

STATEMENT OF
CORPORATE INTENT
FY2026/27 ▶ 2028/29

AIRWAYS



Contents

Introduction	1
Objectives	1
What we do	2
Our purpose	2
Our vision	2
Our values	2
Our structure	3
OUR STRATEGY	4
Delivering on our FY26 objectives	5
How we create value	6
Strategic and economic context	7
PERFORMANCE AND FINANCIAL MEASURES	12
AIRWAYS GROUP FINANCIAL FORECASTS (\$NZM)	17
Dividends	20
Information to be provided to shareholding ministers	20
Policy for share acquisitions	21
Compensation from the Crown	21
Commercial value of the Crown's investment in Airways	21
APPENDICES	22
Appendix A: Financial performance measures (\$NZm)	23
Appendix B: Core (ACNZ) Business Economic Value Added (EVA) (\$NZm)	24
Appendix C: Statement of accounting policies	25
DIRECTORY	30

► INTRODUCTION

This Statement of Corporate Intent (SCI) is submitted by the Board of Directors of Airways Corporation of New Zealand (ACNZ), in accordance with section 14 of the State-Owned Enterprises Act 1986 (the Act).

It sets out Airways' overall objectives, business goals and key measures for the year commencing 1 July 2026 and the following two financial years, through to 30 June 2029.

The Airways Group (being ACNZ and its subsidiaries) is referred to as "Airways" throughout this SCI.

Airways is committed to reporting against an integrated reporting framework. By doing so, we demonstrate how we create immediate and long-term value for our shareholder, customers, employees and the wider community.

► OBJECTIVES

Under the Act, Airways is required to operate as a successful business and specifically to achieve the following objectives:

- To be as profitable and efficient as comparable businesses that are not owned by the Crown.
- To be a good employer.
- Exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

Airways' objectives, nature and scope, purpose and core strategies are defined within this context.

Airways is committed to reporting against an integrated reporting framework. By doing so, we demonstrate how we create immediate and long-term value for our shareholder, customers, employees and the wider community.



► WHAT WE DO

Airways provides New Zealand's air traffic management services. Our core role is to manage safe and efficient air transport through our flight information regions, and to invest in the infrastructure and people to support it.

We control approximately 30 million square kilometres of airspace over two flight information regions (FIRs): New Zealand's Domestic FIR and Oceanic FIR, which is one of the world's largest airspace regions, extending over the South Pacific and Southern Oceans, and the Tasman Sea, from five degrees south of the equator to Antarctica.

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 strive for **excellence**

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



We are **one Airways**

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

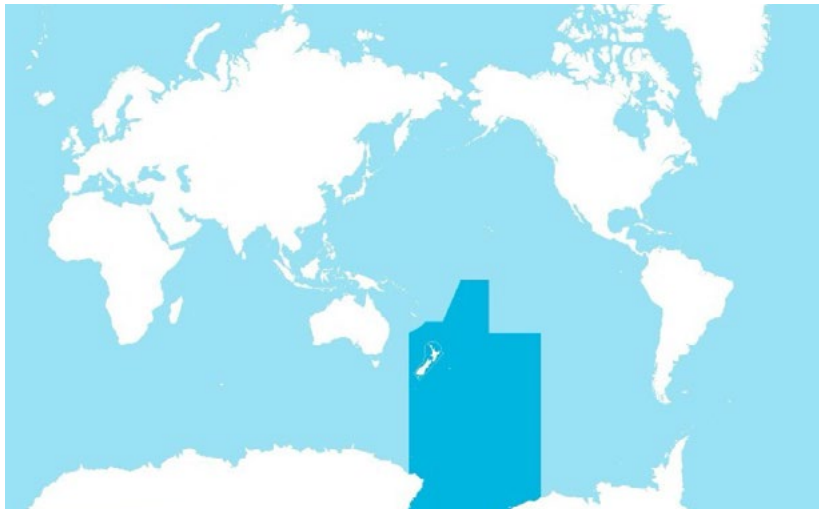


We celebrate **success**

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

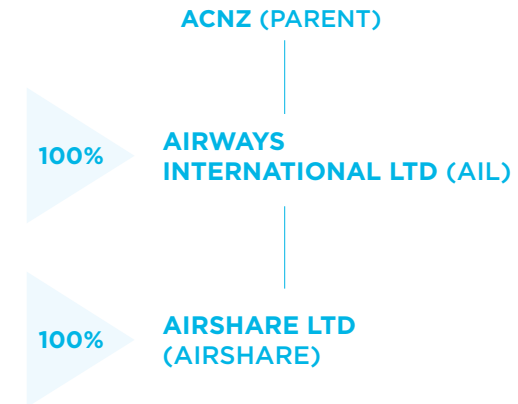
▶ NEW ZEALAND'S DOMESTIC AND OCEANIC FLIGHT INFORMATION REGIONS

We employ around 850 valued staff in highly skilled roles. Our people work across 19 towers, two operations centres, and corporate offices in Auckland, Wellington and Christchurch.



