By focusing on attracting, developing and retaining our people, we will become an employer of choice in the aviation industry.



Value for all airspace users

We are committed to delivering a safe, flexible and accessible customer experience at a fair price, for current and future users, through the use of technology and innovation.



Sustainable outcomes

We will continue to play our part in championing a sustainable approach to airspace management to ensure the industry achieves its long-term objectives.



Financial sustainability

We will ensure a sustainable return to government shareholder.

THIS REPORT AND OUR MATERIAL ISSUES

Airways' Statement of Corporate Intent (SCI) for the 2024 to 2027 period sets out the business objectives and measures of success that form the basis for this annual integrated report. In 2024, Airways refreshed its materiality assessment to ensure our strategy and reporting reflect the environmental, social and governance (ESG) and economic topics that matter most to our stakeholders and our business. This update builds on our previous assessment and responds to evolving stakeholder expectations and global sustainability trends.

The assessment confirmed that Airways' greatest opportunities for value creation and sustainability impact lie in safe and resilient service delivery, financial sustainability, innovation and workforce development. These insights directly support our four strategic pillars:

- Putting our people first through a strong focus on employee attraction, development and retention, health, safety and wellbeing, and diversity and inclusion.
- Serving all airspace users by maintaining our role as a trusted provider of safe air navigation services and ensuring robust business continuity and cyber security.
- Supporting sustainable aviation

 by addressing climate-related
 business risks, reducing our carbon footprint and contributing to aviation emissions reduction.
- Unlocking future growth by investing in emerging technologies, innovation and the next generation of aviation professionals.

Stakeholder engagement has been central to the assessment process, ensuring that the material topics identified reflect both internal and external perspectives. This engagement has helped shape our ESG priorities and will guide our reporting and strategy going forward.

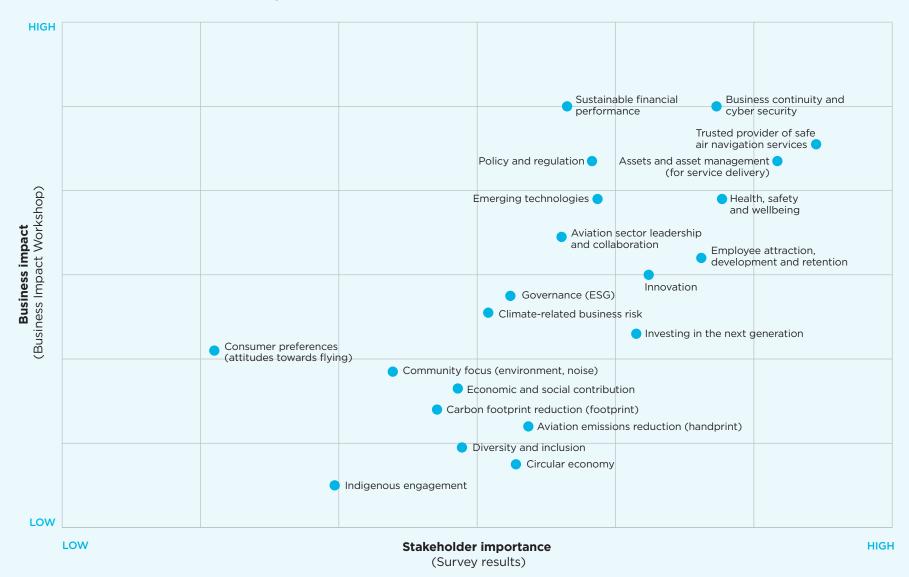
Airways reports against the Integrated Reporting Framework, allowing us to demonstrate the short, medium and long-term value we create beyond our financial results. We also continue to reference the Global Reporting Initiative (GRI) Standards to ensure our disclosures are structured, transparent and aligned with international best practice.

A summary of our GRI disclosures is included in <u>Appendix A</u>. Definitions of the 21 material topics identified through the assessment are provided in <u>Appendix B</u>.



Business and stakeholder materiality matrix

STRATEGY



Our strategy



OVERVIEW

▶ STRATEGY

GOVERNANCE

PERFORMANCE AND FINANCIALS

DELIVERING ON OUR FY25 OBJECTIVES

OUR PURPOSE

Safe skies today and tomorrow

OUR VISION

Create the aviation environment of the future

OUR FOUR STRATEGIC PILLARS



Put our people first



Serve all airspace users



Support sustainable aviation

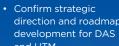


Unlock future growth

STRATEGIC PRIORITIES 2024/25



Future Services Programme



 Network management conops for TBO and A-CDM



People experience



Sustainability



Safety system enhancements



Strengthen technology foundations



Customer and stakeholder engagement



Commercial strategy

· Validation of strategic

- direction and roadmap and UTM
- Develop airspace architecture concept and value proposition
- · Commonality of procedures and training

- · Implement a new leadership development framework
- · Enhance the learning and development offering for our people
- Complete an employee feedback survey and workplan
- company
- · Implement new performance, development and remuneration frameworks
- Collaborate with professional associations on strategic initiatives

- Improve diversity, equity and inclusion across the

· Develop Airways' sustainability roadmap

capability

- and supporting initiatives · Implement greenhouse gas emissions tracking
- Identify and report key greenhouse gas inventory risks and opportunities
- Transition 33% of the vehicle fleet to EV or hybrid

- Enterprise integration of 3LoD
- Airways Group Safety **Promotion Programme**
- Host CANSO Global Safety Conference
- Develop an enterprise strategy to support future technology decisions
- · Optimisation of asset management strategy and project prioritisation process
- Refresh customer and stakeholder strategy and relationships
- Start refresh of Airport Service Agreements
- Implement annual voice of the customer and stakeholder survey
- Consult on FY26-28 priorities and price reset
- direction, clarity on operating parameters
 - Review governance structure
 - · Review and refresh risk and revenue frameworks
 - Execute 2-3 sales initiatives

UNDERPINNED BY OUR VALUES

▶ We are safe ▶ We are one Airways ▶ We strive for excellence ▶ We celebrate success



Putting our people first

We aspire to be a company that people want to work for and with. To achieve this, we are focused on attracting, retaining and developing the best people to help Airways create the aviation environment of the future.

MATERIAL ISSUES

- EMPLOYEE ATTRACTION, DEVELOPMENT AND RETENTION
- HEALTH, SAFETY AND WELLBEING
- DIVERSITY AND INCLUSION
- ▶ INVESTING IN THE NEXT GENERATION

VALUE OUTCOME









BETTER WORK AND CAREERS





PUTTING OUR PEOPLE FIRST

▶ STRATEGY

Strengthening performance and leadership

In FY25, Airways developed refreshed performance and leadership frameworks that will be implemented from July 2026. This will be followed by refreshed talent and succession planning and remuneration frameworks, with the intention to have all frameworks in place by the end of FY26.

These frameworks provide a clear and structured approach to performance, development and leadership, with a strong focus on behaviours that align with our values and support our strategic pillars. By defining expectations and encouraging ongoing performance conversations, we aim to build a culture that recognises high performance and supports career growth.

This integrated approach connects talent development, remuneration and learning pathways. This is key to attracting, retaining and developing the people we need to achieve our strategic goals and position Airways as an employer of choice in the aviation industry.

Diversity, equity and inclusion

This year, we were proud to achieve Rainbow Tick reaccreditation. This recognition reflects our ongoing commitment to fostering a workplace where diversity is valued and inclusion is embedded in our culture. We recognise that attracting and retaining top talent is critical, particularly in a complex and fast-evolving industry like aviation.

The Rainbow Tick process provides independent validation of our policies and practices that support LGBTQIA+ employees. It ensures our people feel safe, respected and empowered to bring their whole selves to work. In parallel with our reaccreditation, we launched our rainbow employee-led network, an internal initiative designed to connect LGBTQIA+ colleagues and allies, provide peer support and contribute to a more inclusive workplace. This network will play an important role in strengthening our culture and ensuring Airways remains a place where everyone can thrive.

This year we are also publishing Airways' gender pay gap for the first time, currently 17.2%, and we are committed to ongoing reporting and action towards closing it. We are also actively progressing towards GenderTick accreditation, further demonstrating our commitment to gender equity and inclusive practices. As part of this journey, we've introduced initiatives such as a menopause at work support kit and have started work to enhance parental leave provisions.

In addition, we are deepening our focus on neurodiversity. By encouraging awareness and inclusive practices, we are helping foster a workplace where neurodivergent individuals feel seen, valued and supported.



The Rainbow Tick process provides independent validation of our policies and practices that support LGBTQIA+ employees. It ensures our people feel safe, respected and empowered to bring their whole selves to work.



CASE STUDY

ATTRACTING FUTURE TALENT

▶ STRATEGY



As part of our focused drive to attract future talent and enhance diversity, we have significantly ramped up our presence at careers expos and recruitment events throughout the year.

This year, our people have attended 13 events across the country and been actively engaging with students, graduates and those already in the workforce at schools, polytechnics and universities. While we continue to highlight roles such as flight information services officers and air traffic controllers, we have also focused on the wide range of technology careers available at Airways. These roles include communications, navigation and surveillance technicians, software engineers, network engineers and other digital specialists.

These roles are critical to the future of aviation, and we're helping candidates understand how their skills in technology and innovation will fit at Airways and make an impact.

For many, Airways is not a household name, so having our people out there speaking face to face is especially important. It allows us to bring our story to life, answer questions directly and help people see pathways they may not have considered. We've also expanded our outreach to more diverse audiences, including a women's lifestyle event, where Airways will be the only employer present. This is part of our broader effort to ensure a wider range of people see the possibilities of a career with us.



Strengthening safety culture and systems

Airways has continued to focus on building a strong safety culture and enhancing our safety systems. This included a refresh of our Just Culture framework to ensure it reflects Airways' organisational maturity and communicates the philosophy of Just Culture clearly and simply.

Just Culture is crucial to building a strong safety culture by encouraging reporting and learning within the organisation and ensuring people feel safe to speak up when something feels unsafe. The refreshed framework is centred around four principles that define what Just Culture means at Airways and provides a guiding light for how people can apply Just Culture in everything they do. The framework clearly defines the roles and responsibilities of individual. leaders and the organisation. The Just Culture refresh was a finalist in the CANSO Safety Achievement Awards for 2025.

A strategic priority for FY25 was the company-wide integration of three lines of defence – a risk governance framework that defines the responsibilities and accountabilities for managing risks, monitoring compliance and auditing performance. The purpose is to ensure there are no gaps, overlaps or ambiguity when it comes to risk management. It relies on all parts of the business understanding their role and where they sit in the three lines of defence model

Refreshing the three lines of defence model was an outcome of the Airways external safety culture review completed in 2023. A significant amount of work has been undertaken in this space. including mapping and documenting accountabilities and responsibilities across the organisation. While different parts of the business have different safety needs and priorities, Airways is united in our shared commitment to maintaining safe skies and ensuring safety is always the number one priority. Further work was undertaken to ensure alignment of safety management across the organisation, removing duplication and ensuring a consistent approach across all business units.

The Airways safety management system is the formal risk management framework that ensures we have the policies, information and tools in place to manage safety in compliance with New Zealand and global standards and benchmarks. The safety management system is built around three areas - safety standards and management: reporting, risk management and assurance: and safety promotion and improvement. This year saw an increased focus on group safety promotion, ensuring that safety messaging was consistent across all areas of the business and to address 'drift from the norm' that can occur over time as different parts of the business interpret and apply

safety policies and information in slightly different ways. While we have multiple layers of systems and processes in place to maintain safe operations, we recognise that ensuring a consistent approach and focus from the start is crucial. The group safety promotion programme identified the key safety initiatives that are of relevance for the business as a whole as well as capturing business unit-specific initiatives to allow other business units to leverage these promotions where appropriate. Having set the foundation in FY25, we look forward to launching a refreshed group safety platform in FY26.

Performance against KPIs

Key measure	Actual 2025	SCI Target
Employee experience	70%	68%
WorkSafe notifiable incidents (significant or above)	Nil	Nil
Voluntary attrition	5.49%	7.5%
Women in the workforce	28%	29%
Women in senior leadership	40%	42%
Gender pay gap (new measure)	17.2%	Set the baseline



Our people profile

Employment type

	Female	Male	Total	Female	Male	Total
Fixed	5	1	6	83%	17%	0.7%
Permanent	244	639	883	28%	72%	99.3%

Working hours

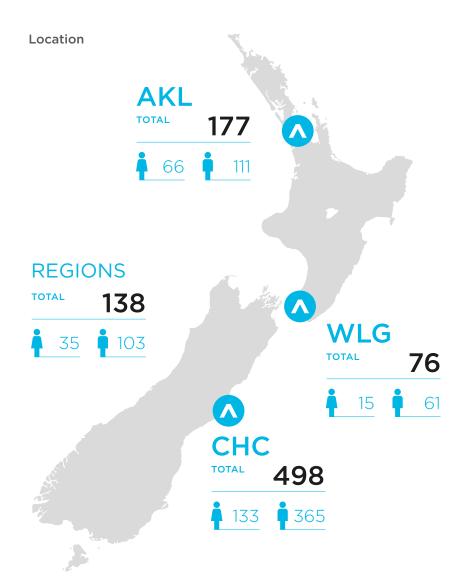
	Female	Male	Total	Female	Male	Total
Full-time	202	612	814	25%	75%	92%
Part-time	47	28	75	63%	37%	8%

Contract type

	Female	Male	Total	Female	Male	Total
CEA	134	462	596	22%	78%	67%
IEA	115	178	293	39%	61%	33%
Total	249	640	889	249	640	889

Tenure

Years	Female	Male	Total
0-5	105	209	314
6-10	44	107	151
11-15	35	81	116
16-25	30	123	153
26-35	19	53	72
36-45	13	44	57
46+	3	23	26
Total	249	640	889



▶ STRATEGY

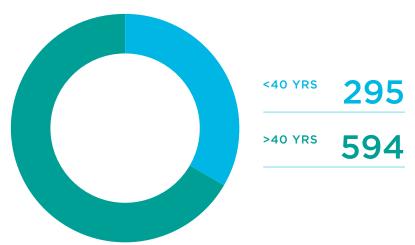
Age profile

Age group	Female	Male	Total
<25	7	18	25
25-29	19	49	68
30-34	38	65	103
35-39	30	69	99
40-44	27	86	113
45-49	36	72	108
50-54	27	74	101
55-59	29	82	111
60-64	31	74	105
65+	5	51	56
Total	249	640	889

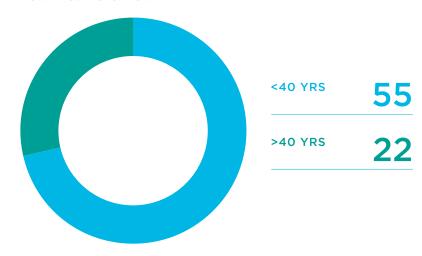
New hires

Age group	Female	Male	Total
<25	6	14	20
25-29	6	14	20
30-34	5	5	10
35-39	3	2	5
40-44	1	7	8
45-49	2	5	7
50-54	1	2	3
55-59		1	1
60-64	1	1	2
65+		1	1
Total	25	52	77

Age profile - overview



New hires - overview



OUR PERFORMANCE AGAINST STRATEGY



Serving all airspace users means delivering safe, efficient and reliable services while understanding and adapting to the diverse needs of those who use New Zealand's airspace.

MATERIAL ISSUES

- TRUSTED PROVIDER OF SAFE AIR
 NAVIGATION SERVICES
- BUSINESS CONTINUITY AND CYBER SECURITY
- ASSETS AND ASSET MANAGEMENT (FOR SERVICE DELIVERY)
- INNOVATION
- AVIATION SECTOR LEADERSHIP AND COLLABORATION

VALUE OUTCOME









VALUE FOR ALL AIRSPACE USERS







SERVING ALL AIRSPACE USERS

▶ STRATEGY

Digital air traffic services

This year, we confirmed our preferred approach for advancing digital air traffic control services.

In early 2024, Airways engaged Think Research, an independent air traffic management consultancy, to help shape this approach. This research included workshops with the wider industry to help form a recommendation.

The approach we are currently investigating, with a 15-year implementation timeline, is to establish two regional hubs providing digital air traffic control to regional airports supported by four physical towers in Auckland, Wellington, Christchurch and Queenstown. However, looking at the entire Future Services Programme, we recognised that completing several other initiatives first would better inform the programme.

Developing digital aerodrome services is a significant project that requires detailed consideration, research and due diligence. Our key priority is to develop a solution that is right for New Zealand, and we are committed to taking the necessary time upfront to ensure we have considered all factors before moving to the next phase.

In support of the development of future aerodrome services, we are currently progressing a number of key initiatives that, while focused on longer-term outcomes, will also deliver benefits in the near term.

Remote aerodrome flight information service

In December, Airways announced the beginning of a project to investigate the introduction of a remote aerodrome flight information service (R-AFIS) for Milford Aerodrome.

A R-AFIS is a way to provide flight information services that, instead of being located on site at Milford, are provided remotely from the Queenstown tower.

The intention of a R-AFIS is to ensure continuity of safe service at Milford while also addressing the challenges of having staff located on site at such a remote location

Alongside providing greater assurance around the continuity and resilience of service for Milford, it is our view that a R-AFIS will support greater safety through the introduction of automatic dependent surveillance – broadcast for flight information services.



After undertaking due diligence, in order to align with regulations, we are now looking to implement a R-AFIS for Milford by late 2026, contingent on several steps that need to be completed before a service can go live. This includes developing a safety case and concept of operations, trialling a prototype and receiving final approval for the service from the CAA. Airways will continue to work closely with our flight service team in Milford, as well as wider stakeholders, throughout the project.



The intention of a R-AFIS is to ensure continuity of safe service at Milford while also addressing the challenges of having staff located on site at such a remote location.

INTEGRATED REPORT 2025
AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

Auckland tower replacement

▶ STRATEGY

In March, Airways released the outcome of our Auckland air traffic control tower consultation, which commenced in November 2024.