▶ OUR STRUCTURE

The subsidiaries represent our commercial arm, providing training, digital products, aeronautical information management, procedure design and aviation consultancy services globally to air navigation service providers, airlines and airports.



ENTITY	PRINCIPAL ACTIVITY
▶ AIRWAYS CORPORATION OF NEW ZEALAND LIMITED (ACNZ)	PROVISION OF AIR TRAFFIC MANAGEMENT SERVICES
▶ AIRWAYS INTERNATIONAL LIMITED (AIL)	REVENUE MANAGEMENT, RECRUITMENT AND TRAINING, AND AIR NAVIGATION SERVICES AND MAINTENANCE OF SYSTEMS
▶ AIRSHARE LIMITED (AIRSHARE)	DELIVERY OF UNMANNED AERIAL VEHICLE (UAV) AND DRONE TRAFFIC MANAGEMENT SERVICES

Our strategy

Delivering on our FY27 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 2026/27



Engage the industry on Airways' Services Framework Review to position Airways and the industry for the future



Implement an AI Strategy for corporate and operational use to boost efficiency and streamline operations



Continue to strengthen leadership and performance culture grounded in values-based behaviours



Maintain strong operational and financial performance to support our customers



Mature our safety leadership accountability, safety verification practice and critical risk controls



Strengthen project delivery and prioritisation with a focus on strong governance and delivery to scope and budget

UNDERPINNED BY OUR VALUES



We are **safe**



We are one **Airways**



We strive for **excellence**



We celebrate **success**

How we create value

Our resources

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

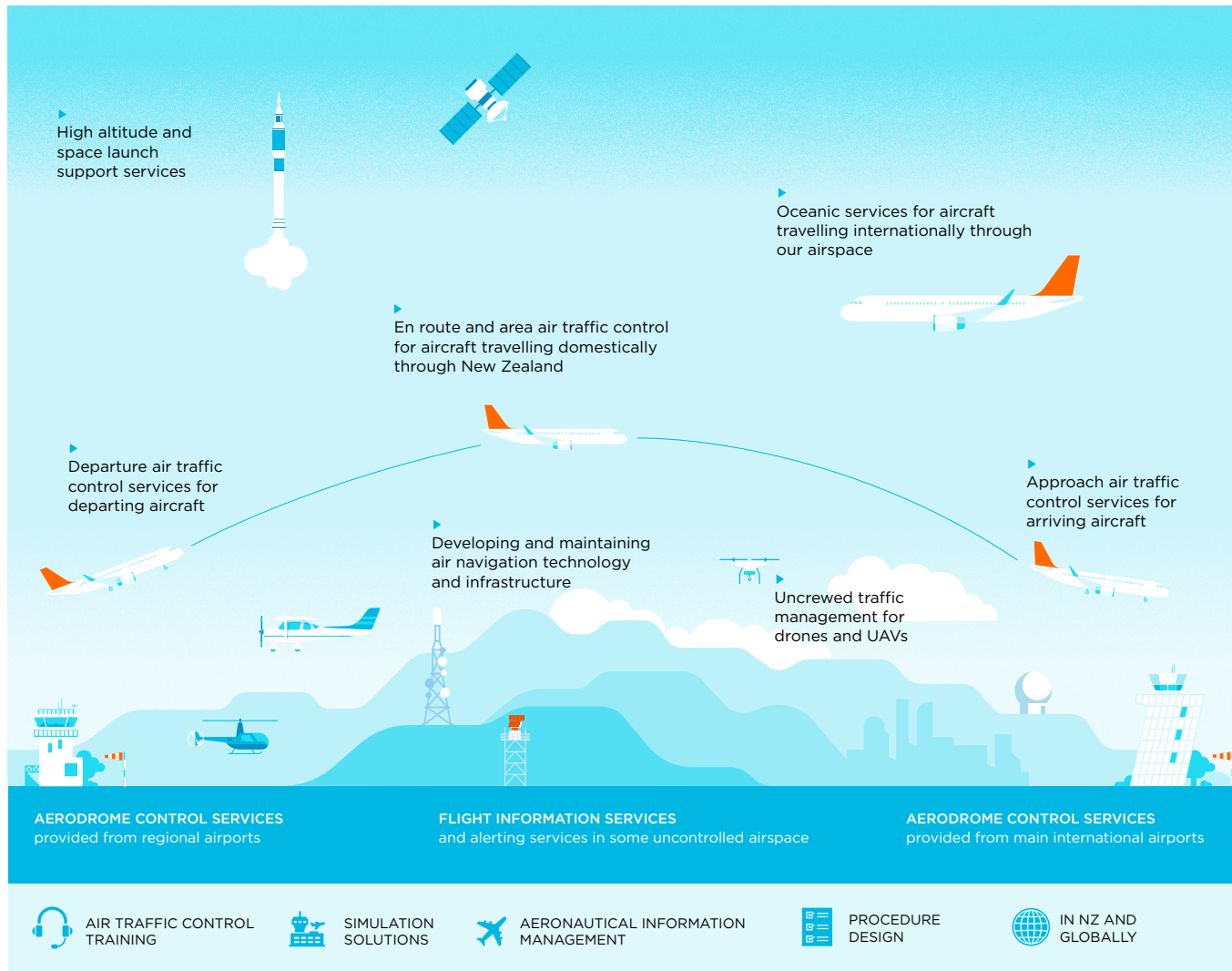
Our relationships

With our customers, aviation industry, communities and government

Our environment

The natural resources and environmental assets integral to delivering our services

How we create value



And achieve these outcomes



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.