After carefully considering all feedback received through the consultation, Airways confirmed a decision to proceed with the next stage of assessment for a physical tower.

Several significant risks associated with implementing a digital solution at New Zealand's largest and busiest airport had been identified. These risks include higher ongoing costs, the additional expense of constructing infrastructure to support a digital solution and the operational complexity of Auckland Airport.

Given these considerations, the decision was made to move forward with the replacement physical tower option.

The decision does not rule out the possibility of transitioning to a digital solution in the future but ensures a reliable and sustainable air traffic control system in the immediate term.

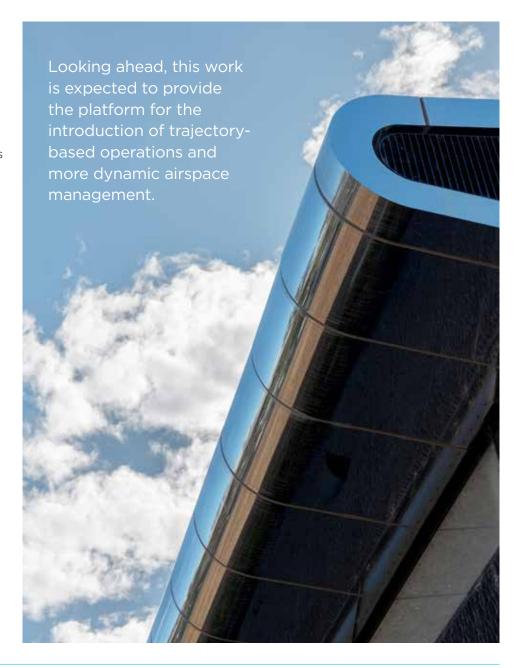
Modernising airspace architecture

Airways is undertaking a long-term, system-wide review of New Zealand's domestic surveillance airspace to ensure our airspace architecture keeps pace with changing industry needs. This modernisation initiative aims to enhance operational efficiency, safety, service delivery and environmental sustainability.

By redesigning airspace with a wholeof-system approach, we are shifting away from legacy structures shaped by incremental change. Instead, we are moving towards an optimised and standardised design that supports more flexible and resilient operations. The expected benefits include reduced delays, more efficient and direct flight paths and increased capacity for all airspace users, from commercial airlines to emerging aviation technologies.

The programme will be delivered over a six-year timeframe. It includes a full review of all sectors, standardisation of procedures and integration of benefits from modern country-wide surveillance technologies.

This year, the programme has focused on validating proposed concepts and engaging with stakeholders to ensure the future design meets the needs of users.





Enhancing air traffic flow with collaborative decision making

▶ STRATEGY

Airways has long supported air traffic flow management using industry-recognised tools like Collaborative Arrival Manager (CAM) and Arrival Manager (AMAN) at main trunk airports. These systems improve the sequencing of aircraft arrivals and reduce delays.

Airport collaborative decision making (A-CDM) involves real-time data sharing and collaboration among airlines, airport operators, air traffic control and other service providers. By sharing operational data, A-CDM aims to optimise the use of airport resources and reduce delays.

The next step is to coordinate the expansion of A-CDM across the New Zealand air navigation network. This collaborative approach will enhance coordination between Airways and airlines, airport operators and aerodrome services to better manage air traffic flow at regional and national levels.

A working group, including Airways, airlines and airport authorities, is developing a national A-CDM system.

The group has delivered a concept of operations and an initial A-CDM trial between Auckland and Wellington airports is under way. This is aimed

at streamlining air traffic control processes, reducing delays, improving overall airspace efficiency and supporting the future ability to adapt to airport developments and requirements.

Global airspace efficiency and safety

Recognising the increasing interconnectedness of global airspace, we are actively participating in global initiatives to enhance airspace efficiency, predictability and safety.

In collaboration with Asia-Pacific air navigation service providers (ANSPs), CANSO and the International Air Transport Association (IATA), we are working on the trajectory-based operations Pathfinder Project to optimise flight trajectories, reduce fuel burn and cut carbon emissions.

Currently, international flights are independently managed by the respective ANSPs as they move through Flight Information Regions (FIRs). Under trajectory-based operations, ANSPs and airspace users work together to plan and execute an aircraft's entire flight trajectory across FIRs from takeoff to touchdown and share data such as flight information, weather, airspace closures and other traffic constraints.

This will allow ANSPs to manage air traffic more efficiently and strategically.

Trajectory-based operations offer significant benefits to airlines, passengers and the environment through improved safety and efficiency, reduced delays and disruptions and decreased fuel consumption and carbon emissions.

During the year, the project has focused on planning and foundation building. A tabletop exercise for the trajectory-based operations project is scheduled for July, and the full project roadmap will be finalised by the end of 2026.

Enhancing safety and efficiency at Auckland International Airport

The Divergent Missed Approach Protection System (DMAPS) is delivering tangible safety and efficiency gains at Auckland Airport.

A missed approach, also known as a go-around or aborted landing, is a safe, standard manoeuvre in which an aircraft discontinues its landing approach. This may be initiated by the pilot or directed by air traffic control, usually due to poor weather, runway obstructions or the presence of other aircraft on the runway.

Previously at Auckland Airport, missed approaches shared the same flightpath as standard departures. This overlap created operational complexities, as air traffic control is required to maintain strict separation between aircraft using the same route. These separation requirements still apply in situations where an arriving aircraft is unable to land.

With the introduction of DMAPS at Auckland, missed approach and departure flightpaths are now separate. Departing jets continue on a straight-ahead climb, while aircraft executing a missed approach are directed to turn 30 degrees north of the runway centreline.

This separation reduces complexity and uncertainty for controllers and pilots, enabling safer management of aircraft that are unable to land. It also supports the global shift towards safety-by-design instrument flight procedures, while helping to minimise delays, fuel burn and associated CO₂ emissions.

DMAPS was previously introduced at Christchurch Airport in 2022 and at Wellington Airport in 2023.

Queenstown thematic safety review

During the year, Airways undertook a thematic safety review of the air traffic control zone at Queenstown Airport.

▶ STRATEGY

The Queenstown control zone is protected by a number of safety measures, and we operate above the minimum safety requirements to ensure we are keeping this complex airspace safe. The airspace at Queenstown is classified as Class C, the same as other international airports in New Zealand (Auckland, Wellington and Christchurch). However, the control zone at Queenstown is complex and has higher requirements for aircraft separation compared to other aerodromes.

Given the growth of aviation at Queenstown and a safety concern raised by one of the smaller local operators regarding visual flight rules (VFR) operations, Airways decided to undertake a thematic safety review of the control zone.

VFR traffic usually involves smaller aircraft that navigate by making visual observations rather than using instruments, giving them more freedom to choose their flight path. The review raised concerns about general aviation aircraft flying too close to each other, conflicting instructions given to helicopters and fixed-wing aircraft and helicopters not always following those instructions.



The outcome has been to reduce complexity for general aviation pilots and air traffic control and increasing predictability of traffic flows. This includes standardising paths of general aviation traffic in and out of the airport, creating predictability and lowering cognitive load for pilots and air traffic controllers. The group has also submitted a joint airspace petition (from Queenstown Airport, Queenstown Milford User Group and Airways) to the CAA for additional general aviation transit lanes to further reduce complexity and radio traffic.

Proactive safety in action

In 2024, Airways reinstated its normal operations safety surveys following disruption to the normal cycle due to the pandemic. These surveys are a key part of our proactive safety approach. They focus on identifying risks and opportunities for improvement during everyday operations, before they escalate into incidents.

The surveys involved observing real-time air traffic services without interfering in operations. This provided valuable insights into the challenges and strengths of tower and surveillance environments. More than 200 hours of observations were completed between April and June.

The results were benchmarked against international data, showing that Airways meets global standards and outperforms them in some areas. A number of strengths and areas for improvement were identified. Several actions have already been taken, and further work is under way to address the remaining opportunities.



OVERVIEW

▶ STRATEGY

Performance against KPIs

Key measure	Actual 2025	SCI Target
Flights handled	492,037	493,512
Average delay per arrival	15.1 seconds	<20 seconds
Airways attributable serious air proximity events (Category A)	1	Nil
UAV incursions (Airways attributable, high or above assessed risk)	Nil	Nil
Customer experience	66%	66%
Core system availability	99.97%	99.98%
Service availability		
Main trunk	100%	99.98%
Regional	99.92%	99.80%
Surveillance	100%	99.98%
En route domestic	100%	99.93%
En route oceanic	100%	99.93%
Flight information	99.28%	99.93%

Strengthening customer and stakeholder relationships

In December, we undertook our voice of the customer survey to gather insights that will help us refine and strengthen our customer and stakeholder relationships.

A key focus of Airways' strategy is to renew connections with our customers and stakeholders, ensuring we take a customer-centric approach in everything we do.

The results have informed the development of our refreshed customer framework. This will guide how we work with our customers to deliver long-term value and ensure our services align with our customers' evolving needs and the broader industry landscape.

Overall, 66% of customers expressed satisfaction with Airways, while 14% reported dissatisfaction.

Our customers see Airways as a trusted and reliable partner. We received strong feedback around our coordination across the aviation sector, with four out of five respondents recognising our contribution to maintaining safe air travel. Our approach to engagement and consultation was also rated positively.

While core safety performance remains a strength, some customers noted room to improve the delivery and responsiveness of certain services. Efficient and transparent airspace management was also highlighted as an area for development. Sustainability and innovation, while lower on the list of immediate priorities, remain important for our future direction and how we communicate it.

Recognising the increasing interconnectedness of global airspace, we are actively engaged in collaborative programmes designed to enhance efficiency, predictability and safety.

OUR PERFORMANCE AGAINST STRATEGY



Supporting sustainable aviation

The aviation industry is rapidly moving to adopt more sustainable options. We will continue to champion a sustainable approach to airspace management to support the industry to achieve its long-term objectives.

MATERIAL ISSUES

- CARBON FOOTPRINT REDUCTION
- AVIATION EMISSIONS REDUCTION (HANDPRINT)
- CLIMATE-RELATED BUSINESS RISK
- CIRCULAR ECONOMY
- **▶** GOVERNANCE (ESC

VALUE OUTCOME









SUSTAINABLE OUTCOMES





SUPPORTING SUSTAINABLE AVIATION

▶ STRATEGY

This year, we took significant steps to strengthen our approach to supporting sustainable aviation, advancing initiatives that reflect our commitment to environmental responsibility and resilience.

We are currently working on a refreshed sustainability framework that will be fully integrated into our 'safe skies today and tomorrow' business strategy. Rather than sitting alongside it as a separate roadmap, the framework is being designed to embed sustainability across all aspects of our strategic direction. It is being shaped by a robust materiality assessment to ensure it focuses on the issues that matter most to our business, customers and stakeholders and where we can make the greatest impact.

A key milestone during the year was the completion of our second independently audited carbon footprint, certified by Toitū Envirocare. This gives us greater clarity on our emissions profile and helps track progress over time. We also set Airways' first GHG emissions reduction targets. These science-aligned targets support the global goal of limiting warming to 1.5°C and align with the Carbon Neutral Government Programme, the Climate Change Response (Zero Carbon) Amendment Act 2019, the Paris

Agreement and the requirements of the Toitū Carbon Reduce programme.

To deliver on these goals, we have established an Emissions Reduction Committee, bringing together leaders and champions from across the organisation to develop a detailed action plan.

We have also started assessing our climate risks, holding workshops to explore how climate change could impact our people, operations and the wider aviation industry.

As part of this process, we developed three climate scenarios based on projected global temperature increases by 2050 and 2100. These scenarios will be used to assess physical and transitional climate risks across short, medium and long-term horizons, guiding how we manage those risks and identify opportunities to lead in sustainable aviation.

Performance against KPIs

Key measure	Actual 2025	SCI Target
Transition vehicle fleet to EV/hybrid	33%	33%
Waste to landfill (tonnage)**	48.3	42.1

^{** 3.64} tonnes of this year's waste is due to the expansion to more comprehensive data sources. 5.78 tonnes is attributable to a building refurbishment project. These new sources obscure that there is an effective year-to-date decrease of 3.8 tonnes from sources previously considered to be complete for normal operations.

CASE STUDY

INTRODUCING HYDROGEN POWER

This year, Airways introduced the country's first hydrogen fuel cell uninterruptible power supply (UPS) for aviation infrastructure, providing an option to address both sustainability and operational challenges.

Installed at a Wellington navigational site, the hydrogen-powered UPS provides contingency power to a non-directional beacon, an important backup for New Zealand's air navigation network. UPS systems are essential for maintaining operations during power outages, emergencies or natural disasters, ensuring continued air traffic safety.



This solution offers environmental benefits while tackling logistical challenges. A number of Airways' remote equipment sites can only be accessed by helicopter, making traditional diesel generators costly and difficult to maintain.

Hydrogen fuel cells, which emit only water vapour, reduce environmental impact and long-term operational costs. Once fully tested, the unit could be relocated within Airways' national network.

Future developments could integrate hydrogen generators with solar power systems, allowing on-site hydrogen production and eliminating refuelling needs.

OVERVIEW

Gross carbon footprint

▶ STRATEGY

Our gross carbon footprint is Airways' total carbon footprint, including air traffic services controlled GHG aircraft emissions.

Airways does not control the number of aircraft flying in our controlled airspace. Airlines and operators, including general aviation, make regular changes to routes to, from and around New Zealand, which increases or decreases the volume of aircraft our air traffic controllers manage. For example, Jetstar initiated international flights into Hamilton this year. Because of this, it would be impracticable to set targets against air traffic services controlled aircraft emissions.

Operational carbon footprint

PERFORMANCE AND FINANCIALS

This is Airways' total gross carbon footprint, excluding air traffic services controlled emissions. Our operational carbon footprint is the GHG emissions we are working to reduce.

Our largest emissions source is air travel, which made up 33% of Airways' operational carbon footprint at 1,175 tCO $_2$ e. Staff commuting is the second largest source of emissions at 898 tCO $_2$ e, or 25%. Electricity makes up 18% at 622 tCO $_2$ e.

Airways' gross carbon footprint

Scope	ISO category	2025 tCO₂e	2024 tCO₂e	% change
1	Category 1: Direct emissions	478	379	+26%
2	Category 2: Indirect emissions from imported energy	622	716	-13%
3	Category 3: Indirect emissions from transportation	2,307	2,654	-13%
3	Category 4: Indirect emissions from products used by the organisation	124	107	+16%
3	Category 5: Indirect emissions associated with the use of products from the organisation	0	0	
3	Category 6: Indirect emissions from other sources	1,653,559	1,734,010	
	Total gross emissions	1,657,090	1,737,865	-4.65%

Airways' operational carbon footprint

Scope	ISO category	2025 tCO₂e	2024 tCO₂e	% change
1	Category 1: Direct emissions	478	379	+26%
2	Category 2: Indirect emissions from imported energy	622	716	-13%
3	Category 3: Indirect emissions from transportation	2,307	2,654	-13%
3	Category 4: Indirect emissions from products used by the organisation	124	107	+16%
3	Category 5: Indirect emissions associated with the use of products from the organisation	0	0	
3	Category 6: Indirect emissions from other sources			
	Total operational emissions	3,531	3,855	-8.4%

Operational carbon footprint target results

▶ STRATEGY

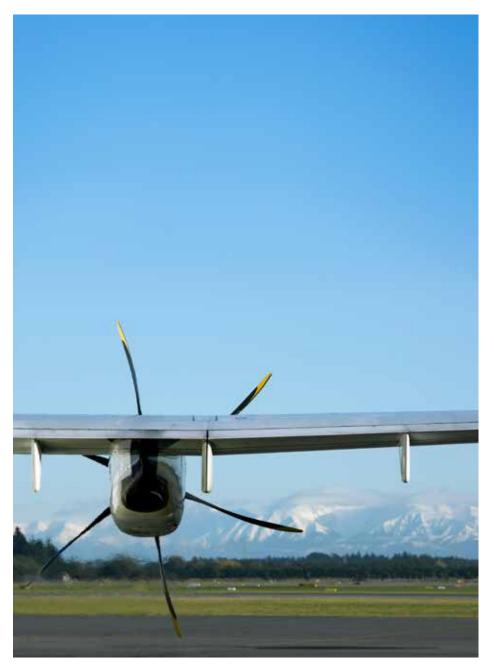
In FY25, we established Airways' first GHG emissions targets.

These targets are aligned with a science-aligned approach to limit global warming to 1.5°C, in line with the Carbon Neutral Government Programme, the Climate Change Response (Zero Carbon) Amendment Act 2019, the Paris Agreement, and requirements under the Toitū Carbon Reduce and Elevate programmes.

- Scope 1 and 2: Reduce emissions by 5.9% annually (64 tCO₂e) through 2034.
- Scope 3: Reduce emissions by 4.2% annually (114 tCO₂e) through 2034.
- Carbon neutrality: Achieve carbon neutrality by 2050.
- Scope 3 supplier engagement: By 2029, 25% of Airways' suppliers will have science-aligned targets.

Performance against operational carbon footprint short-term targets is outlined below, with further detail about performance against each available in Appendix G.

Target	Operational carbon footprint target	Actual 2025 tCO₂e	Target 2024 (tCO₂e)	% difference	Achieved/ not achieved
2	10-year scope 1 and 2 reduction of 5.9 % (64 tCO₂e) per annum (out to 2034).	1,100	1,030	+6.8%	Not achieved
3	10-year scope 3 reduction of 4.2% (114 tCO₂e) per annum (out to 2034)	2,431	2,597	-6.4%	Achieved
4	Five-year scope 3 engagement target where, by 2029, 25% of Airways' suppliers have science- aligned targets	Work has started to understand Under wa which suppliers already have science-aligned targets.		Under way	



OVERVIEW

AIRWAYS CARBON FOOTPRINT

- a snapshot of our carbon emissions for the year

Total gross emissions

1,657,090 tCO₂e

Airways' total GHG emissions, including air traffic Services controlled aircraft emissions - our airline customers flying in New Zealand-controlled airspace.