Strategic and economic context



As the aviation industry navigates a period of constrained growth and ongoing challenges, Airways remains focused on delivering safe, efficient and reliable air traffic management services while continuing to respond to the evolving needs of the sector.

Economic and operating context

The aviation sector continues to operate in a constrained and uncertain environment, shaped by external cost pressures and global volatility. Recent increases in jet fuel prices, alongside ongoing geopolitical tensions, have placed additional pressure on airline operating costs. These conditions are expected to suppress demand and flight volumes in the near term, particularly through FY27, as airlines and industry adjust to the environment.

Despite these near-term pressures, the longer-term outlook for aviation remains positive as industry conditions stabilise.

Within this context, Airways remains focused on delivering safe, reliable and efficient air navigation services while supporting the effective functioning of New Zealand's aviation system.

In the FY26–28 pricing decision, Airways confirmed price increases applying from 1 September 2025 alongside anticipated volume growth for airline customers.

Following consultation with customers, in May Airways confirmed there would be no changes to our published prices as the forecast revenue is within the 2% threshold and in line with our risk sharing mechanism. Airways will also hold published price increases for a six-month period, rather than applying the full pricing path as scheduled from 1 July 2026.

This reflects Airways' decision to prioritise support for customers through current pressures and ensure Airways remains fit for purpose, resilient, and able to deliver long-term value for the Crown and the wider aviation system. Airways is acutely aware of the pressure on its customers

and the critical role we play in the broader aviation industry. We will not seek to recover the lost revenue from deferring the move to our published FY27 prices. We will return to the price path settings from 1 January 2027. The price hold does not affect Airways' planned investment programme, and capital and maintenance commitments remain unchanged.

Throughout the period covered by this SCI, Airways will continue to exercise prudent financial management, maintain cost discipline, and align investment decisions to long-term customer and system needs.

Strategic context

Airways is in the second phase of its Safe Skies Today and Tomorrow strategy, a long-term roadmap designed to shape the future of New Zealand's airspace system. This period represents the 'Build' phase, focused on delivering against the foundations established in earlier years and investing in the infrastructure, technology, systems and workforce required to support the aviation system over the long term.

Recently, Airways refreshed its strategy to ensure it remains aligned with shareholder expectations, customer needs, the Government's Aviation Action Plan and international best practice. A further

phase was added to extend the strategy through to 2036.

Our shareholder expectations include a clear focus on fiscal and financial performance. We remain committed to operating a profitable business, focusing resources, minimising and controlling costs, and delivering improved performance to represent a value-for-money investment for the Crown as owner.

While the refreshed strategy strengthens focus in key areas, the core strategic pillars remain unchanged: serving all airspace users, putting our people first, supporting sustainable aviation and unlocking future growth.



As part of our sustainability work, Airways completed a further materiality assessment in 2025, engaging with customers, stakeholders and our people. This assessment identified the issues that matter most to those we work with, those we serve and the long-term success of our business. It has helped inform both our strategic direction and our sustainability priorities.

Building on the outcomes of the materiality assessment, Airways has strengthened the way sustainability is embedded throughout the strategy. While it remains one of our core strategic pillars, sustainability is also being integrated into how we plan, invest and make decisions across the business. This reflects the close links between safety, resilience, environmental performance and long-term system sustainability, and ensures these considerations are part of everyday business practice rather than treated as standalone initiatives.

Customer focus

We recognise that our customers are operating in a challenging and uncertain environment, with jet fuel price volatility and broader cost pressures continuing to impact the aviation sector. In response, Airways is focused on working closely with customers to provide stability where we can and to navigate the period ahead together.

Continuing to build strong and trusted relationships with customers remains a key focus, supported by the Customer and Stakeholder Framework confirmed in FY26

to enable transparent, inclusive and value-driven engagement across the aviation system. The framework supports stronger sector relationships, deepens collaboration with major airlines and airports, and ensures general aviation and regional operators are represented in service design and pricing discussions.

In April we undertook our annual voice of customer survey, which showed an improvement in engagement sentiment, from 66% in FY25 to 76% in FY26. The increase in satisfaction reflects continued progress in engagement, with collaboration, responsiveness and day-to-day interactions all trending positively and supporting the more purposeful partnership model Airways has invested in.

The feedback highlighted that safety continues to be recognised as a key strength, with customers maintaining strong confidence in Airways' safety performance.

Responses to the survey will help us continue strengthening our focus on customer and stakeholder relationships.