EMISSIONS OUTSIDE OF OUR CONTROL

OUR OPERATIONS: EMISSIONS WITHIN OUR CONTROL

Total operational GHG emissions

3,531 tCO₂e











Unlocking future growth

By working collaboratively to harness the expertise across Airways, we will be able to unlock future growth and be a world leader in safe airspace management and services at home and across the globe.

MATERIAL ISSUES

- EMERGING TECHNOLOGIES

VALUE OUTCOME













UNLOCKING FUTURE GROWTH

▶ STRATEGY

This year, we continued to evolve and refine our 10-year 'safe skies today and tomorrow' strategy. Introduced in 2022, the strategy outlines three phases: connect, build and adapt. With the connect phase largely complete, efforts are now focused on the build phase, shaping the capabilities and foundations that will enable the next stage of growth.

Work is already under way across several areas and will continue through FY26, refreshing key elements and identifying the shifts required to achieve long-term outcomes. While the strategy spans the whole of Airways, the commercial business will be a critical focus within this work.

Alongside core air traffic management functions, our Airways International business leverages our expertise in delivering safe air traffic services to develop and commercialise innovative technology products and training services for the global market. These two arms of the company reinforce and strengthen one another, enabling the commercialisation of relevant products and services and generating income that can be reinvested back into Airways.

Through FY26, we will continue to grow a sustainable global commercial business, supported by key strategic partnerships, a strong customer base with multi-year contracts and recurring revenue streams both in New Zealand and internationally.

Global leadership driving future growth

Airways' involvement in international forums continues to open doors for future growth. In March, we hosted the 2025 CANSO Global Safety Conference in Christchurch, which brought together aviation leaders to share strategies for enhancing safety, providing valuable insights to further strengthen our systems.

The conference followed our success at the 2023 CANSO Awards, where we received both the Overall Excellence Award and the Resilience in Air Traffic Management Award for our transition to disaster-resilient air traffic management centres and a future-fit digital platform.

We welcomed key international decision makers to tour our Christchurch Air Traffic Centre and training facilities, offering a direct view of our operational capabilities and technology. These engagements supported relationship building and commercial opportunities for Airways International.



Airways also had a strong presence at Airspace World in Lisbon, the key global event for the air traffic management industry. Participation at Airspace World enables engagement with international partners and suppliers, fosters collaboration on shared challenges and supports our role in global leadership discussions as a founding member of CANSO. Airways International's presence at the exhibition, including tradeshow activities and speaking opportunities, promotes our offerings and opens pathways to grow our international reach



We welcomed key international decision makers to tour our Christchurch Air Traffic Centre and training facilities, offering a direct view of our operational capabilities and technology.





Trans-Tasman training partnership

In FY25, Airways International signed a three-year contract with Airservices Australia to deliver air traffic control simulation training from New Zealand to units across Australia.

▶ STRATEGY

The service includes the lease of a mobile TotalControl simulator, known as the 'sim in a suitcase', remote simulation piloting and tailored support services. Australian air traffic controllers will be able to undertake essential operational training locally, supported by Airways staff piloting scenarios and building virtual aerodromes remotely from New Zealand.

This cloud-based contract is a first for Airways International and signifies a shift from traditional hardware installations to scalable, service-driven training models. Initial implementation will focus on Sydney Tower, with expansion planned to five additional aerodromes.

The agreement follows a series of TotalControl simulation contracts delivered globally in FY25, further establishing Airways International's reputation for innovation and flexibility in air traffic control training solutions.

Performance against KPIs

Key measure	Actual 2025	SCI Target
Revenue	\$269.2m	\$274.8m
Profit before tax	\$17.1m	\$10.5m
Profit after tax	\$11.94m	\$7.5m
Capital expenditure	\$64.4m	\$63.2
Gearing	38.3%	40.4%
Dividends	\$10m	\$5m

VERVIEW STRATEGY ▶ GOVERNANCE

Governance, leadership and our people



Our Board of Directors

STRATEGY



DENISE CHURCHCHAIR. QSO. CFINSTD

Denise was appointed as Chair of the Airways Board in January 2019, bringing with her a wide range of governance and management experience.

She is a Chartered Fellow of the Institute of Directors and holds degrees in zoology, economics and resource management. Denise is currently Chair of Predator Free 2050 Ltd, a director of Predator Free Wellington Ltd and a trustee of the Scout Youth Foundation.

She was previously Chair of the Institute of Environmental Science and Research (ESR) and Zealandia and has held a number of board roles. Denise was Chief Executive of the Ministry for the Environment from 1996 to 2001.

As director of Leadership Matters Ltd, she works with boards and executive teams on leadership and strategy development.



DARIN CUSACKDEPUTY CHAIR, MINSTD

Darin was appointed to the Airways Board in April 2018. Darin's current governance roles include directorships of Ashburton Contracting Ltd, Hawke's Bay Airport Ltd and Auckland One Rail Ltd and in the not-forprofit space with Youth Hostel Association (YHA) of New Zealand and the Canterbury Cricket Association.

Darin brings with him a background in aviation, transport and tourism sectors, having held chief executive and senior executive roles across airport, air navigation, aviation security and airline organisations throughout New Zealand and the Pacific region.

Recently, he led the Pacific Aviation Investment Program, on behalf of the World Bank Group across six countries in the Pacific region, and the reform and restructure of the Pacific Aviation Safety Office. The programme delivered over US\$350 million of infrastructure renewal, technical assistance, regulatory oversight, policy development and capacity building.

Darin undertakes a variety of work within New Zealand as well as continuing to work across the Pacific region, supporting donor organisations in the development and preparation of investment programmes.



GAVIN FERNANDEZ
MBA. CMINSTD

Gavin (Ngāti Maru, Ngāti Porou) was appointed to the Airways Board in March 2022. He has wide experience in governance and senior management and is presently on the board of New Zealand Green Investment Finance. He began his career as a licensed avionics engineer with Air New Zealand and holds a New Zealand and a Federal Aviation Administration private pilot licence.

He is a graduate of University of Lincoln, United Kingdom (MBA) and INSEAD, France (Finance) and a Chartered Member of the Institute of Directors.

Gavin has experience in past and present senior technical, commercial and governance roles in New Zealand, Hong Kong and North America, including work in the aviation, engineering, sustainability, environmental finance and social enterprise industries.

He aims to help businesses succeed while caring for the environment and the community. Gavin has a diverse background with Māori heritage and is a member of the rainbow community.



LOUISE EDWARDSBCOM. FCA

Louise was appointed to the Airways Board in November 2024. She is an experienced professional director and chartered accountant with over 25 years' senior management experience across a number of industries in New Zealand and overseas. She has held senior executive positions within the New Zealand financial services industry and is an experienced leader with a wealth of financial management acumen.

Her current board appointments include Chair of the National Provident Fund and a director of Superannuation Investments Ltd and Mutual Fund Ltd. Her previous executive roles include Chief Executive of Rātā Foundation, Chief Executive of Perpetual Trust and Chief Operating Officer for Assure NZ (subsidiary of AXA).

In conjunction with her busy work life, she has always maintained strong community sector links, which includes her work with the Joyce Fisher Charitable Trust, J R McKenzie Trust, Marlborough Kaikōura Trail Trust, Christchurch Symphony Orchestra, University of Canterbury Foundation, Good Shepherd NZ, Alzheimers Society and Victim Support.

OUR BOARD OF DIRECTORS CONTINUED

STRATEGY



JOHN HOLTBA. PGDIP BUSADMIN. MINSTD

John was appointed to the Airways Board in January 2019. He is an experienced company director and entrepreneur with governance and executive experience across a wide range of company stages and industries.

His purpose statement is to "actively engage the world, learn, grow and share with others". John founded Technology and Innovations New Zealand (TAINZ) at age 17 to pursue his passion for evolving innovative ideas that solve meaningful problems into successful, scalable businesses.

He is the co-founder of New Zealand technology startups Sonar6 (sold to United States company Cornerstone in 2012) and homes.co.nz (sold to New Zealand corporate Trade Me in 2021). He is currently a director of Orbica Ltd, Crown representative to Tāwhaki JV and Managing Director of TAINZ. John has a Bachelor of Arts in military history and a postgraduate diploma in business administration.

He has had a lifelong interest in aviation and is a flying member of the Wellington Aero Club. Since 2020, John has focused on applying his experience, connections, curiosity and skills specifically to the areas of strategy, sales and culture to improve the readiness of organisations of all shapes and sizes for the future.



MARK HUTCHINSON BSC (HONS), MSC, PGDIP CLPS, MINSTD

Mark was appointed to the Airways Board in November 2019. He is Managing Director of his own leadership consultancy Divergent & Co, where he works predominately supporting boards and chief executives to improve executive leadership performance and drive change by linking strategy to capability and culture.

Starting his career in clinical psychology in New Zealand, Mark joined a global leadership consulting firm in London in 2001 and worked with senior leaders in a range of multinational and scale businesses such as RBS, BP and Sainsbury's and then became Organisational Development Manager for Barclays UK Retail Bank during the global financial crisis.

Since returning to New Zealand in 2010, he has consulted across a range of industries in both the public and private sectors, with clients such as Trustpower, Fonterra, Chorus, NZ Post, NZTA, Mercury Energy and Fletcher Building.



TERRY PADDY BSC, MINSTD

Terry was appointed to the Airways Board in November 2022. Terry has had a dual career with 20 years in the aviation sector and 20 years in the digital technology space. His career in the aviation sector was first with the RNZAF and later with Ansett New Zealand where he was an aircraft captain, flight instructor and Civil Aviation Authorityappointed flight examiner. He is managing director of software company and has held positions as the President of the New Zealand Software Association and Canterbury Software Inc. He was also a member of the Electricity Authority's Innovation and Participation Advisory Group and an Advisory Board Member of the Sustainable Energy Association of New Zealand. Terry is a Member of the Institute of Directors, and previously Associate Member of Chartered Secretaries and Administrators and Associate Fellow of the New Zealand Institute of Management and Leadership.



DANNY TUATO'O LLB, BA (HONS), MA

Danny (Ngāpuhi) was appointed to the Airways Board in July 2023. He was admitted as a barrister and solicitor of the High Court of New Zealand in 2005. In addition to his legal expertise, Danny has significant leadership experience as a business owner in New Zealand, a director in the public and private sectors and a senior manager in law and education.

He is currently Managing Director in Northland law practice MWIS Lawyers Ltd and a member of the boards of Fire and Emergency New Zealand and Maritime New Zealand. Danny was a panel member on the Air Navigation System Review commissioned by the Ministry of Transport, which concluded in May 2023.

Proficient in te reo Māori, Danny also volunteers for the Coastguard New Zealand Board and is actively involved in Kiwi recovery and pest control projects in Northland.

Governance at Airways

Commitment to sound governance

Directors and management recognise the importance of robust and effective governance and are committed to delivering this at Airways.

STRATEGY

The following sections set out the systems and processes Airways has in place to foster high standards of ethical and safety-conscious behaviour and sound decision making. It also explains how Airways ensures those systems and processes are supported by the right people and achieve the desired outcomes.

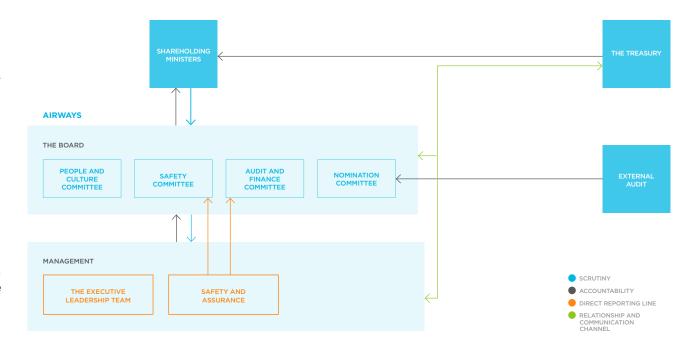
Governance framework

Airways operates under a range of legislative and regulatory obligations. The key principles of Airways' governance framework are established by the Companies Act 1993, State-Owned Enterprises Act 1986, Owner's Expectations manual and Civil Aviation Act 1990:

- Airways is ultimately accountable to the shareholding Ministers, who have support from Treasury (through the Commercial Operations group).
- This accountability is achieved through the annual expectations letter issued by the shareholding Ministers and the compilation of (and reporting against) the SCI by the Airways Board. The SCI sets out the objectives, the nature and scope of activities, the financial and nonfinancial performance indicators and an estimate of the current commercial value of Airways.

- The Office of the Auditor-General (OAG) is responsible for providing additional financial oversight, primarily through the appointment of an external auditor.
- Starting with the Board and flowing through to all areas of the company, Airways adopts a 'no surprises' policy.
- Airways must adhere to all applicable civil aviation rules and regulatory requirements to ensure continuing operational certification from the CAA, including establishing and maintaining an effective safety management system.

The key parties in Airways' governance structure and the lines of reporting and accountability between them are set out in the diagram below.



GOVERNANCE AT AIRWAYS CONTINUED

Relevant roles and responsibilities

Role of the Board:

- Set strategy and annual business plans.
- Oversee performance and financial health.
- Establish governance and accountability structures.
- Ensure legal compliance and ethical standards.
- Manage risks (safety, cyber security, compliance).
- Approve major investments and consult shareholders.
- Set and manage dividend policy.
- Appoint and evaluate the CEO and approve senior pay.
- Monitor management performance.
- Report to shareholders and inform the public.
- Promote corporate social responsibility and diversity.
- Ensure accurate reporting and subsidiary compliance.

Ensuring independence

A key component of the Board's ability to deliver robust governance is maintaining independence, in both fact and appearance, from management and from any personal interests.

To ensure this, the Board has no executive directors, and directors are not permitted to provide business or professional services to Airways, unless specifically authorised by the shareholder. These and other expectations for non-executive directors are explicitly captured in the Board Conflicts of Interest Policy.

Managing conflicts of interest

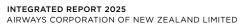
All directors recognise the importance of maintaining independence and are required to record all interests, material or otherwise, in the Interests Register, which is updated and reviewed at each Board meeting. Airways has a robust Conflicts of Interest Policy and process in place to regulate and manage the risks of conflicts of interest at Board level. This policy and process is consistent with the Owner's Expectations manual and best-practice corporate governance.

Directors' disclosures are all in relation to changes (which include adding or removing) in shareholdings of the relevant director or company directorships or other roles listed in the directors' profiles on <u>pages 33–34</u> (or relating to a now-retired director).

Delegation of authority

The Board of Directors of Airways and all its subsidiaries have the statutory responsibility for managing the business and affairs of the Group. That responsibility is, in part, delegated to the CEO. The Board has agreed that the CEO may sub-delegate to other levels of management certain rights to make financial decisions.

The Delegated Financial Authority Policy sets out these delegations and specifies the limits within which employees of Airways and its subsidiaries can commit the Group financially.



GOVERNANCE AT AIRWAYS CONTINUED

Appointing new members and ensuring a balanced Board

All new directors are appointed by the shareholder, with the Chair providing advice as part of the appointment process. The Chair is responsible for maintaining an ongoing review of the Board's membership profile, considering the need to ensure an appropriate balance of independence, skills, knowledge, experience and perspectives among directors so that the Board works effectively.

Appropriate succession planning for Chair roles (at both Board and committee level) and the requirement for a balanced Board are key considerations in all new appointments.

Currently, the Board has a sound mix of commercial, industry, technology, entrepreneurial, people and change leadership experience and well-developed governance skills and practices.

Continuing education

The Board recognises the importance of individual and collective education and skills development to maintain currency in a rapidly changing environment. Airways supports directors in their continued learning and development relevant to the profession of a directorship. Such support may vary between directors depending on individual needs. Directors take responsibility for improving their own professional knowledge and skills, utilising and supplementing this support where required. Directors are also encouraged to have an individual governance development plan. During the year, directors attended the CANSO Global Safety Conference and the Airways Safety Conference. Individual directors also participated in the Institute of Directors Advanced Directors' Course.

Monitoring performance

Each year, the Board critically evaluates its collective performance, processes and procedures. The performance of individual directors is also reviewed annually.

Over the last year, the Board has engaged an external governance specialist to undertake a comprehensive review of the Board. This included individual interviews, Board observation and feedback. The review confirmed strength areas and identified areas for practice development. In addition, the Board also applies a regular practice of reflection and feedback at the conclusion of Board meetings.

The Board also monitors and adapts to new methods of working and collaborating to ensure governance remains future fit. An example of this is the adoption of virtual environments where Board meetings have been adjusted to make best use of the online environment where appropriate.

Committees

The Board has established a number of committees, all supported by formal terms of reference that were reviewed by each committee in 2023 to ensure that they are fit for purpose and reflect best-practice corporate governance. While these committees are responsible for certain activities, ultimate accountability still resides with the Board, which receives verbal reports and meeting minutes from all committees covering their proceedings.

OVERVIEW STRATEGY GOVERNANCE PERFORMANCE AND FINANCIALS APPENDICES DIRECTORY



GOVERNANCE AT AIRWAYS CONTINUED

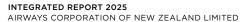
Committee	Objectives	Key roles and responsibilities
Audit and Finance Committee	Assist the Board in meeting its internal controls, financial reporting, audit and legal/regulatory compliance responsibilities.	 Review audit and assurance reports from the General Manager Safety and Assurance. Understand the internal control environment and any identified deficiencies. Review key governance policies and any material breaches thereof. Review annual and interim financial statements and related issues and complex transactions. Review the performance and independence of external auditors. Oversee the internal audit function. Review effectiveness of legal and regulatory compliance systems.
Safety Committee	Assist the Board in overseeing responsibilities with regard to ensuring Airways is a safe and secure environment for Airways' people, customers, suppliers and contractors. The information obtained through monitoring and advisory of operational safety is enabled through the Airways integrated safety management system in accordance with Airways' Just Culture.	 Assess risks affecting safety, security and business continuity. Review management's risk-handling approach and inform the Board of major issues. Assure the Board of the effectiveness of operational systems for safety and continuity. Ensure serious incidents are investigated under Just Culture and follow-up actions are completed. Monitor business continuity and emergency response plans for resilience. Review critical issues flagged by the General Manager Safety and Assurance. Carry out additional governance tasks as assigned by the Board.