In response to feedback received during the FY26 to 28 pricing consultation, Airways has started a review of its Service Framework to ensure it remains fit for purpose and flexible as the operating environment evolves and future services are developed. The aim is to support clearer service expectations, better alignment between pricing and service delivery, and a framework that can respond more effectively to changing customer and system needs.

Industry benchmarking and analysis of comparable service frameworks is underway. This work is intended to support a framework that is practical, transparent and better suited to the needs of airlines, airports, regional operators and new airspace users as the sector continues to evolve.

Serving all airspace users

Through our *servicing all airspace users* strategic pillar, Airways is focused on delivering safe, resilient, efficient and flexible services that meet customer needs at a fair price. We will use technology and innovation to improve service delivery, respond to changing customer expectations, and prepare for future airspace users, operating models and increasing complexity.

Milford R-AFIS

Airways is working to implement a Remote Flight Information Service (R-AFIS) at Milford Piopiotahi Aerodrome.

The remote and isolated nature of Milford Piopiotahi continues to present challenges in maintaining a sustainable on-site service model. R-AFIS will enable flight information services to be provided from a remote operating centre in our Queenstown Tower, while maintaining safety and service continuity. The service model is well established internationally, and will introduce enhanced surveillance and monitoring capability that is not currently available at Milford.

R-AFIS supports a more resilient and flexible operating model, strengthens safety through improved situational awareness and maintains service levels for airspace users in a challenging environment. Airways is targeting implementation of the service in September 2026, subject to regulatory approval.

Safely integrating uncrewed aircraft

Uncrewed aircraft are already operating across New Zealand's airspace, unlocking economic, environmental and social benefits across a range of sectors. Ensuring fair, safe and efficient access to airspace for drone and UAV operators requires an integrated system approach that recognises the needs of both crewed and uncrewed aviation.

Airways operates AirShare, a national online platform that helps to integrate drone activity safely into New Zealand's airspace. AirShare allows drone operators to plan where and when they fly, understand what other aviation activity may be happening nearby, and request permission to fly when required.

As the use of drones and other uncrewed aircraft continues to grow, it's increasingly important that this activity is managed as part of a single, connected airspace system rather than in isolation.

To support this, Airways is progressing work on a Flight Information Management System (FIMS). FIMS will act as a shared digital platform that brings together key aviation information, such as airspace

restrictions, weather, and flight activity, in one place. Over time, this will help connect traditional air traffic services and uncrewed aircraft operations, ensuring airspace is shared safely, fairly and efficiently.

This work is being developed in close collaboration with the Civil Aviation Authority (CAA) and industry partners to ensure future airspace concepts are robust, secure and able to grow as activity increases.

Responding to unauthorised drone activity

Unauthorised drone activity near airports is increasing and presents a growing safety risk. At the same time, there is currently limited data in New Zealand about how often this activity occurs, where it happens, and what types of drones are involved. This makes it difficult to target operational responses and to inform future regulatory and policy decisions.

To help address this, NZ Police will undertake a drone detection trial at Christchurch Airport, supported by a Memorandum of Understanding with Airways. The trial will use radio-frequency detection equipment that identifies drone command and control signals. The trial will help build clearer evidence of the volume and nature of unauthorised drone activity, how close it occurs to controlled airspace and flight paths, and whether detected activity aligns with existing AirShare approvals.

Police are undertaking the trial because they have a role in enforcement

when unauthorised or unsafe drone activity poses a risk to public safety. Their involvement supports a coordinated approach and helps ensure potential risks are managed appropriately. The technology used does not capture imagery, interfere with drones, affect aircraft operations, or identify individuals.

Efficient airspace architecture

Airways is undertaking a system wide review of New Zealand's domestic surveillance airspace to ensure it continues to meet changing industry needs. The programme takes a whole of system approach focused on improving safety, efficiency and service delivery, with the potential to deliver more efficient flight paths, lower emissions for aircraft operators and reduced costs across the aviation system.

As part of this programme, Airways has engaged an external provider to review the benefits identified through the proposed airspace design concepts. This work will help assess whether future concepts are robust, aligned with international best practice and capable of delivering a more resilient and efficient airspace network over time.

The programme, which will be delivered over six years, includes the review of airspace sectors, procedures and the use of modern, nationwide surveillance technologies. Over time, it is intended to support a safer, more adaptable and more efficient airspace system that better meets future operational needs.

Supporting wider system needs

As part of the Government's Aviation Action Plan, Airways will work with partners to support 24-hour operations at RNZAF Base Ohakea. As the primary alternate airport for Auckland and Christchurch, and one of only two airports in New Zealand equipped with a Category III Instrument Landing System, Base Ohakea plays a critical role in maintaining system resilience. Round the clock operations will ensure New Zealand remains "open for business" at all times. Airways acknowledges our shareholder, the New Zealand Government, for providing funding over two years to support the future delivery of this 24-hour service.

People first

Our 'people first' strategic pillar recognises that a skilled, capable and supported workforce is fundamental to delivering safe, reliable and resilient air navigation services, now and into the future.

This pillar is focused on building leadership capability, supporting workforce sustainability and ensuring Airways remains an attractive employer in a competitive global aviation labour market. It reflects the importance of investing in our people so they can perform at their best, while adapting to a changing operating and regulatory environment.

Airways will continue to build on its leadership development capability to support strong performance, accountability

and succession across the business. This includes developing current and future leaders with the skills and confidence required to lead complex operations, deliver change, and foster a strong safety, leadership and performance culture.

Supporting a more diverse and inclusive workforce remains an important focus and aligns with the Government's Aviation Action Plan focus on building a sustainable and capable aviation workforce. Like the wider industry, Airways faces systemic workforce challenges, including a long-tenured workforce and an operating environment that has not traditionally reflected the full diversity of the communities it serves. Airways is committed to creating more inclusive pathways into operational, technical and leadership roles, removing barriers to participation, and supporting retention and progression over time.

Workforce planning is also a priority area within the Government's Aviation Action Plan, recognising the need to build and sustain a skilled workforce across the aviation sector. In this context, Airways is progressing work to strengthen longer-term workforce planning, including through international collaboration with Airservices Australia, which is also focused on building controller capability and service resilience through significant recruitment and training activity. This work is helping to inform Airways' view of future capability, training and resourcing needs across the business.

Supporting sustainable aviation

Supporting sustainable aviation means embedding sustainability into the way Airways operates and delivers services every day.

As climate change increases risks to our infrastructure and services, our focus is on strengthening resilience across our network while continuing to deliver safe and reliable air traffic services. This includes reducing our own operational emissions as a business and seeking to enable more efficient flight operations for customers that help lower emissions across the aviation system as a whole.

By improving how airspace is designed and managed, and by investing in modern technologies and ways of working, Airways plays a critical role in supporting a more efficient, lower emissions aviation sector for New Zealand.



Managing climate change risks and opportunities

Climate change presents a range of risks and opportunities for Airways that have implications for how we plan and operate over the long term.

Airways has identified our material climate change risks, including physical risks from more extreme and frequent weather events, as well as transition risks associated with changes in regulation, technology and market expectations as the aviation sector moves towards a lower emissions future. We have also identified opportunities to strengthen resilience, improve efficiency and support more sustainable outcomes across the aviation system. This work provides an important foundation for future proofing the business and ensuring climate considerations are reflected in how we plan for long term service delivery and infrastructure needs.

Airways is conducting a long-term review of our domestic surveillance airspace. This initiative aims to modernise New Zealand's airspace design to enhance operational efficiency, safety, service delivery and sustainability.

As part of our sustainability development, climate related risks and opportunities have been considered alongside broader strategic priorities. The focus for this year is to further embed this understanding into our financial and capital planning processes, asset management, long term infrastructure planning and future service development. This includes strengthening our approach to climate adaptation and resilience by considering how assets, services and operating models will need to respond to changing weather patterns, infrastructure vulnerabilities and wider system disruption over time.

Next steps will focus on using this work to inform investment priorities, improve resilience planning and support decisions about where adaptation measures are needed most across Airways' network and services.

A circular economy

As part of supporting sustainable aviation, Airways is embedding circular economy principles into the way we manage resources, assets and infrastructure across the business.

The focus for this year is the establishment of a cross-functional working group to develop a circular economy strategy for Airways. This work will consider how circular economy principles can be applied within a safety critical, highly regulated environment, and how they can support more efficient and sustainable ways of designing, delivering and maintaining services.

The working group will examine opportunities across the asset and project lifecycle, including designing out waste earlier, extending asset life, strengthening repair and maintenance capability, and improving how equipment, systems and technical expertise are shared and reused across the business.

Over time, embedding circular economy principles is expected to reduce waste, lower cost and supply risks, strengthen operational resilience, and support the delivery of more sustainable aviation services, while continuing to maintain safety and service performance.

Unlocking future growth

By working collaboratively to harness the expertise across Airways, we will unlock future growth through the development of efficient, resilient and predictive solutions built for the New Zealand market and commercialised globally.

This pillar focuses on leveraging Airways' operational knowledge, technical capability and systems leadership to deliver solutions that strengthen New Zealand's aviation system, while also enabling growth beyond our regulated core.

Airways International (AIL) is central to unlocking future growth. AIL has confirmed its commercial growth strategy and is actively taking this strategy to market.

The strategy focuses on developing solutions that are proven in a live ANSP environment, scalable across multiple markets and delivered through disciplined commercial pathways.

A core principle of the AIL strategy is a "build once, use twice" approach, where solutions developed to support Airways' core operations are commercialised once proven. This supports improved return on investment, consistency across markets and the ability to scale solutions efficiently. Through this approach, value generated through commercial growth can be reinvested back into the business, supporting system resilience, capability development and long term sustainability.



Performance and financial measures



This section outlines Airways' aspirations and targets for the three years to 2028.

These KPIs are aligned with Airways' strategic pillars and sustainability roadmap, ensuring a clear connection to long-term value creation. Each KPI also reflects relevant sustainability material issues, highlighting Airways' commitment to responsible and sustainable business.