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AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

OVERVIEW STRATEGY DIRECTORY PERFORMANCE AND FINANCIALS APPENDICES DIRECTORY



Committee	Objectives	Key roles and responsibilities
People and Culture	Assist the Board in overseeing the	Set HR and remuneration policies within Board-approved framework.
Committee	management of human resources and	Guide organisational development.
	remuneration activities at Airways.	Define employment terms for the Chief Executive.
		Oversee annual performance review of the Chief Executive.
		 Manage incentive plans for the Chief Executive and direct reports.
		 Review staff remuneration recommendations from the Chief Executive.
		• Approve remuneration for the Chief Executive and direct reports, based on policy and budget.
		Monitor for gender or other bias in pay across all levels.
		 Address other HR and remuneration matters referred by the Board.
Nominations Committee	Assists the Board in overseeing individual and collective development of directors, future capability reviews and consideration of special fees.	 Determine questions to be asked of each director about themselves and about each other, including the Chair, for the purpose of the annual individual director evaluations as required in the Board Charter.
		 Review and recommend procedures for the regular review of the performance of the Board and individual directors in line with the Owner's Expectations manual.
		• Develop and maintain a record and assessment of the skills, experience and knowledge of directors.
		 Consider and report to the Board on appropriate induction and continuing education for directors to provide opportunities for the Board to maintain and develop the skills, experience, knowledge and diversity needed to perform its role effectively and in accordance with the law, high standards of governance and Airways' strategic objectives Consider whether to request special-purpose fees and allocation to directors in accordance with the Owner's Expectations manual.



GOVERNANCE AT AIRWAYS CONTINUED

Directors' attendance

The Board held 10 scheduled meetings during the year ended 30 June 2025. Board committees also met regularly throughout the year to consider matters relevant to, and required by, their terms of reference. Director attendance at these Board and committee meetings is set out in the table below.

	Board	Audit and Finance Committee	Safety Committee	People and Culture Committee	Nomination Committee
Total meetings held	10	4	4	4	1
Denise Church	10	2	4	4	1
Darin Cusack	10	4	4	1	
Louise Edwards	7	3		1	
John Holt	10		4	4	
Lisa Jacobs	1	1			
Mark Hutchinson	10		1	4	
Gavin Fernandez	10		4		1
Terry Paddy	10		4	1	
Danny Tuato'o	10	4	1		1

Note: Lisa Jacobs' term concluded during the year and Louise Edwards was appointed on 1 November 2024.

External audit

The OAG appoints an external auditor annually. The external auditor's primary line of communication with Airways is through the Audit and Finance Committee, which reviews the proposed audit scope and approach (to ensure no unjustified restrictions have been placed upon audit scope), the external auditor management letter, the results of the audit and management's responses to audit findings and the auditors' performance.

Lead audit partners are rotated every six years in line with OAG requirements.

Annually, the Audit and Finance Committee meets the external auditor without management present to ensure they have no issues or concerns the Board needs to be made aware of.

Safety, internal audit and assurance

The Safety and Assurance team provides the CEO and Board with assurance that Airways is meeting its governance and safety requirements and that risks are managed through planning and delivering the annual audit programme and annual safety roadmap. It is also responsible for championing practice improvements across Airways that deliver increases to business performance and/or stakeholder satisfaction.

The Safety and Assurance team is also responsible for providing an effective safety management system that allows the business to manage operational and people safety on a risk-prioritised basis. Utilising the safety management system, the team provides assurance to the Board, CEO and business that safety risks are being effectively and appropriately managed.

With support from the Safety and Assurance team, management is responsible for supporting and continuously improving Just Culture within Airways.

STRATEGY

GOVERNANCE AT AIRWAYS CONTINUED

Directors' fees and remuneration

Director remuneration is fixed at levels agreed with the shareholder on an annual basis.

The Board and management are committed to remuneration practices that are fair, transparent and appropriate and that contribute to strong governance and company performance. This starts with the Board's People and Culture Committee and is captured in Airways' Remuneration Policy. Directors receive fees from a lump sum approved by responsible Ministers and paid to the company each financial year as outlined in the Owner's Expectations manual. Levels of remuneration are set out in the additional financial information section (page 81).

Insurance and indemnity

In accordance with the Companies Act 1993 and the terms of Airways' constitution, Airways has agreed to indemnify, and to effect and maintain insurance cover for, certain persons against certain costs and liabilities.

Remuneration report

Chief Executive remuneration

For detailed information on executive remuneration, including the CEO's total compensation and accompanying notes, please refer to the financial statements section of this report. This includes comprehensive disclosures in the notes to the financial statements (Section C), which provide further context and breakdowns of remuneration components.

Annual compensation ratio

The annual compensation ratio is 5.8%.

Employee remuneration over \$100,000

For a breakdown of employee remuneration exceeding \$100,000, please refer to the detailed table located in the additional financial information section (page 81), which outlines the number of employees within specified salary bands.

Gender pay gap

Airways' gender pay gap was 17.2% at 30 June 2025.

INTEGRATED REPORT 2025
AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

VERVIEW STRATEGY GOVERNANC

Performance and financial statements



FINANCIAL PERFORMANCE

\$

AIRWAYS GROUP

Recorded a net profit after tax of \$11.94 million

STRATEGY



CORE BUSINESS

Revenue was \$249.0 million for FY25, slightly above budget



CAPITAL EXPENDITURE

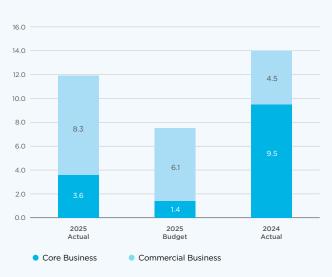
Delivered \$64.4 million of investment



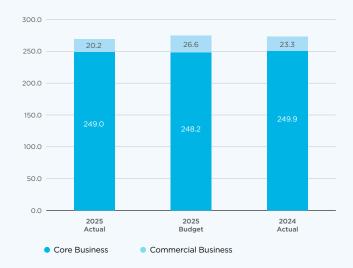
COMMERCIAL BUSINESS

Generated net profit after tax of \$8.3 million for the year, \$2.2 million above budget

PROFIT AFTER TAX (\$M)



REVENUE (\$M)



Core business

The core business recorded net profit after tax of \$3.6 million.

Air navigation services revenue was in line with budget at \$248 million.

We invested \$64.4 million in new infrastructure and future-focused initiatives.

Commercial business

The commercial business recorded a net profit after tax of \$8.3 million for the year.

The commercial business remains an integral part of Airways' growth aspirations and the organisation will continue to manage and fund the commercial business units independent of the core business.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STRATEGY

	GRO	UP	
For the year ended 30 June	2025 (\$000s)	Restated* 2024 (\$000s)	Notes
Operating activities			
REVENUE			
Air traffic management revenue	251,135	253,280	A4.1
Other revenue	18,128	20,060	A4.1
Total revenue	269,263	273,340	
EXPENSES			
Employee remuneration	161,205	151,960	A4.3
Employee-related costs	7,799	7,035	A4.4
Depreciation	27,005	26,341	A9, A10
Amortisation	7,044	5,700	А9
Impairment	985	2,305	А9
Other operating costs	42,553	49,085	A4.2
Rental expense	2,716	2,511	
Total expenses	249,307	244,937	
Finance expense	(3,153)	(2,896)	
Finance income	342	2,249	
Net finance (expense)	(2,811)	(647)	
Net profit before taxation	17,145	27,756	
Taxation expense	5,204	13,693	A5
Net income after taxation attributable to equity shareholders	11,941	14,063	

	GRO		
For the year ended 30 June	2025 (\$000s)	Restated [*] 2024 (\$000s)	Notes
Other comprehensive income			
That may be reclassified to profit or loss when conditions are met:			
Movement in cash flow hedge reserve	(551)	(761)	
Deferred tax on other comprehensive income	154	213	A5
Total other comprehensive income	(397)	(548)	
Total comprehensive income for the year attributable to equity shareholders	11,544	13,515	

This statement is to be read in conjunction with the Notes to the Financial Statements on pages 49 to 72.

*Refer to note A4.5 for restatement of employee entitlements



STRATEGY

BALANCE SHEET

	GRO	UP	
As at 30 June	2025 (\$000s)	Restated 2024 (\$000s)	Notes
Assets			
CURRENT ASSETS			
Cash and cash equivalents	2,186	8,637	
Trade and other receivables	28,581	25,052	Α7
Assets held for sale	-	224	
Prepayments	5,557	6,137	
Derivative financial instruments	269	109	A6
Total current assets	36,593	40,159	
NON-CURRENT ASSETS			
Property, plant and equipment	221.223	187,873	А9
Right-of-use assets	66,512	66,104	A10
Intangibles	61,429	64,625	А9
Inventories	2,126	2,252	A11
Prepayments	748	-	
Deferred tax asset	-	1,268	A5
Derivative financial instruments	141	942	A6
Total non-current assets	352,179	323,064	
Total assets	388,772	363,223	
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	20,500	16,511	A8
Provisions	3,971	4,175	A8
Lease liabilities	7,548	7,091	A10
Employee entitlements	33,156	30,401	A4.5
Derivative financial instruments	139	138	A6
Total current liabilities	65,314	58,316	

	GROUP			
As at 30 June	2025 (\$000s)	Restated* 2024 (\$000s)	Notes	
NON-CURRENT LIABILITIES				
Loan facility - unsecured	45,000	40,000	B1	
Lease liabilities	68,583	67,528	A10	
Employee entitlements	14,463	14,432	A4.5	
Derivative financial instruments	79	166	A6	
Deferred tax liability	3,608	-	A5	
Total non-current liabilities	131,733	122,126		
Total liabilities	197,047	180,442		
Net assets	191,725	182,781		
Equity				
Share capital	159,100	151,700	A12	
Hedge reserves	138	535		
Retained earnings	32,487	30,546		
Total equity	191,725	182,781		

^{*}Refer to note A4.5 for restatement of employee entitlements.

This statement is to be read in conjunction with the Notes to the Financial Statements on pages 49 to 72.

The Board of Directors of Airways Corporation of New Zealand Limited authorised these financial statements for issue on 17 September 2025. The Directors do not have the power to amend the financial statements once issued.

DENISE CHURCH QSO

Chair

17 September 2025

DANNY TUATO'O

Director

17 September 2025





STATEMENT OF CHANGES IN EQUITY

STRATEGY

	GROUP					
	Attributable to equity shareholders					
	Contributed equity (\$000s)	Hedge reserve (\$000s)	Restated' Retained earnings (\$000s)	Total (\$000s)	Notes	
Balance as at 1 July 2023	171,100	1,083	40,077	212,260		
Prior period restatement						
Prior period error in employee entitlements	-	_	(3,594)	(3,594)	A4.5	
Restated opening balance at 1 July 2023	171,100	1,083	36,483	208,666		
COMPREHENSIVE INCOME						
Net profit after taxation	-	-	14,460	14,460		
Restatement of prior period adjustment for employee entitlements	-	_	(397)	(397)		
OTHER COMPREHENSIVE INCOME						
Movements in hedge contracts	-	(761)	-	(761)		
Tax on other comprehensive income	-	213	_	213		
Total other comprehensive income	_	(548)	_	(548)		
Total comprehensive income	-	(548)	14,063	13,515		
TRANSACTIONS WITH OWNERS						
Dividends paid (13.2 cents per share)	_	_	(20,000)	(20,000)		
Share repurchase	(19,400)	-	-	(19,400)		
Total transactions with owners	(19,400)	-	(20,000)	(39,400)		
Balance as at 30 June 2024 (restated)	151,700	535	30,546	182,781		

	GROUP					
	Attributable to equity shareholders					
	Contribut- ed equity (\$000s)	Hedge reserve (\$000s)	Restated' Retained earnings (\$000s)	Total (\$000s)	Notes	
COMPREHENSIVE INCOME						
Net profit after taxation	_	_	11,941	11,941		
OTHER COMPREHENSIVE INCOME						
Movements in hedge contracts	-	(551)	_	(551)		
Tax on other comprehensive income	-	154	-	154	A5	
Total other comprehensive income	_	(397)	_	(397)		
Total comprehensive income	-	(397)	11,941	11,544		
TRANSACTIONS WITH OWNERS						
Shares issued	7,400	_	_	7,400		
Dividends paid (5.82 cents per share)	_	_	(10,000)	(10,000)		
Total transactions with owners	7,400	0	(10,000)	(2,600)		
Balance as at 30 June 2025	159,100	138	32,487	191,725		

This statement is to be read in conjunction with the Notes to the Financial Statements on pages 49 to 72.





^{*}Refer to note A4.5 for restatement of employee entitlements

STRATEGY



STATEMENT OF CASH FLOWS

	GRO	UP	
For the year ended 30 June	2025 (\$000s)	2024 (\$000s)	Notes
Cash flows from/(used in) operating activities			
CASH WAS PROVIDED FROM:			
Receipts from customers	265,631	273,929	
Interest received	342	2,249	
CASH WAS APPLIED TO:			
Payments to suppliers	(41,704)	(51,941)	
Payments to employees	(167,246)	(152,892)	
Interest paid	(2,951)	(3,256)	
Income tax paid	(178)	(71)	
Net cash flows from operating activities	53,894	68,018	E2
Cash flows from/(used in) investing activities			
CASH WAS PROVIDED FROM:			
Sale of property, plant and equipment	6,428	960	
CASH WAS APPLIED TO:			
Purchase of property, plant and equipment	(59,235)	(43,579)	
Purchase of intangible assets	(5,139)	(7,301)	

	GROU	JP	
For the year ended 30 June	2025 (\$000s)	2024 (\$000s)	Notes
Net cash flows used in investing activities	(57,946)	(49,920)	
Cash flows from/(used in) financing activities			
CASH WAS PROVIDED FROM:			
Issuance of shares	7,400	-	
CASH WAS APPLIED TO:			
(Repayment)/Drawdown of loan facility	5,000	(18,000)	
Repurchase of shares	-	(19,400)	
Dividends paid	(10,000)	(20,000)	
Principle elements of lease payments	(4,799)	(4,121)	
Net cash flows used in financing activities	(2,399)	(61,521)	
Net decrease in cash held	(6,451)	(43,423)	
Cash at the beginning of the year	8,637	52,060	
Cash at the end of the year	2,186	8,637	

This statement is to be read in conjunction with the Notes to the Financial Statements on pages 49 to 72.





STRUCTURE OF NOTES TO THE FINANCIAL STATEMENTS



SECTION A

How the numbers are calculated - pages 49 to 64

This section provides further information on the basis of preparation of the financial statements and detail on components of the primary statements that are material or require significant judgement or estimates in determining their value.

STRATEGY

- A1 Basis of preparation
- A2 Key accounting policies
- A3 Critical accounting estimates, judgements and errors
- A4 Profit or loss and other comprehensive income information
 - A4.1 Revenue from contracts with customers
 - A4.2 Individually significant items within operating costs
 - A4.3 Employee remuneration
 - A4.4 Employee-related costs
 - A4.5 Employee entitlements

A4.5.1 Prior period restatement

- A5 Income tax and related balances
- A6 Financial assets and liabilities
- A7 Trade and other receivables
- A8 Trade and other payables
- A9 Property, plant and equipment and intangible assets
- A10 Leases
- **A11** Inventories
- A12 Share capital and reserves

В

SECTION B

Risk - pages 65 to 68

This section outlines Airways' exposure to financial risks and sets out the objectives, policies and controls in place to manage them.

- **B1** Financial risk management
- **B2** Capital management



SECTION C

Group structure - pages 69 to 70

This section describes the entities within the Group, transactions with these and other related parties, and Airways' investment in other entities outside the Group.

- C1 Group entities and ownership
- C2 Transactions with the Group and other related entities
- C3 Transactions with management and directors
- C4 CEO remuneration



SECTION D

Unrecognised items - page 71

This section provides information on other financial interests and exposures which are not recognised in the primary financial statements, but which management considers important in understanding the complete financial position of the Group.

- D1 Capital commitments
- D2 Contingent liabilities
- D3 Subsequent events



SECTION E

Other information - page 72

This section includes other required disclosures that are necessary to provide readers with an understanding of Airways' financial position and performance.

- **E1** Auditor's remuneration
- E2 Reconciliation of net cash flow from operating activities to reported profit/(loss)





SECTION A: HOW THE NUMBERS ARE CALCULATED

STRATEGY

A1 BASIS OF PREPARATION

These financial statements are for the consolidated Group ("Airways"), consisting of Airways Corporation of New Zealand Limited and its subsidiaries (refer to note C1 for further details). They have been prepared in accordance with:

- Generally Accepted Accounting Practice in New Zealand (as a result they comply with the New Zealand Equivalents to International Financial Reporting Standards Accounting Standards (NZ IFRS Accounting Standards) and other applicable New Zealand accounting standards and authoritative notices, as appropriate for for-profit Tier 1 entities. They also comply with International Financial Reporting Standards), and
- the requirements of the Financial Reporting Act 2013, the Companies Act 1993 and the State-Owned Enterprises Act 1986.

The financial statements have been prepared on a historical cost basis as modified by the revaluation of derivative financial instruments and are presented in New Zealand dollars, which is Airways' presentation currency and the functional currency of all entities within Airways. All values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

All components in the primary statements have been stated net of GST, with the exception of receivables and payables which include any GST invoiced.

A2 MATERIAL ACCOUNTING POLICIES

Key accounting policies adopted in the preparation of these consolidated financial statements can be found in the specific note to which the policy applies. These policies have been consistently applied to all the years presented.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of these financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations when they become effective.

NZ IFRS 18 Presentation and Disclosure in Financial Statements - This standard becomes effective for reporting periods beginning on or after 1 January 2027. IFRS 18 introduces new requirements on presentation within the statement of comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for the aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. The Group is currently assessing the impact and will, if applicable, disclose more detailed assessments in the future.