Key performance measures

People first

Aspiration

- We are a company people want to work for and with.
- Our people go to work and return home safe and well.
- We create a workplace where people feel valued and included, and diversity is recognised and celebrated.
- Our people are supported to grow and develop, building the leadership and capability we need for the future.
- We are investing in our leaders and a strong performance culture.

FY27–29 focus

- Invest in strengthening leadership capability and driving values led behaviours.
- Drive a stronger performance culture across the business.
- Continue to foster engagement and cohesive 'one Airways' culture across the business.
- Continue to build safety culture with a focus on people safety and reporting.
- Enhance learning and career growth opportunities for our people.
- Strengthen strategic workforce planning and training for current and future readiness and resilience.
- Strengthen an inclusive workplace where everyone can thrive.

Key measures	Forecast FY26	Plan FY27	Plan FY28	Plan FY29
Employee experience	68%	≥70%	≥72%	≥74%
Voluntary attrition	≤7%	≤7%	≤7%	≤7%
Women in the workforce	27%	27%	28%	30%
Women in senior leadership	≥40%	≥40%	≥40%	≥40%
WorkSafe NZ Notifiable Incidents	0	0	0	0
Gender pay gap	≤16.0%	≤14.5%	≤13.0%	≤11.0%

The following material issues are addressed by these KPIs:

- Health, safety and wellbeing
- Employee attraction and retention
- Diversity, equity and inclusion

Serve all airspace users

Aspiration

- Provide services for our customers that are safe, resilient, efficient and flexible.
- Deliver services that meet the needs of all airspace users, including new and emerging entrants, at a fair price.
- Use technology and innovation to enhance the safety and efficiency of current and future services.
- Deliver a strategic investment programme that strengthens safety, efficiency and reliability and enables new opportunities for aviation customers.
- Transition to a digital future aligned with asset lifecycle and industry priorities.

FY27-29 focus

- Review service and pricing frameworks in collaboration with the industry to ensure customer-centric service delivery
- Complete standardisation of procedures and progress redesign of airspace architecture
- Deliver R-AFIS at Milford and consider wider delivery options
- Progress development of Flight Information Management System (FIMS) to enable integration of all airspace users
- Progress development of digital aerodrome services in line with asset replacement and industry priorities
- Collaborate globally on efficiency and optimisation solutions such as system wide information management (SWIM)
- Support implementation of Aviation Action Plan and wider industry initiatives.

Key measures	Forecast FY26	Plan FY27	Plan FY28	Plan FY29
Flights handled	493,962	492,565	514,244	521,994
Average delay per arrival	<20 seconds	<20 seconds	<20 seconds	<20 seconds
Serious Air Proximity Events (Attributable to Airways - Cat A)	1	Nil	Nil	Nil
UAV incursions (Airways attributable, high or above assessed risks)	Nil	Nil	Nil	Nil
Customer experience	66%	≥70%	≥72%	≥74%
ATS service availability				
Main trunk ¹	100%	99.98%	99.98%	99.98%
Regional ²	99.90%	99.90%	99.90%	99.90%
Enroute - domestic ³	100%	99.93%	99.93%	99.93%
Oceanic ⁴	100%	99.93%	99.93%	99.93%
Flight information stations ⁵	99.39%	99.7%	99.7%	99.7%

The following material issues are addressed by these KPIs:

- Trusted provider of safe air navigation services
- Economic and social contribution

1 Main trunk ATC - AA, CH, WN, QN and their Approach sectors

2 Regional - All other ATC towers (incl. OH TMA)

3 Enroute Domestic - All other controlled sectors, including ATSS, outside of Oceanic and TMAs

4 Oceanic - All Oceanic airspace sectors

5 Flight Information - PP and MF



Support sustainable aviation

Aspiration

- Focus on the issues that matter most to our customers and stakeholders.
- Contribute to a more sustainable aviation system through collaboration and practical action.
- Support the reduction of emissions across the aviation sector.