A3 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ERRORS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying Airways accounting policies.

Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.







OVERVIEW STRATEGY GOVERNANCE PERFORMANCE AND FINANCIALS APPENDICES DIRECTORY



Over time vs

SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

A4 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME INFORMATION

This note provides further information about items in the statement of profit or loss and other comprehensive income that are either individually significant or involve estimates or judgements in determining their value.

A4.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

Airways recognises revenue in accordance with NZ IFRS 15 - revenue from contracts with customers. Under this standard, specific performance obligations within contracts are identified, and the revenue assigned to the obligations is recognised as control of the good or service is transferred to the customer. Depending on how this control passes, revenue is recognised either at a point in time or over time.

With respect to the different sources of revenue for the Airways Group - the following accounting policies have been adopted:

Revenue type	Accounting policy	point in time
Air Traffic Management (ATM)	Recognised at completion of the flight or aircraft movement.	Point in time
Consulting	For consultancy contracts with specified contractual obligations where Airways retains control until the work is completed, revenue is recognised once the obligations are satisfied.	Point in time
	Revenue from on-going consultancy services, or where assets are being constructed for customers that do not have an alternative use for Airways and there are contractual rights to payment for work performed, is recognised as the service is provided or asset is constructed. Revenue recognition is based on the input method utilising direct costs incurred.	Over time
Software licences	For licences with a defined term, revenue recognition is based on straight-line recognition across the life of the licence.	Over time
	Revenue for perpetual licences that grant a right to use is recognised once the licence is available for use.	Point in time
Training	Revenue recognition is based on the output method utilising the days of training provided.	Over time
Publications	Revenue from subscriptions to aeronautical information is recognised on a straight-line basis over the life of the subscription.	Point in time
Data services	Data services include the ongoing provision of access to Airways data and revenue recognition is based on the output method utilising the days of services provided.	Over time



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AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

STRATEGY

A4.1(A) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue derived from the transfer of goods and services, both over time and at a point in time, for each revenue type for the year is set out in the table below.

	For the year ended 30 June 2025 (\$000s)							
	ATM	Consulting	Data services	Software	Training	Publications	Other	Total
Point in time	251,135	154	245	523	-	1,081	969	254,107
Over time	-	3,520	4,945	4,720	1,971	-	-	15,156
Total	251,135	3,674	5,190	5,243	1,971	1,081	969	269,263

For the year ended 30 June 2024 (\$000s)

	ATM	Consulting	Data services	Software	Training	Publications	Other	Total
Point in time	253,280	5	-	2,870	33	1,028	767	257,983
Over time	-	6,494	4,726	1,977	2,160	-	-	15,357
Total	253,280	6,499	4,726	4,847	2,193	1,028	767	273,340

A4.1(B) ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

Airways has recognised the following assets and liabilities relating to all contract types with customers:

Contract assets	2025 (\$000s)	2024 (\$000s)
Current contract assets	115	762
Total contract assets	115	762

Once invoiced, ordinary payment terms are 20th of the following month.

Contract liabilities	2025 (\$000s)	2024 (\$000s)
Current contract liabilities	1,809	895
Total contract liabilities	1,809	895

All contract liabilities recognised as at 30 June 2024 have been subsequently recognised as revenue in the current year.



A4.2 INDIVIDUALLY SIGNIFICANT ITEMS WITHIN OPERATING COSTS

For the year ended 30 June	2025 (\$000s)	2024 (\$000s)
Maintenance	20,789	19,517
Communications	4,515	4,142
Professional fees	3,658	8,724
Travel	3,434	3,915
Insurance	2,782	2,796
Material and equipment costs	2,510	4,891

A4.3 EMPLOYEE REMUNERATION

For the year ended 30 June	2025 (\$000s)	Restated* 2024 (\$000s)
Wages and salaries	137,570	127,868
Less: labour costs capitalised	(11,528)	(9,238)
KiwiSaver/superannuation contributions	12,228	11,290
Leave entitlement expense	22,935	22,040
	161,205	151,960

A4.4 EMPLOYEE-RELATED COSTS

For the year ended 30 June	2025 (\$000s)	2024 (\$000s)
Contractor costs	3,290	4,002
Other employee-related costs	4,509	3,033
	7,799	7,035

^{*}Refer to note A4.5 for restatement of employee entitlements



A4.5 EMPLOYEE ENTITLEMENTS

Superannuation

Airways contributes to various defined contribution schemes that are funded through fixed contributions into trustee administered funds.

Airways has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense in profit or loss when they are due for payment to the funds.

Leave benefits

Liabilities for annual leave, long service leave and retiring leave are accrued and recognised in the balance sheet. These liabilities equal the present value of the estimated future outflows as a result of employee services provided at balance date. Long service leave that has vested with employees is recognised as a current liability within employee entitlements. Actuarial estimates of future demographic trends and employee remuneration are used to calculate the long service leave and retiring leave liabilities that have not yet vested with staff. This is recognised as a long-term liability within employee entitlements.

The principal assumptions used in determining Airways' liability for non-vested long service and retiring leave entitlements are set out in the table below. Possible changes in these assumptions are not expected to materially impact Airways' financial position or performance.

Assumption	2025	2024
Employee decrement assumptions	Airways specific	Airways specific
Long-run wage increase	3%	3%
Discount rates ¹	4.79%	4.84%

^{1.} Discount rates adopted are those specified by Treasury for reporting purposes for Crown entities.

The impact of these non-vested entitlements on the financial statements is set out in the table below.

Movement in employee decrement assumptions	2025 (\$000s)	Restated 2024 (\$000s)
Changes in discount rate	(716)	768
Additional entitlements recognised during the year	546	161
Change in retirement age	93	(89)
Staff demographic and other movements	955	898
Total movement in non-vested long service and retiring leave recognised in profit or loss	878	1,738
Balance sheet obligations as at 30 June, within non-current employee entitlements		
Long service leave	1,480	1,375
Retiring leave	12,983	13,057
	14,463	14,432

A4.5.1 Prior period restatement

During 2025, the Group identified an error in the actuarial valuation of retirement leave liabilities, where an assumption regarding the retirement rate was not implemented in the calculation in prior periods. The error has been corrected by restating the affected prior-year financial statement line items as follows:

Impact on Balance Sheet

At 1 July 2023	As previously stated	Adjustment	Restated
Leave entitlement liability	(8,330)	(4,992)	(13,322)
Deferred tax asset / (liability)	13,276	1,399	14,675
Retained earnings	(40,077)	3,594	(36,483)



At 30 June 2024	previously stated	Adjustment	Restated
Leave entitlement liability	(8,887)	(5,545)	(14,432)
Deferred tax asset / (liability)	(285)	1,553	1,268
Retained earnings	(34,537)	3,991	(30,546)

Impact on Statement of Comprehensive Income

For the year ended 30 June 2024	As previously stated	Adjustment	Restated
Leave entitlement expense	(151,408)	(552)	(151,960)
Net profit before taxation	28,308	(552)	27,756
Income tax expense	(13,848)	155	(13,693)
Net profit after tax	14,460	(397)	14,063

A5 INCOME TAX AND RELATED BALANCES

This note provides an analysis of Airways' income tax expense, and shows which amounts are recognised directly in equity and in other comprehensive income and how the tax expense is affected by non-assessable and non-deductible items.

Income tax expense

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. Current tax is measured on the basis of laws enacted, or substantially enacted at the reporting year end.

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting year end.

Deferred tax assets arising from tax losses are recognised only if it is probable that future taxable amounts will be available to utilise those losses

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SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

For the year ended 30 June	2025 (\$000s)	Restated 2024 (\$000s)
RECONCILIATION OF PROFIT BEFORE TAXATION TO INCOME TAX EXPENSE		
Profit before taxation	17,145	27,756
Tax at the New Zealand tax rate of 28%	4,801	7,772
Tax effect of amounts which are either non-deductible or non-taxable in calculating taxable income:		
Non-taxable income/non-deductible expenses	35	6
Foreign tax credits foregone	176	73
Utilisation of tax losses for current/prior periods	51	_
Tax charge relating to depreciation on commercial buildings	115	5,899
Other	26	(57)
Income tax expense	5,204	13,693
COMPONENTS OF INCOME TAX EXPENSE		
Foreign tax credits foregone	176	73
Movement in deferred tax	5,028	13,620
Income tax expense	5,204	13,693

^{*} Refer to note A4.5 for restatement of employee entitlements

At 30 June 2025, Airways has imputation credits available for use in subsequent reporting periods of \$18.9 million (2024: \$22.8 million).

Income tax included in other comprehensive income

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised in other comprehensive income:

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Components of income tax recognised in other comprehensive income	2025 (\$000s)	2024 (\$000s)
Deferred tax (cashflow hedge reserve)	154	(213)
Income tax expense	154	(213)



OVERVIEW STRATEGY GOVERNANCE PREFORMANCE AND FINANCIALS APPENDICES DIRECTORY

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SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

Deferred tax

Deferred tax assets and liabilities are offset on the face of the balance sheet when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The components of deferred tax are set out in the table below.

	Depreciation (\$000s)	Provisions (\$000s)	Tax losses (\$000s)	Right of use asset (\$000s)	Lease liability (\$000s)	Total (\$000s)
Balance as at 1 July 2024 restated	(24,262)	12,740	11,008	(19,189)	20,971	1,268
Deferred tax in respect of previous years	(3)	217	(265)	_	-	(51)
Deferred tax charged to net profit	(4,618)	2,775	-	(80)	409	(1,514)
Deferred tax on tax losses recognised	-	-	(3,463)	_	_	(3,463)
Deferred tax on other comprehensive income	-	-	154	_	-	154
Deferred tax reclassification	758	(758)	-	_	-	-
Balance as at 30 June 2025	(28,125)	14,973	7,433	(19,269)	21,380	(3,608)
Balance as at 1 July 2023 restated	(14,497)	11,131	16,618	(19,150)	20,573	14,675
Deferred tax in respect of previous years	(168)	(444)	728	-	-	116
Deferred tax charged to net loss	(9,597)	2,053	-	(39)	398	(7,185)
Deferred tax on tax losses recognised	-	-	(6,551)	-	-	(6,551)
Deferred tax on other comprehensive income	-	-	213	_	-	213
Deferred tax reclassification	-	-	-	_	-	-
Balance as at 30 June 2024 restated	(24,262)	12,740	11,008	(19,189)	20,971	1,268

^{*}Refer to note A4.5 for restatement of employee entitlements

Airways utilised deferred taxes arising from prior year losses of \$3.5 million (2024: \$6.5 million). The losses are expected to continue being offset against future taxable profit.



A6 FINANCIAL ASSETS AND LIABILITIES

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Airways classifies all financial assets and liabilities as being measured either at amortised cost, fair value through profit or loss, or fair value through other comprehensive income (OCI). Financial liabilities (other than fair value through OCI) are recognised initially at fair value, net of any costs incurred, and subsequently measured at amortised cost using the effective interest method. The carrying value of trade and other payables approximate their fair value.

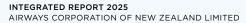
Airways uses forward exchange contracts to hedge expenditure and revenue denominated in foreign currency and interest rate swaps to hedge interest repayments on its term debt. The effective portion of changes in the fair value of hedging instruments is recognised in equity until the underlying transaction being hedged occurs.

At this point, the fair value of the hedging instrument deferred in the cash flow hedge reserve is recognised in profit or loss (as interest costs, or foreign currency denominated revenue or expenses as appropriate) or on the balance sheet (within the recognised value of any hedged asset or stock purchase). If the hedged transaction is no longer expected to take place, then the cumulative, unrealised balance recognised in equity is recognised immediately in profit or loss.

Financial assets and liabilities by category

	Derivatives used for hedging (\$000s)	Amortised cost (\$000s)	Total (\$000s)
As at 30 June 2025			
Assets as per balance sheet			
Cash and cash equivalents	_	2,186	2,186
Trade and other receivables	_	28,581	28,581
Derivative financial instruments	410	_	410
Total	410	30,767	31,177
Liabilities as per balance sheet			
Trade and other payables	-	13,224	13,224
Employee entitlements	_	47,619	47,619
Derivative financial instruments	218	_	218
Lease liabilities	_	76,131	76,131
Borrowings and overdrafts	_	45,000	45,000
Total	218	181,974	182,192
As at 30 June 2024 (Restated')			
Assets as per balance sheet			
Cash and cash equivalents	_	8,637	8,637
Trade and other receivables	-	25,052	25,051
Derivative financial instruments	1,051	-	1,051
Total	1,051	33,689	34,740
Liabilities as per balance sheet			
Trade and other payables	_	12,530	12,530
Employee entitlements (restated)	_	44,833	44,833
Derivative financial instruments	304	_	304
Lease liabilities	_	74,619	74,619
Borrowings and overdrafts	-	40,000	40,000
Total	304	171,982	172,286

^{*}Refer to note A4.5 for restatement of employee entitlements



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SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

The derivatives used for hedging are considered Level 2 financial instruments and are recognised on the balance sheet at their fair values, which are determined using observable inputs as follows:

- Forward exchange contract values are determined using observable forward exchange market rates at the balance date.
- Interest rate swaps are valued using the projected methodology. For floating rates,
 this method projects all future floating cash flows and discounts these back to the
 revaluation date. For fixed rates, the individual cash flows are discounted from the
 cash flow date to the revaluation date. The discount rate used to calculate the net
 present value (NPV) of the deal is the zero-coupon curve, based on a blended
 swaps curve obtained from London Stock Exchange Group.

A7 TRADE AND OTHER RECEIVABLES

As at 30 June	2025 (\$000s)	2024 (\$000s)
Trade accounts receivable	28,172	23,934
Contract assets and other receivables	409	1,118
Total trade and other receivables	28,581	25,052

Collectability of trade receivables is reviewed on an ongoing basis and uncollectible debts are written off. Airways uses the simplified model to determine expected credit loss. A provision for expected credit losses (ECL) is recognised for groups of trade receivables that have been grouped based on shared credit risk characteristics and the days past due. The amount of the ECL will reflect the specific circumstances of individual debtors, including the expected ability and intent to pay, however as a guide and based on previous historical observed default rates for different groupings:

- debt which is greater than 90 days but less than one year overdue is provided for at 10%
- debt which is greater than one year but less than two years old is provided for at 50%, and
- debt which is greater than two years old is provided for at 100%.

In addition to this, consideration is also given to other economic factors which could contribute to further expected credit losses. There have been no significant changes to the default rates compared to the prior year. Based on the calculation performed an ECL of \$0.9 million was recognised for the year ended 30 June 2025 (2024: \$0.9 million).

The net impairment losses are recognised in profit or loss under other operating costs. Any subsequent recoveries of amounts previously provided for, or written off as bad debts, are credited against the same line item.



SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

The value of Airways' ECL, in proportion to total trade receivables, is set out in the table below.

	Current (\$000s)	1 to 90 days overdue (\$000s)	91 days to 1 year overdue (\$000s)	1 to 2 years overdue (\$000s)	2+ years overdue (\$000s)	Total (\$000s)
As at 30 June 2025						
Unimpaired trade receivables	23,440	4,246	9	4	-	27,699
Impaired trade receivables	64	194	390	15	704	1,367
Total trade receivables due	23,504	4,440	399	19	704	29,066
Expected credit loss	(28)	(85)	(70)	(7)	(704)	(894)
Trade receivables recognised	23,476	4,355	329	12	-	28,172
As at 30 June 2024						
Unimpaired trade receivables	22,092	1,403	12	_	_	23,507
Impaired trade receivables	-	106	396	33	743	1,278
Total trade receivables due	22,092	1,509	408	33	743	24,785
Expected credit loss	-	(33)	(42)	(33)	(743)	(851)
Trade receivables recognised	22,092	1,476	366	-	-	23,934

A8 TRADE AND OTHER PAYABLES

As at 30 June	2025 (\$000s)	2024 (\$000s)
Trade accounts payable	13,041	9,438
Contract liabilities	1,809	895
Payroll-related payables	2,484	2,229
Accrued liabilities	2,815	3,745
Other payables	351	204
Total trade and other payables	20,500	16,511

Trade and other payables are unsecured, non-interest bearing and typically paid within 30 days.

Movement in provisions	Make good provision (\$000s)	Legal matters (\$000s)	Other provisions (\$000s)	Total (\$000s)
Opening balance as at 1 July 2024	1,212	2,128	835	4,175
Increase/(Decrease) to provisions	28	(133)	(99)	(204)
Closing balance as at 30 June 2025	1,240	1,995	736	3,971

Other provisions primarily relate to expected costs to remove known asbestos as well as for open and possible settlements relating to litigation. It is expected all sums provided for will be utilised or paid within one year.



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GOVERNANCE

SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

A9 PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Recognition and measurement

All classes of property, plant and equipment and intangibles are initially recorded at cost. Cost is determined by including all charges directly associated with bringing the assets to their location in working condition. Capital work in progress includes expenditure on partially completed assets that management expects will form part of the asset cost at completion.

Where assets are generated internally, costs are only capitalised once a formal investment case has been prepared and approved in line with Airways' delegated financial authority policy. The costs on these projects may include both internal labour and third-party costs. The investment case must demonstrate that:

- the economic and other benefits of the asset are clearly articulated and consistent with Airways' strategy
- the cost associated with the project is within Airways' budget and can be reliably measured
- there are sufficient staffing and technical resources available to complete the project (either internally or externally)
- · the asset to be created is technically feasible

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Airways and the cost of the item can be measured reliably. The carrying amount of any replaced parts is written off.

Capital work in progress

Individual projects within capital work in progress can incorporate both significant intangible and tangible elements. In these cases, Airways initially classifies each project to property, plant and equipment or intangible assets based on the understanding of the most predominant element at the commencement of the related project. Eligible costs incurred are then capitalised and included in the relevant category of work in progress based on the classification above. The assignment of these costs is an estimate while the project remains in progress. Upon project completion, final costs are reviewed and assigned to the appropriate asset category which may differ from the category assigned to a project at inception.