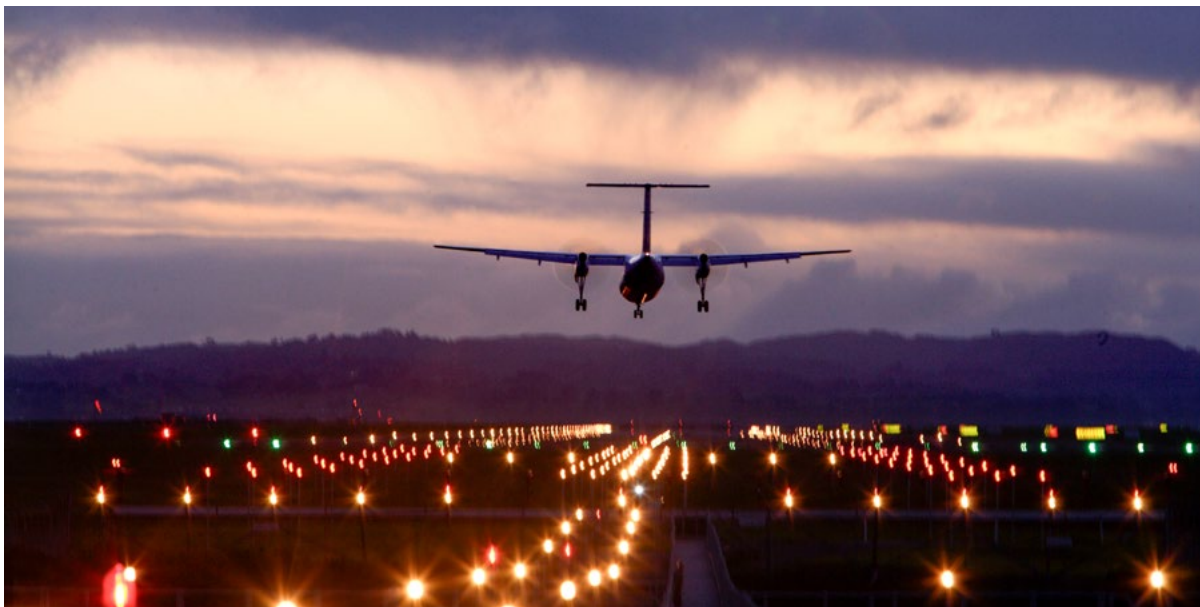
FY27–29 focus

- Airspace architecture project progressed with a focus on increasing efficiencies with a view to reducing emissions.
- Achieve Airways GHG Emission Reduction targets
- Transition fleet to 60% EV/hybrid
- Explore and implement renewable energy solutions
- Sustainable design standards for all new builds and refits/refurbs
- ISO 14001 setup
- Continue to support next generation of aviators through targeted sponsorship
- Circular economy policy and procedures set up and implemented.

Key measures	Forecast FY26	Plan FY27	Plan FY28	Plan FY29
Transition vehicle fleet to EV/hybrid	≥42%	≥50%	≥60%	≥70%
Tonnes of waste to landfill (non-project)	≤43	≤42	≤41	≤40
Scope 1 and 2 emission reductions (≥5.9% per year against 2024 baseline of 1,095 tCO ₂ e)	Updated measure	901 tCO ₂ e	837 tCO ₂ e	773 tCO ₂ e
Scope 3 emission reductions (≥4.9% per year against 2024 baseline of 2,760 tCO ₂ e)	Updated measure	2,413 tCO ₂ e	2,297 tCO ₂ e	2,181 tCO ₂ e

The following material issues are addressed by these KPIs:

- Sustainable financial performance
- Carbon footprint reduction (footprint)
- Climate related business risk
- Governance (ESG)



Unlock future growth

Aspiration

- Harness expertise across Airways to develop efficient, resilient and predictive solutions.
- Develop solutions that meet the needs of the New Zealand aviation system.
- Commercialise our capability and solutions in global markets.
- Work collaboratively across the business and with partners to unlock growth opportunities.

FY27-29 focus

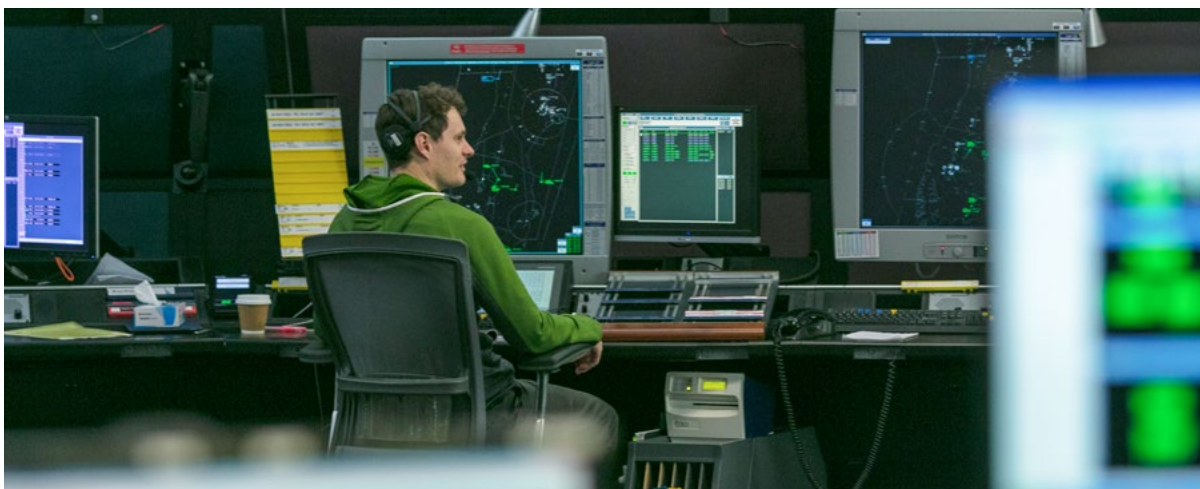
- Complete and implement review of service and pricing framework and pricing for FY28-30
- Strengthen CAPEX and OPEX planning to optimise spend
- Maintain disciplined approach to spending and investment and optimise costs in the core
- Deliver commercial strategy with a focus on solutions aligned to needs of the core, insights-led decision making and intentional approach to customer relationships
- Climate change risks included in financial planning discussions.