Depreciation and amortisation

The cost of all fixed and intangible assets (excluding freehold land and work in progress), less their estimated residual value, is written off on a straight-line basis over the asset's estimated useful economic life. Asset useful lives and residual values are assessed annually and adjusted if required.

Impairment

All assets are reviewed for potential indicators of impairment at every balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For work in progress, these indicators include any changes to the scope or expected outcome of individual projects.

In addition, impairment tests are carried out at every balance date for intangible assets within work in progress regardless of whether indicators of impairment exist.

These tests involve re-assessing the feasibility of the project, the expected cost to completion and the expected economic benefit to be realised. Where the expected economic benefit provided by the asset is lower than the expected cost to completion, the difference is booked as an impairment to the current carrying value in work in progress unless a higher amount could be realised through sale of the asset less costs to sell (fair value less costs to sell). The corresponding impairment is recognised in profit or loss.





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SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

Property, plant and equipment

	Land (\$000s)	Buildings (\$000s)	Plant and equipment (\$000s)	Computer equipment (\$000s)	Furniture and fittings (\$000s)	Motor vehicles (\$000s)	Work in progress (\$000s)	Total (\$000s)
Average useful life	Not depreciated	20 to 50 years	5 to 40 years	3 to 10 years	5 to 20 years	5 to 10 years	Not depreciated	
Cost								
As at 1 July 2024	1,468	74,997	218,997	62,917	8,440	3,577	45,007	415,403
Additions at cost	-	5,181	15,692	1,737	537	615	57,857	81,619
Deduct disposals	-	(1,725)	(20,528)	(7,725)	(607)	(453)	_	(31,038)
Transfers from work in progress	-	-	-	-	-	-	(22,413)	(22,413)
As at 30 June 2025	1,468	78,453	214,161	56,929	8,370	3,739	80,451	443,571
Accumulated depreciation and impairment								
As at 1 July 2024	234	31,134	144,752	41,906	5,071	2,228	2,205	227,530
Depreciation charge	-	2,061	12,403	5,687	482	522	_	21,155
Deduct disposals	-	(1,477)	(15,151)	(7,510)	(526)	(453)	(2,205)	(27,322)
Transfers from work in progress	-	-	-	_	-	_	_	-
Impairment	-	103	882	_	_	_	_	985
As at 30 June 2025	234	31,821	142,886	40,083	5,027	2,297	0	222,348
Net book value as at 30 June 2025	1,234	46,632	71,275	16,846	3,343	1,442	80,451	221,223





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SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

	Land (\$000s)	Buildings (\$000s)	Plant and equipment (\$000s)	Computer equipment (\$000s)	Furniture and fittings (\$000s)	Motor vehicles (\$000s)	Work in progress (\$000s)	Total (\$000s)
Average useful life	Not depreciated	20 to 50 years	5 to 40 years	3 to 10 years	5 to 20 years	5 to 10 years	Not depreciated	
Cost								
As at 1 July 2023	1,445	69,238	223,009	55,556	8,118	2,936	42,081	402,383
Additions at cost	30	5,920	22,177	13,701	741	901	46,156	89.626
Deduct disposals	(7)	(161)	(25,334)	(6,340)	(405)	(260)	-	(32,507)
Transfers from work in progress	-	-	_	-	_	-	(43,230)	(43,230)
Reclassification to assets held for sale	-	-	(855)	-	(14)	-	-	(869)
As at 30 June 2024	1,468	74,997	218,997	62,917	8,440	3,577	45,007	415,403
Accumulated depreciation and impairment								
As at 1 July 2023	233	29,551	157,988	42,038	5,025	2,120	5,670	242,625
Depreciation charge	1	1,743	12,479	6,016	451	368	(3)	21,055
Deduct disposals	_	(160)	(25,194)	(6,193)	(397)	(260)	-	(32,204)
Transfers from work in progress	-	_	_	_	_	-	(5,670)	(5,670)
Impairment	-	_	99	45	3	-	2,208	2,355
Reclassification to assets held for sale	-	-	(620)	_	(11)	-	-	(631)
As at 30 June 2024	234	31,134	144,752	41,906	5,071	2,228	2,205	227,530
Net book value as at 30 June 2024	1,234	43,863	74,245	21,011	3,369	1,349	42,802	187,873





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SECTION A: HOW THE NUMBERS ARE CALCULATED CONTINUED

Intangible assets

	Internally generated software (\$000s)	Licences and acquired software (\$000s)	Work in progress (\$000s)	Total (\$000s)
Average useful life	3 to 10 years	3 to 10 years	Not depreciated	
Cost				
As at 1 July 2024	104,503	18,765	1,901	125,169
Additions at cost	1,404	36	6,597	8,037
Deduct disposals	(4,600)	(76)	-	(4,676)
Transfers from work in progress	_	-	(4,189)	(4,189)
As at 30 June 2025	101,307	18,725	4,309	124,341
Accumulated amortisation and impairment				
As at 1 July 2024	42,135	18,409	-	60,544
Amortisation charge	6,886	158	-	7,044
Deduct disposals	(4,600)	(76)	-	(4,676)
As at 30 June 2025	44,421	18,491	-	62,912
Net book value as at 30 June 2025	56,886	234	4,309	61,429

	Internally generated software (\$000s)	Licences and acquired software (\$000s)	Work in progress (\$000s)	Total (\$000s)
Average useful life	3 to 10 years	3 to 10 years	Not depreciated	
Cost				
As at 1 July 2023	117,559	19,987	9,118	146,664
Additions at cost	6,175	-	6,198	12,373
Deduct disposals	(19,231)	(1,222)	-	(20,453)
Transfers from work in progress	-	-	(13,415)	(13,415)
As at 30 June 2024	104,503	18,765	1,901	125,169
Accumulated amortisation and impairment				
As at 1 July 2023	55,401	19,401	305	75,107
Amortisation charge	5,519	181	-	5,700
Transfers from work in progress	-	-	(305)	(305)
Impairment	-	-	-	_
Deduct disposals	(18,785)	(1,173)	-	(19,958)
As at 30 June 2024	42,135	18,409	-	60,544
Net book value as at 30 June 2024	62,368	356	1,901	64,625





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A10 LEASES

Recognition and measurement

The determination of whether a contract is, or contains, a lease is based on the substance of the arrangement at the inception of the 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.

At the commencement date of a lease agreement, Airways recognises a right-of-use asset and a lease liability.

Right-of-use assets are recognised when Airways, as a lessee, has the right to use an underlying asset for the lease term.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- · any initial direct costs, and
- restoration costs.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Airways' incremental borrowing rate. The incremental borrowing rate is the rate that Airways would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Airways has used an incremental borrowing rate as the discount rate for all leases.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value and short-term leases recognised on a straight-line basis by Airways comprise of IT equipment and small items of office furniture.

Right-of-use assets

	Land and buildings (\$000s)	Plant and equipment (\$000s)	Motor vehicles (\$000s)	Total (\$000s)
As at 1 July 2024	64,480	1,215	409	66,104
Depreciation charges	(5,269)	(446)	(135)	(5,850)
Additions to the right-of-use assets	369	-	-	369
Adjustments to existing right-of-use assets	5,829	21	39	5,889
As at 30 June 2025	65,409	790	313	66,512
As at 30 June 2025 As at 1 July 2023	65,409 63,738	790 1,589	313 519	66,512 65,846
As at 1 July 2023	63,738	1,589	519	65,846
As at 1 July 2023 Depreciation charges Additions to the right-of-use	63,738 (4,749)	1,589	519	65,846 (5,286)

Lease liabilities

	2025 (\$000s)	2024 (\$000s)
Maturity analysis - contractual undiscounted cash flows		
Less than one year	7,680	7,220
One to five years	27,006	26,464
More than five years	70,766	69,639
Total undiscounted cash flows	105,452	103,323
Current lease liabilities	7,548	7,091
Non-current lease liabilities	68,583	67,528
Total lease liabilities	76,131	74,619





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Amounts recognised in profit or loss

	2025 (\$000s)	2024 (\$000s)
Interest on lease liabilities	2.933	2,727
Amounts recognised in the statement of cash flows		
	2025 (\$000s)	2024 (\$000s)
Total cash outflow for leases	7,581	6,829

A11 INVENTORIES

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. The costs of individual items of inventory are determined using weighted average costs.

A12 SHARE CAPITAL AND RESERVES

Airways has capital of \$159.1 million (2024: \$151.7 million) issued ordinary shares which confer on the holders the right to vote at any general meeting of shareholders. This consists of 171,700,000 (2024: 171,700,000) authorised ordinary shares.

During the year ended 30 June 2024, Airways entered into a share subscription agreement with its shareholders to issue up to 20,000,000 ordinary shares at an issue price of \$1.00 per share. All shares were issued on 30 June 2024, with payment deferred to a date determined by Airways. As at 30 June 2025, \$7.4 million had been called by Airways (2024: \$nil).

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument designated as a cash flow hedge that is determined to be an effective hedge.





SECTION B: RISK

B1 FINANCIAL RISK MANAGEMENT

Airways is exposed to a number of financial risks, which are managed through setting appropriate objectives and implementing prudent policies and controls. These objectives, policies and controls are managed through Airways' Treasury Policy and summarised below.

Liquidity risk

In the short term, Airways is exposed to liquidity risk through timing differences between cash receipts from sales or facility drawdowns and cash requirements for current capital expenditure and business operating costs.

In addition, Airways is also exposed to liquidity risk in the long term through the potential unavailability of debt funding to finance future capital expenditure, business developments and loan repayments.

Airways' primary objective in managing liquidity risk is to ensure there is sufficient liquidity and funding capacity to cover known, and a reasonable level of unforeseen, funding requirements. The policies that have been established to meet this objective include:

- Sufficient, short term funding capacity must be maintained to accommodate the worst-case short-term event (currently defined as a delay of one month's revenue due to an inability to invoice customers e.g. as a result of a system or other process failure);
- Ensuring cash operating payments can be met for a two-month period if a major disruption to the business/systems stops cash coming in.
- Airways to maintain at least two banking relationships at all times ensuring all
 facility renewals are secured at least three months prior to maturity, with the
 decision to re-negotiate or tender banking arrangements being made 12 months
 before maturity, and
- remaining 100% compliant with banking covenants at all times.

During the year ended 30 June 2025, Airways had amended the existing loan facilities into 3 separate tranches. As a result, Airways now has three bank funding facilities and one overdraft facility of \$10 million. The key terms of these facilities are set out in the table below.

		Amount		_	
Total facility	2025	2025 drawdowns	2024	Remaining term	Interest rate
\$50 million	\$5 million	\$5 million	-	3 years 3 months (expires 31 October 2028)	Floating
\$30 million	\$30 million	\$30 million	-	2 years 3 months (expires 31 October 2027)	Floating
\$10 million	\$10 million	\$10 million	-	1 years 3 months (expires 31 October 2026)	Floating

Neither funding facility is secured by Airways' assets.

As at 30 June 2025, \$2.5 million (2024: nil) of the Group's cash balances are subject to restrictions on use under the Crown's share subscription agreement for the DVOR/DME replacement programme. These balances are not available for general liquidity purposes but must be applied to the delivery and maintenance of ground-based navigation aids.





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SECTION B: RISK CONTINUED

Financial liability profile

	Less than 3 mths (\$000s)	Between 3 mths and 1 year (\$000s)	Between 1 and 2 years (\$000s)	Between 2 and 5 years (\$000s)	Greater than 5 years (\$000s)	No stated maturity (\$000s)
As at 30 June 2025						
Interest rate derivatives - inflow	85	-	-	-	-	-
Foreign currency exchange contracts - inflow	5,373	4,301	4,018	5,254	-	-
Foreign currency exchange contracts - outflow	(5,287)	(4,279)	(4,008)	(5,200)	_	-
Trade and other payables	(13,224)	_	_	_	_	-
Employee entitlements	-	-	-	-	_	(47,619)
Overdraft and revolving credit facility	(612)	(1,837)	(2,449)	(52,346)	-	-
Total	(13,665)	(1,815)	(2,439)	(52,292)	-	(47,619)
As at 30 June 2024 (restated)						
Interest rate derivatives - inflow	240	_	-	-		_
Foreign currency exchange contracts - inflow	2,574	4,695	1,498	4,374		_
Foreign currency exchange contracts - outflow	(2,606)	(4,728)	(1,514)	(4,515)		_
Trade and other payables	(12,530)	_	-	-	-	_
Employee entitlements (restated)	-	_	-	-	-	(44,833)
Overdraft and revolving credit facility	(786)	(2,359)	(3,145)	(49,435)	-	-
Total	(13,108)	(2,392)	(3,161)	(49,576)	-	(44,833)

^{1.} Foreign currency exchange contracts are settled gross and as a result the inflows associated with these contracts have been included in this analysis.

Lease liabilities are classified as financial liabilities, and their maturity profile has been separately disclosed in A11.





INTEGRATED REPORT 2025
AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

SECTION B: RISK CONTINUED

Interest rate risk

Airways is exposed to interest rate risk through:

- differences between cost of debt assumptions used when setting air traffic management (ATM) service pricing for three-yearly periods, and actual interest rates available when debt is drawn down
- · fluctuations in interest rates on unhedged, floating debt.

STRATEGY

Airways' primary objective in managing interest rate risk is to secure interest rates below pricing assumptions and the long-term average cost of debt, ensuring revenue from customers is sufficient to cover interest costs. This is achieved using interest rate swaps to secure fixed debt funding costs for forecast positions, subject to the following limits:

ATM service pricing period	Minimum hedging levels	Maximum hedging levels	Maximum swap rates
Current pricing period	25% forecast debt	90% forecast debt	Current pricing cost of debt assumption
Next pricing period	75% forecast debt	90% forecast debt	Current 10-year government bond rate, plus the current pricing debt margin

To ensure these policies are adhered to, Airways operates the following controls:

- maintaining and monitoring forecast debt levels to identify required hedging activity
- requiring CFO approval for all hedging decisions exceeding \$5m

Airways' exposure to interest rate risk is set out in the charts below, which show the extent of hedging in place to cover the total floating rate borrowing at year-end of \$45 million (2024: \$40 million). Further interest rate swaps were also in place to hedge highly probable future debt.

Total term borrowings	45,000	40,000
Unhedged borrowings	_	7,600
Hedged borrowings	45,000	32,400
As at 30 June	2025 (\$000s)	2024 (\$000s)

Possible fluctuations in interest rates are not expected to have a material impact on Airways' financial position or performance.

The effective interest rate on borrowing in the current year was 5.45% (2024: 4.13%).

Foreign exchange risk

Airways is exposed to foreign exchange (FX) risk through:

- revenue streams denominated in foreign currencies
- operational costs requiring payment in foreign currencies
- capital expenditure requiring payment in foreign currencies.

Airways' primary objective in managing foreign exchange risk is to protect foreign exchange rates implicit in project or expenditure approvals and foreign revenue streams. This is achieved by using forward exchange contracts to hedge:

- all transactions greater than NZ\$50,000 and with a transaction date greater than one month, and
- all transactions greater than NZ\$500,000 regardless of transaction date.
- in addition, management monitors all residual exposures to ensure they do not become material

To ensure these policies are adhered to, Airways operate the following controls:

- no purchase order or invoice request for FX exposures above control limit levels can be approved without a hedge in place;
- all hedging transactions are approved in accordance with delegated financial authorities;
- FX exposures greater than NZD \$50,000 not hedged, outside the above foreign exchange risk policy must be reported to CFO and included in the monthly Treasury report; and Management report on compliance with policy and provide commentary on a monthly basis in the Treasury report which includes foreign exchange exposure and hedging. This report is submitted to the Audit and Finance Committee on a quarterly basis; and
- Ensure that Airways is not left with a large residual un-hedged balance (i.e. > NZD \$500,000 for a single currency, and > NZD \$1,000,000 in aggregate across all currencies);

Airways' exposure to foreign exchange risk is set out in the table below, which shows the New Zealand dollar value of financial exposures denominated in foreign currency (at their hedged rates, where applicable), and the quantum of forward exchange contracts in place to hedge them.



INTEGRATED REPORT 2025
AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

	Reve	nue	Expenditure ¹		
As at 30 June 2025	Current trade debtors (\$000s)	Revenue contracts not yet invoiced (\$000s)	Current trade payables (\$000s)	Expenditure commit- ments not yet invoiced (\$000s)	
Amount unhedged	808	-	(23)	-	
Amount hedged	873	4,495	(167)	(13,238)	
Total	1,681	4,495	(190)	(13,238)	
Percentage of exposure hedged	52%	100%	-	100%	
As at 30 June 2024					
Amount unhedged	761	-	(13)	-	
Amount hedged	390	2,738	(61)	(10,173)	
Total	1,151	2,738	(74)	(10,173)	
Percentage of exposure hedged	34%	100%		100%	

^{1.} Operating and capital expenditure

Possible fluctuations in foreign exchange rates are not expected to have a material impact on Airways' financial position or performance.

Credit risk

Airways is exposed to credit risk through:

• cash and cash equivalents on deposit with banks

STRATEGY

- · interest rate swaps and foreign exchange contracts with counterparties, and
- · customers with outstanding receivables.

Airways' primary objective in managing credit risk is to minimise financial loss resulting from counterparties failing to meet obligations. The policies that have been established to meet this objective include:

- requiring a credit rating of A1 (short-term) or A+ (long-term) as rated by Standard and Poor's, or equivalent credit rating from another internationally recognised rating agency, for all banking and derivative counterparties
- setting a maximum exposure of \$50m to any individual counterparty.

Adherence to these policies is continuously monitored and reported monthly. During the year and at year end, due to the level of cash on deposit with banks, there was exposure greater than \$10 million to an individual counterparty.

Airways' exposure to credit risk is outlined in the balance sheet (showing cash and cash equivalents and derivative financial instruments) and note A7, setting out trade and trade receivables and the current provision in place against these balances.

Airways' five largest customers account for 75% (2024: 78%) of total revenue and 70% (2024: 73%) of total accounts receivable at balance date. No collateral is held over these receivables. No other unusual risk has been identified by Airways in relation to these companies, however overdue debts are continuously monitored to identify and address any potential specific credit risks.

B2 CAPITAL MANAGEMENT

Airways' primary objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a target gearing ratio over the medium term (five years). In order to maintain or adjust the capital structure, Airways may adjust the amount of dividends paid to shareholders, return capital to shareholders, increase or reduce debt, sell assets or reduce capital expenditure.





SECTION C: GROUP STRUCTURE

C1 GROUP ENTITIES AND OWNERSHIP

STRATEGY

Airways Corporation of New Zealand Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is Level 2, 6 Leonard Isitt Drive, Auckland, New Zealand. It is also a State-Owned Enterprise established under the State-Owned Enterprise Act 1986 with shares held in equal numbers by the Minister for State-Owned Enterprises and the Minister of Finance, on behalf of the Crown.

Subsidiaries are all entities over which Airways has control. Airways controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Airways and are deconsolidated from the date that control ceases.

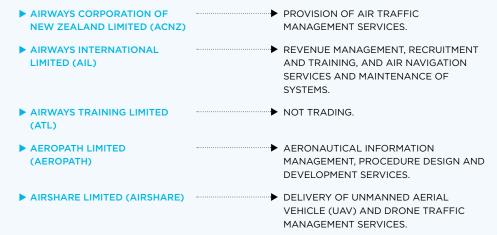
Accounting policies of subsidiaries are consistent with the policies adopted by the parent, and all subsidiaries share a 30 June balance date. The parent recognises its investment in subsidiaries at cost, less impairment.

The parent and its subsidiaries are listed below. NZ Consultancy Services FZE is incorporated in the United Arab Emirates and was disestablished on 2 June 2025. All entities are incorporated in New Zealand.

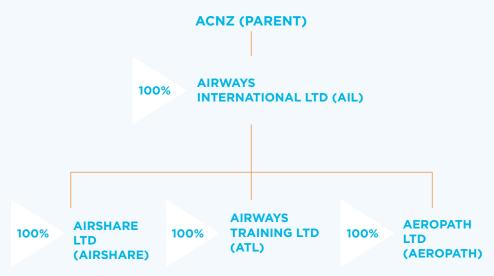
PRINCIPAL ACTIVITY

▶ MARKETING AND PROMOTIONAL

SERVICES.



The ownership structure of Airways as at balance date is shown in the diagram below.



C2 TRANSACTIONS WITH THE GROUP AND OTHER RELATED ENTITIES

Inter-company transactions and balances between entities within Airways are eliminated in the preparation of the Group financial statements. Airways, a State-Owned Enterprise, transacts with other New Zealand government-related entities. The most significant of these transactions are with Air New Zealand (a mixed ownership model company), which was charged \$168.8 million by Airways in the current financial year (2024: \$155.5 million).



▶ NZ CONSULTANCY SERVICES

FZE

SECTION C: GROUP STRUCTURE CONTINUED

C3 TRANSACTIONS WITH MANAGEMENT AND DIRECTORS

For the year ended 30 June	2025 (\$000s)	2024 (\$000s)
Key management compensation ¹		
Salaries and other short-term employee benefits ²	4,236	3,346
KiwiSaver/superannuation contributions	138	112
	4,374	3,458
Directors' fees		
Directors' fees paid	392	328

^{1.} Key management include the Chief Executive Officer and his direct reports.

C4 CEO REMUNERATION

Single figure CEO remuneration

2025	Calami	Tavalda		Pay for pe	rformance	Total
2025 (\$000s)	Salary and fees	Taxable benefits	Subtotal	STI	LTI Subtotal	remu- neration
James Young						
(CEO)	681	24	704	113	- 113	817

Single figure CEO remuneration

				Pay f	or perform	ance	Total
2024 (\$000s)	Salary and fees	Taxable benefits	Subtotal	STI	LTI	Subtotal	remu- neration
James Young							
(CEO)	677	_	677	47	_	47	724

Five-ye	ear summary - CEO remuneration	Single figure remuneration (\$000s)	Percentage STI against maximum
2025	James Young (CEO)	817	20%
2024	James Young (CEO)	724	18.52%
2023	James Young (CEO)	631	-
2022	James Young (Acting CEO)	62	-
2022	Graeme Sumner (CEO)	1,289	-
2021	Graeme Sumner (CEO)	649	-
2020	Graeme Sumner (CEO)	630	_

Short-term incentives entitled for the financial year but not yet paid at the balance date amount to \$0.4 million (2024: \$0.1m).

The Board of Airways New Zealand is committed to ensuring that executive remuneration is competitive and aligned with market standards. This approach aims to attract, retain, and motivate high-performing leaders who can drive the organisation's success.

To achieve this, Airways engages independent remuneration advisors to size executive roles, including that of the Chief Executive. The primary market for comparison includes the transportation and infrastructure sectors, as well as private sector organizations of similar size and scope to Airways.

For the Chief Executive position, Airways benchmarks against the median of Total Potential Remuneration (Base Salary plus benefit values plus on-target incentive) of comparable organisations. The remuneration package typically falls within 85% to 105% of the market median. In addition to the base salary, the CE is eligible for performance-based short-term incentive (STI) program. The STI has a target value of 20% of base salary for the year ending 30 June 2025.

The Board believes that this approach to Chief Executive remuneration ensures Airways can secure and retain top talent while maintaining alignment with market practice, industry standards and shareholder expectations.



^{2.} No salaries or other short term employee benefits were paid to Directors.

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SECTION D: UNRECOGNISED ITEMS

D1 CAPITAL COMMITMENTS

The total capital commitments for Airways at balance date are set out in the table below.

As at 30 June	2025 (\$000s)	Restated* 2024 (\$000s)
Property, plant and equipment capital commitments	19,373	29,076
Intangible assets capital commitments	-	-
Total capital commitments	19,373	29,076

D2 CONTINGENT LIABILITIES

Airways has contingent liabilities in respect of financial guarantee contracts of \$0.6 million for bid and performance bonds (2024: \$0.9 million).

In the normal course of business, Airways is exposed to claims and legal proceedings that may in some cases result in costs to settle matters. Provisions have been recognised for those matters where payment is probable and a reliable estimate can be made of the outcome (refer to note A8). Assessing the outcome of other matters remains contingent on one or more future events, and therefore further expenses may be incurred by the group in subsequent reporting periods. As at 30 June 2025, no current claims and proceedings have progressed sufficiently that a likely outcome is known.

D3 SUBSEQUENT EVENTS

No events have occurred after balance date that require adjustment to, or disclosure in, these financial statements.



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SECTION E: OTHER INFORMATION

STRATEGY

E1 AUDITOR'S REMUNERATION

For the year ended 30 June	2025 (\$000s)	2024 (\$000s)
PricewaterhouseCoopers for:		
Audit of the financial statements as an agent of the Office of the Auditor-General	321	308
Other assurance services:		
Air navigation services pricing controls assurance engagement	81	-
Economic Value-Added Key Performance Indicator compliance assurance engagement	14	13
Student fee protection trust compliance assurance engagement	9	8
Total auditor's remuneration	425	329

E2 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO REPORTED PROFIT

For the year ended 30 June	2025 (\$000s)	Restated* 2024 (\$000s)
NET PROFIT AFTER TAXATION	11,941	14,460
Restatement of prior period adjustment for employee entitlements	-	(397)
ADD/(DEDUCT) NON-CASH ITEMS		
Amortisation	7,044	5,700
Depreciation	27,005	26,341
Impairment	985	2,305
Movement in deferred tax	(4,876)	14,404
Accounting gain on sale of assets	(1,165)	(247)
Total adjustments for items in profit not impacting cash flow	28,993	48,503
ADD MOVEMENTS IN WORKING CAPITAL ITEMS		
Increase in payables	16,529	4,816
Decrease/(Increase) in receivables	(3,569)	636
Total adjustments for items not in profit impacting		
cash flow	12,960	5,452
Net cash flows from operating activities	53,894	68,018

^{*} Refer to note A4.5 for restatement of employee entitlements



STRATEGY

GOVERNANCE





Independent auditor's report

To the readers of Airways Corporation of New Zealand Limited's Group Financial Statements for the year ended 30 June 2025

The Auditor-General is the auditor of Airways Corporation of New Zealand Limited and its controlled entities (collectively referred to as "the Group"). The Auditor-General has appointed me, Christopher Ussher, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group on pages 44 to 72, that comprise the balance sheet as at 30 June 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
 - its balance sheet as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended;
 and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International

Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

Our audit was completed on 17 September 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

PwC New Zealand, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1142, New Zealand T: +64 9 355 8000

pwc.co.nz



Basis for our Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our

responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter

Capital Expenditure - Property, Plant and Equipment and Intangible Assets

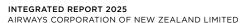
As disclosed in note A9, the Group had total Capital Work in Progress (WIP) of \$84.8 million, of which \$80.5 million relates to Property Plant and Equipment (PPE) and \$4.3 million relates to Intangible Assets (IA) as at 30 June 2025. During the year, the Group incurred capital expenditure of \$64.5 million of which \$57.9 million relates to PPE and \$6.6 million relates to IA.

Capital expenditure is a key audit matter as maintaining the capital infrastructure is a key part of the Group's activities and the decision between whether a cost should be capitalised or expensed requires judgement. Key judgements, outlined in note A9, include whether the cost of an asset can be reliably measured (including the cost of internal resources), and it is probable that future economic benefits associated with the asset will flow to the Group. For PPE, this also includes judgements around which costs are attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. For internally generated IA the Group forms a judgement whether it has the intention and resources available to complete the asset and that it will have the ability to use or sell the asset when completed.

How our audit addressed the key audit matter

We have understood management's processes and controls in relation to the capitalisation of expenses to PPE and IA, including the processes and controls for the preparation and approval of formal investment cases to support capital expenditure. Our audit procedures included the following:

- We have selected a sample of capital expenditure additions during the year and agreed external costs, internal labour hours, and internal labour cost rates to supporting evidence, and considered the appropriateness of capitalising the expense with reference to the following recognition criteria:
 - whether the assets are ready for use and it is probable that economic benefit beyond a 12 month period will be generated by the asset, by reference to the approved business investment case and project status report where available, and where relevant by discussions with the project manager; and
 - if the costs were directly attributable to the asset. This involved considering the invoice narrative for external costs, and job descriptions and time sheet records for internal costs; and
 - in the case of IA, with reference to the approved business investment case and, where relevant, discussions with the project manager, whether the Group has the intention and resources available to complete the asset and the ability to use or sell the asset on completion; or



Description of the key audit matter

STRATEGY

How our audit addressed the key audit matter

- in the case of PPE, whether the cost is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, through the inspection of documents and, where applicable, discussions with the project manager and management.
- We have also selected a sample of items expensed in the statement of profit
 or loss and other comprehensive income during the year and with reference
 to supporting documentation, and considered whether or not they met the
 capitalisation criteria for PPE or IA (as outlined above) in determining
 whether recognition as an expense was appropriate.
 - We considered the results of the procedures above satisfactory in forming our opinion on the financial statements as a whole.

Our audit approach

Overview



Overall group materiality: \$2,013,000 which represents approximately 7.5% of a five-year weighted-average normalised profit before taxation.

We chose a five-year weighted-average profit before taxation, excluding the impacts of certain one-off items, as the benchmark because, in our view, a normalised result averaged over time to reduce the impact of volatility is the benchmark against which the performance of the Group is most commonly measured by.

We have performed a full scope audit over the consolidated financial information of the Group.

As reported above, we have one key audit matter, being: Capital Expenditure - Property, Plant and Equipment and Intangible Assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

STRATEGY

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the State-Owned Enterprises Act 1986.

Responsibilities of the auditor for the audit of the financial statements

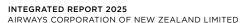
Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the



circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the group audit to obtain sufficient appropriate
 audit evidence regarding the financial information of the entities or
 business 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.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in the 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 the auditor's 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.



Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 43 and 79 to 91, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1: International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

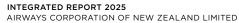
In addition to the audit we have carried out engagements in the areas of other assurance services relating to the Group's compliance with the terms of the Student Fee Protection Trust Deed, the Group's compliance with its Economic Value Added Reporting Framework, and controls assurance in relation to the Air Navigation Services pricing process, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

Christopher Ussher On behalf of the Auditor-General Auckland, New Zealand

Christopher Ussher

PricewaterhouseCoopers

Price wherhouse Coopers



ECONOMIC VALUE ADDED (EVA) KEY PERFORMANCE INDICATORS

STRATEGY

For the year ended 30 June	Parent 2025 (\$NZm)	Restated* Parent 2024 (\$NZm)
DEBT AND EQUITY EMPLOYED		
Debt employed	188.0	176.1
Equity employed	147.3	132.7
Total debt and equity employed	335.3	308.8
Charge on operating capital	23.7	24.1
Economic Value Added	(12.4)	(5.2)
SUMMARY OF PARAMETERS FOR COST OF CAPITAL		
Risk free rate - 3-year Government Stock	3.7%	5.0%
Market risk premium	7.5%	7.5%
Company tax rate	28%	28%
Business risk factor (asset beta)	0.6	0.60
Cost of capital	8.5%	9.4%

^{*} Refer to note A4.5 for restatement of employee entitlements

Economic Value Added (EVA) measures the extent to which a business is performing above or below expectations. A positive EVA means the business is adding value after allowing for a normal reward to the providers of capital.

The EVA reporting framework applied by Airways can be found at www.airways.co.nz/about/financial-operational-and-safety-performance-reports

The cost of capital of 8.5% for the year ended June 2025 compares to a cost of capital of 8.03% used for determining 2023–25 air navigation pricing. The negative EVA for the current year has been driven by higher than forecast labour and operating costs.

Reconciliation of Economic Value Added (EVA) to net profit after tax

For the year ended 30 June	Parent 2025 (\$NZm)	Parent Restated 2024 (\$NZm)
Profit after tax	3.6	9.5
Deduct: Charge on operating capital	(23.7)	(24.1)
Add back: Impairment reversals	1.0	2.3
Add back: Interest costs	2.5	0.3
Add back/(deduct): tax charges	0.9	4.7
Add back: Non-cash employee costs	2.4	1.7
Add back: Depreciation on capitalised interest	1.2	0.7
Add back/(deduct): Net depreciation pricing adjustment	(0.3)	(0.4)
Economic Value Added	(12.4)	(5.2)



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Independent Assurance Report

To the Board of Directors of Airways Corporation of New Zealand Limited Assurance report pursuant to the Economic Value Added Reporting Framework

Opinion

We have undertaken a reasonable assurance engagement in respect of the compliance of Airways Corporation of New Zealand Limited (the "Company") with the Company's Economic Value Added ("EVA") Reporting Framework when calculating the EVA Key Performance Indicators ("KPI's") for the year ended 30 June 2025.

In our opinion, the Company has complied, in all material respects, with the EVA Reporting Framework when calculating the EVA KPI's for the year ended 30 June 2025.

Basis for Opinion

We have conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3100 (Revised) *Compliance Engagements* ("SAE 3100 (Revised)"), issued by the New Zealand Auditing and Assurance Standards Board.

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

Board of Directors' Responsibilities

The Board of Directors are responsible on behalf of the Company for compliance with the EVA Reporting Framework when calculating the EVA KPI's, for the identification of risks that may threaten compliance with the EVA Reporting Framework when calculating the EVA KPI's, controls that would mitigate those risks, and monitoring the Company's ongoing compliance.

Our Independence and Quality Management

We have complied with the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* or other professional requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms* that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires our firm to design, implement and operate a system of quality management including policies or procedures

PwC New Zealand, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1142, New Zealand T: +64 9 355 8000

pwc.co.nz

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regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In our capacity as auditor and assurance practitioner, our firm also provides audit and other assurance services relating to the Group's compliance with the terms of the Student Fee Protection Trust Deed and controls assurance in relation to the Air Navigation Services pricing process. The firm has no other relationship with, or interests in, the Group.

Assurance Practitioner's responsibilities

Our responsibility is to express an opinion on whether the Company has complied, in all material respects, with the EVA Reporting Framework when calculating the EVA KPI's for the year ended 30 June 2025 and report our opinion to you. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance about whether the Company has complied, in all material respects, with the EVA Reporting Framework when calculating the EVA KPI's. An assurance engagement to report on the Company's compliance with the EVA Reporting Framework when calculating the EVA KPI's involves performing procedures to obtain evidence about the compliance activity and controls implemented. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the EVA Reporting Framework when calculating the EVA KPI's will continue in the future.

Use of Report

This report has been prepared for the Board of Directors as requested by the Office of the Auditor-General and is provided solely to assist you in establishing that compliance requirements have been met

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Board of Directors of the Company, as a body, or for any purpose other than that for which it was prepared.

Christopher Ussher Pricenalarhouse Coopers

On behalf of the Auditor-General Auckland, New Zealand 17 September 2025

Christopher Ussher

PricewaterhouseCoopers

INTEGRATED REPORT 2025
AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

ADDITIONAL FINANCIAL INFORMATION

FEES AND REMUNERATION

Directors' insurance

Airways has arranged Directors' and Officers' Liability Insurance which includes cover for Directors against loss from any claims made against them arising from acts in their capacity as Directors. Certain actions are specifically excluded.

Directors' fees paid 1 July 2024 - 30 June 2025

Louise Edwards 30,750 30,750 Lisa Jacobs 10,820 10,820 John Holt 44,105 44,105 Darin Cusack 51,963 51,963 Mark Hutchinson 41,570 41,570 Gavin Fernandez 44,105 44,105 Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570		Amount paid	recognised in profit or loss
Lisa Jacobs 10,820 10,820 John Holt 44,105 44,105 Darin Cusack 51,963 51,963 Mark Hutchinson 41,570 41,570 Gavin Fernandez 44,105 44,105 Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570	Denise Church	83,141	83,141
John Holt 44,105 44,105 Darin Cusack 51,963 51,963 Mark Hutchinson 41,570 41,570 Gavin Fernandez 44,105 44,105 Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570	Louise Edwards	30,750	30,750
Darin Cusack 51,963 51,963 51,963 Mark Hutchinson 41,570 41,570 Gavin Fernandez 44,105 44,105 Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570	Lisa Jacobs	10,820	10,820
Mark Hutchinson 41,570 41,570 Gavin Fernandez 44,105 44,105 Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570	John Holt	44,105	44,105
Gavin Fernandez 44,105 44,105 Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570	Darin Cusack	51,963	51,963
Danny Tuato'o 44,105 44,105 Terry Paddy 41,570 41,570	Mark Hutchinson	41,570	41,570
Terry Paddy 41,570 41,570	Gavin Fernandez	44,105	44,105
	Danny Tuato'o	44,105	44,105
Total 392,132 392,132	Terry Paddy	41,570	41,570
	Total	392,132	392,132

Directors' experience and interests are disclosed in the profiles in the Board of Directors section of this report and on the Airways website under Board of Directors.

Total remuneration over \$100,000

		Executive/ senior	Operational staff
Remuneration band	Total staff	managers	and managers
100,000-110,000	29	1	28
110,001-120,000	42		42
120,001-130,000	34		34
130,001–140,000	50		50
140,001–150,000	56		56
150,001-160,000	51		51
160,001-170,000	37		37
170,001–180,000	39	1	38
180,001-190,000	41	1	40
190,001-200,000	31	2	29
200,001-210,000	43	5	38
210,001-220,000	26	3	23
220,001-230,000	33	3	30
230,001-240,000	37	5	32
240,001-250,000	35	4	31
250,001-260,000	24	3	21
260,001-270,000	43	1	42
270,001-280,000	47		47
280,001-290,000	27		27
290,001-300,000	16	2	14
300,001-310,000	10		10
310,001-320,000	7		7
320,001-330,000	4		4
330,001-340,000	3		3
340,001-350,000	3	2	1



ADDITIONAL FINANCIAL INFORMATION CONTINUED

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Remuneration band	Total staff	Executive/ senior managers	Operational staff and managers
350,001-360,000	1	1	
360,001-370,000	3	1	2
370,001-380,000	1		1
380,001-390,000	1		1
400,001-410,000	1		1
410,001-420,000	1		1
450,001-460,000	1	1	
490,001-500,000	1	1	
560,001-570,000	1	1	
571,000-580,000	1	1	
810,001-820,000	1	1	
870,001-880,000	1	1	
	782	41	741

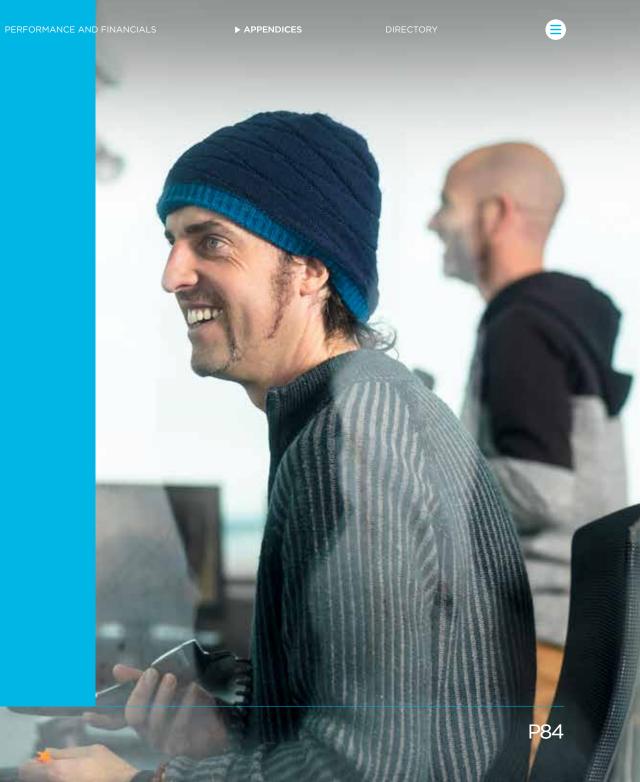
Financial performance against Statement of Corporate Intent (SCI) metrics

	Actual 2025	SCI Target
Profitability		
Total revenue	\$269.6	\$274.8
Earnings before interest, tax, depreciation and amortisation (EBITDA)	\$54.0	\$52.5
Earnings before interest and tax (EBIT)	\$19.9	\$14.7
Group profit before tax	\$17.1	\$10.5
Capital investment	\$64.4	\$63.2
Dividends	\$10.0	\$5.0

	Actual 2025	SCI Target
Shareholder returns		
Total shareholder return	6.8%	(0.6%)
Dividend yield	3.2%	1.6%
Dividend payout	50.4%	64%
Return on equity	6.3%	4%
Return on equity, adjusted for NZ IFRS fair value movements and asset revaluations	6.4%	4%
Profitability and efficiency		
Return on capital employed	8.7%	6.1%
Return on assets	5.3%	4%
Operating margin	20.0%	19.1%
Net profit margin	4.4%	2.7%
Asset turnover	0.7	0.7
Leverage and solvency		
Equity multiplier (Assets/Shareholder equity)	2.0	2
	2	2
Gearing ratio (net including leases)	38.3%	40.4%
Interest cover (before capitalised interest)	9.7	8.9
Solvency (current ratio)	0.6	0.9
Growth and investment		
Revenue growth	(2.2%)	(0.5%)
EBITDAF growth	(10.7%)	(16.6%)
NPAT growth	(15.6%)	(39.2)
Capital employed growth	6.5%	11.4%
Capital renewal	2.3	2

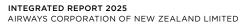
Definitions for the financial performance measures above can be found at: Owner's Expectations | The Treasury New Zealand VERVIEW STRATEGY GOVERNANCE

Appendices



APPENDIX A: GRI DISCLOSURE INDEX

GRI standard	Disclosure	Location
2-1	Organisational details	Notes to the financial statements: section C Group entities and ownership, how we create value, our people profile, Directory, <u>Airways.co.nz/about-us</u> , <u>managing-our-airspace/our-customers</u> , <u>airways.co.nz/about-us/airways-international</u>
2-2	Entities included in the organisation's sustainability reporting	Notes to the financial statements: section A, how the numbers are calculated
2-3	Reporting period, frequency and contact point	Chair and CEO introduction, Directory
2-4	Restatements of information	Refer to note A4.5 for restatement of employee entitlements
2-5	External assurance	Airways obtains third party assurance of our carbon footprint through Toitū Envirocare. The assurance is conducted annually and covers our GHG emissions. Other sustainability disclosures are not externally audited at this stage. A copy of our external assurance certificate is available at www.airways.co.nz/about-us/sustainability
2-6	Activities, value chain and other business relationships	Who we are, how we create value, <u>Airways.co.nz</u>
2-7	Employees	Our people profile
2-8	Workers who are not employees	Airways had approximately 45 active contractors within the year.
2-9	Governance structure and composition	Governance at Airways
2-10	Nomination and selection of the highest governance body	Governance at Airways
2-11	Chair of the highest governance body	Governance at Airways
2-12	Role of the highest governance body in overseeing the management of impacts	Governance at Airways
2-13	Delegation of responsibility for managing impacts	Governance at Airways
2-14	Role of the highest governance body in sustainability reporting	Airways Board of Directors reviewed and approves this report. The audit and finance committee does not review sustainability content.
2-15	Conflicts of interest	Governance at Airways: managing conflicts of interest.
2-16	Communication of critical concerns	Critical concerns are communicated to the Airways board through regular reporting from the CEO and executive leadership. Matters requiring urgent attention can be raised directly with the board chair. Key risks and emerging issues are tracked through Airways' enterprise risk management framework.
2-17	Collective knowledge of the highest governance body	Governance at Airways: Continuing education.
2-18	Evaluation of the performance of the highest governance body	Governance at Airways: monitoring performance
2-19	Remuneration policies	www.airways.co.nz/about-us/performance-reports
2-20	Process to determine remuneration	Governance at Airways: directors' fees and remuneration, Remuneration Report, Notes to the financial statements: CEO remuneration
2-21	Annual total compensation ratio	Remuneration report





APPENDIX A: GRI DISCLOSURE INDEX CONTINUED

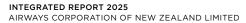
GRI standard	Disclosure	Location
2-22	Statement on sustainable development strategy	Chair and CEO summary, Our strategy, <u>Airways.co.nz/about-us</u>
2-23	Policy commitments	Airways website: corporate reporting
2-24	Embedding policy commitments	<u>Airways.co.nz</u> : corporate reporting, We embed our commitments through integration with our organisational values, leadership oversight and employee training.
2-25	Processes to remediate negative impacts	How we manage risk, Airways website: corporate reporting,
2-26	Mechanisms for seeking advice and raising concerns	How we manage risk, Airways website: corporate reporting, Airways website: contact us
2-27	Compliance with laws and regulations	Over the past year there have been no significant instances of non-compliance with laws and regulations, and no fines issued against Airways.
2-28	Membership associations	Airways website: About us
2-29	Approach to stakeholder engagement	Appendix D; This report and our material issues; Serving all airspace users; Supporting sustainable aviation
2-30	Collective bargaining agreements	Putting our people first: our people profile
3-1	Process to determine material topics	This report and our material issues
3-2	List of material topics	Appendix B
3-3	Management of material topics	Our strategy is shaped by our material topics. They are managed through strategies and action plans, defined responsibilities, KPIs and regular monitoring.
Material topic:	emissions	
305-1	Operational emissions	Supporting sustainable aviation
Material topic:	employment	
401-1	New employee hires and employee turnover	Putting out people first: our people profile
401-2	Benefits that are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	Airways.co.nz/careers
401-3	Parental leave	Appendix F: Employees who took parental leave
403-01	Occupational health and safety management system	Putting our people first: Strengthening safety culture and systems
403-02	Hazard identification, risk assessment and incident investigation	Putting our people first: Strengthening safety culture and systems
403-05	Worker training on occupational health and safety	Putting our people first: Strengthening safety culture and systems
403-06	Promotion of worker health	
Material topic:	diversity and equal opportunity	
405-01	Diversity of governance bodies and employees	Our people profile, Governance at Airways
405-02	Ratio of basic salary and remuneration of women to men	Putting our people first

INTEGRATED REPORT 2025
AIRWAYS CORPORATION OF NEW ZEALAND LIMITED



APPENDIX B: GRI MATERIAL TOPICS EXPLAINED

Material Issue	Description		
Assets and asset management (for service delivery)	Ensuring the appropriate design, development, production, installation and delivery of assets and services to support air traffic control and meet customer needs.		
Aviation emissions reduction (handprint)	Reducing Category 6 GHG inventory emissions for the aviation sector through efficient airspace design and operation. Sharing data with other stakeholders to help them reduce emissions.		
Aviation sector leadership and collaboration	Being an aviation sector leader, working with the aviation sector to help set standards based on what's possible and working with partners to drive rather than respond to change. Fostering alignment and collaboration across the aviation industry to progress sustainability objectives.		
Business continuity and cyber security	Business continuity planning, including risk management, crisis management, emergency preparedness, future planning and reliance on key suppliers. Systems to protect and respond to cyber attacks or interference.		
Carbon footprint reduction (footprint)	Reducing Category 1 - 5 GHG inventory emissions (efficient energy use minimisation at towers and offices, active transport, reducing fuel use, staff air travel, staff commuting, EVs etc.).		
Circular economy	A focus on reducing waste and maximising resource efficiency by implementing practices such as recycling, reusing, refurbishing and promoting sustainable procurement to ensure minimal environmental impact through our value chain.		
Climate-related business risk	Understanding and adapting to the physical and transitional impacts on the business directly or indirectly from a changing climate such as increased temperatures and extreme weather events.		
Community focus (environment, noise)	Engaging with and empowering the local communities where we operate to enhance nature, biodiversity and air quality and minimise noise pollution.		
Consumer preferences (attitudes towards flying)	Changing consumer perceptions around short-haul and long-haul flying due to climate change.		
Diversity and inclusion	Actively building a workplace that mirrors the diverse communities we work in and for, ensuring everyone can confidently bring their skills, values, backgrounds and experiences to work.		
Economic and social contribution	Positive impact on regional and national economies due to the facilitation of trade, tourism, connectivity and resilience.		
Emerging technologies	Adopting or responding to new and emerging technologies in the aviation sector. Being a leader for relevant technologies.		
Employee attraction, development and retention	Empowering our people through professional development, providing career pathways and creating environments where people can thrive, push boundaries, collaborate and share a purpose. Ensuring a workforce prepared for future change.		
Governance (ESG)	Having systems in place to ensure sustainability-related activities are progressed with accountability, transparency and credibility.		
Health, safety and wellbeing	Fostering a positive workplace culture that prioritises employee wellbeing and proactively addresses potential health and safety risks.		
Indigenous engagement	Being culturally aware, partnering with indigenous businesses/communities in an authentic manner and attracting indigenous people into the industry.		







APPENDIX B: GRI MATERIAL TOPICS EXPLAINED CONTINUED

Material Issue	Description
Innovation	Focus on innovation and integration of new technologies and processes to enhance the efficiency, safety and sustainability of air traffic control services.
Investing in the next generation	Providing education and training to the sector as an industry leader. Developing a pipeline for future recruitment. Mitigation for IP loss as staffing demographics and requirements change.
Policy and regulation	Remaining ahead of legislation and standards and ensuring products are positioned as helping to comply with regulations.
Sustainable financial performance	Ensuring sustainable financial growth and performance as a key component to the triple bottom line (economic, environmental and social).
Trusted provider of safe air navigation services	Maintaining Airways' reputation as a trusted provider of safe air navigation services for current and future aviation.

APPENDIX C: MANAGING RISK

Airways is fully committed to maintaining an effective and integrated risk management programme that supports strategic success and continuous improvement. Risk management is embedded throughout our decision-making processes and operations across all levels of the organisation.

Our framework is guided by the Airways Risk Management Policy and is overseen by the Executive Leadership Team and the Airways Board. It is designed to manage risks proactively to levels as low as reasonably practicable, ensuring resilience and agility.

A consistent methodology is applied across all systems, activities and processes to ensure a unified understanding of risk. Roles, responsibilities and accountabilities are clearly defined to support effective governance. Risk identification and reporting are actively promoted across the organisation, and our people are equipped with the necessary skills, resources and tools to fulfil their responsibilities.

Airways maintains a Just Culture philosophy. We recognise that, despite our best efforts, incidents may occur. When they do, we review the circumstances, identify root causes, and strengthen controls to prevent recurrence while supporting continuous learning.

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APPENDIX D: STAKEHOLDER ENGAGEMENT

We recognise the importance of strong stakeholder relationships in ensuring our success. We continue to refine our communications and stakeholder engagement strategies to build their awareness and understanding of our strategy and objectives and to understand their needs and priorities.

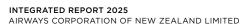
Key topics raised by our stakeholders as material are included in our list of material topics in <u>Appendix B</u>. Our response to these material issues is outline through this report.

Our main stakeholder groups:

- Our people
- Union partners New Zealand Air Line Pilots' Association and Aviation & Marine Engineers Association
- · Our government shareholder
- The Treasury
- Our regulator
- CAA
- Government agencies, including the Ministry of Transport, Ministry of Business, Innovation and Employment and Ministry of Foreign Affairs and Trade
- Transport Accident Investigation Commission
- Airline customers and their representative bodies
- New Zealand Defence Force
- New Zealand airports and the NZ Airports Association
- General aviation
- Unmanned aerial vehicle users and representative bodies
- International industry associations and representative bodies, including CANSO, IATA and International Civil Aviation Organization
- Travelling public
- Media

Key areas of engagement related to our material topics through the year:

- Pricing consultation
- Voice of the customer survey
- Materiality assessment
- Operational and service developments
- Divestment of airfield power and lighting assets
- Aircraft noise



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APPENDIX E: VOLUNTARY TURNOVER

Age	Female	Male	Total
<25	1	2	3
25-29		1	1
30-34	1	4	5
35-39	5	3	8
40-44	2	2	4
45-49	2	4	6
50-54		3	3
55-59	3	1	4
60-64	2	3	5
64+		14	14
Total	16	37	53

APPENDIX F: EMPLOYEES WHO TOOK PARENTAL LEAVE

In FY25:

- 19 employees took parental leave. 12 female and 7 male.
- 15 of these employees returned to work during the reporting period. 8 female and 7 male.
- 9 employees that returned to work after parental leave ended and were still employed 12 months after their return to work. 6 female and 3 male (this does not include those whose return to work date is less than 12 months ago).

APPENDIX G: PERFORMANCE AGAINST GHG EMISSIONS REDUCTION TARGETS

Target 2

This was not achieved during FY25. This was due to the New Zealand national average electricity emissions factor increasing by 39%, compared to 2024, with greater fossil fuel generation into the NZ electricity grid. By comparison due to strong hydro inflows, 2023 had a particularly low emissions factor.

Renewable Energy Certificates from Meridian Energy purchased for 2025 April to June, along with a change to market-based reporting for electricity, resulting in a 319 tCO₂e reduction in emissions. This is not enough to counter the large electricity emissions factor increase. Jet A1 use increased 46% with a 46% increase in airfield navigation equipment calibration flights during 2025.

Target 3

This was achieved, with a 6% reduction in scope 3 emissions of, 324 tCO₂e.

Air Travel emissions reduced 13%, from 1,350 tCO $_2$ e in 2024 to 1,175 tCO $_2$ e, due to a 55% reduction in international business class flight during 2025. In addition, there is an improvement in the data collection of staff commuting data which resulted in a 18% reduction in commuting emissions, from 1,098 tCO $_2$ e in 2024, to 898 tCO $_2$ e in 2025.

Target 4

Airways carbon footprint targets were only set in March 2025, and work has started to engage with suppliers around their Science Aligned Targets.

DIRECTORY

Bankers

ANZ Bank New Zealand Limited Bank of New Zealand Limited

Auditors

Christopher Ussher, with the assistance of PricewaterhouseCoopers on behalf of the Auditor-General

Registered office

Level 2, 6 Leonard Isitt Drive Auckland Airport 2022 New Zealand

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