Key measures*	Forecast FY26	Plan FY27	Plan FY28	Plan FY29
Revenue (\$m)	298.0	313.5	349.0	363.9
Costs (\$m)	263.2	279.3	297.7	311.5
Profit before tax (\$m)	34.8	34.2	51.3	52.4
Capital expenditure (\$m)	55.7	73.1	87.0	93.2
Gearing	35.8%	37.5%	37.6%	38.6%
Dividends (\$m)	17.0	12.0	15.0	18.0
Total shareholder return	9.2%	2.3%	3.9%	4.8%
Return on capital employed	15.2%	13.6%	17.2%	15.5%

* For a complete listing of our financial measures, please refer to Appendix A.

The following material issues are addressed by these KPIs:

- Sustainable financial performance
- Innovation



Airways Group financial forecasts (\$NZm)

This section sets out Airways' forecast financial performance for the next three years, at the group level. The current year forecast (unaudited) is included for comparison.



Airways Group Financial forecasts (\$NZm)

	Forecast FY26	Plan FY27	Plan FY28	Plan FY29
Revenue				
Air traffic management revenue	274.4	289.3	322.1	334.1
Other revenue	23.6	24.2	26.9	29.8
Total revenue	298.0	313.5	349.0	363.9
Expenses				
Employee remuneration	170.2	177.6	186.2	193.2
Employee-related costs	3.5	3.8	4.0	4.1
Depreciation and amortisation	35.1	39.0	44.3	49.8
Other operating costs	45.9	49.0	53.4	54.5
Rental expense	5.4	6.2	6.7	6.8
Net finance expense	3.2	3.7	3.2	3.0
Total expenses	263.2	279.3	297.7	311.5
Net profit before tax	34.8	34.2	51.3	52.4
Taxation expense	9.8	9.8	14.4	14.7
Net income after tax	24.9	24.4	36.9	37.7
Key financial metrics				
Dividend (proposed)	17.0	12.0	15.0	18.0
Capital investment	55.7	73.1	87.0	93.2
Gearing (%) including Leases	35.8%	37.5%	37.6%	38.6%

Accounting policies

Airways prepares financial statements in accordance with NZ GAAP, with a complete list of accounting policies included in Appendix C and within the annual report available on Airways' website.

The financial forecasts and budgets set out in this SCI comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards (as appropriate for profit-oriented entities) except for revenue, which is determined at the individual business unit level.

Dividends

Airways' dividend policy is to distribute between 50% and 100% of base free cash flow (BCF), having regard to the long-term financial sustainability of the business, its capital programme requirements, and the Crown's expectation that Airways operates as a successful commercial business with appropriate financial objectives. Dividend decisions are also subject to maintaining prudent gearing, with an ongoing target of keeping gearing below 50% across a rolling five-year period.

For the FY27 to FY29 periods, Airways is forecasting the following dividend payments:

	Plan FY27	Plan FY28	Plan FY29
Dividend	12.0	15.0	18.0
Payout Ratio (% of BCF)	94%	97%	96%

The forecast profile reflects the underlying cash generation of the business, including the growing contribution of Airways' commercial operations, Airways International Limited. Distributions are balanced against the continued need to fund Airways' capital programme and preserve sufficient financial headroom to meet covenant obligations.

Actual dividend payments remain subject to Board solvency certification and compliance with all banking covenants in place at the time of each payment.

This profile is indicative and will be reviewed annually based on actual operating performance, liquidity requirements, capital expenditure plans, and prevailing economic conditions.

Information to be provided to shareholding Ministers

In compliance with the Act and in accordance with the requirements of the shareholding Ministers, the following information will be presented to shareholders:

Annual report

Within three months after the end of each financial year, an annual report including:

- audited financial statements for the year
- notes to the financial statements including accounting policies
- a report from the Chair which will include:
 - a review of operations of Airways during that financial year
 - changes in the nature and scope of Airways' activities
 - a summary of achievements measured against performance targets
 - comments on the outlook for the next 12 months
 - statement of dividend payable

Interim report

Within two months of the end of each half-year, an interim report including:

- an abridged, unaudited statement of Airways financial performance and position
- a qualitative report from the Directors of ACNZ on Airways' performance compared with the objectives set out in the SCI, any significant changes in intent and scope during the half-year and the outlook for the next half-year

Quarterly report

Within one month of the end of each quarter, a quarterly report comprising information and commentary in each report should summarise performance against plan, highlight major achievements for the quarter, identify the cause of any major variances, provide an outlook of performance to the end of the year, and signal any developing issues and emerging risks and opportunities.

No surprises policy and information requests from Shareholding Ministers

Inform the Ministers of any material or significant events relating to Airways that may be contentious or could attract public interest. In accordance with Section 18 of the SOE Act, the ACNZ Board will also provide other information relating to the affairs of ACNZ or its subsidiaries as requested by the Shareholding Ministers.

Policy for share acquisitions

Any share, equity or asset acquisitions (or sales) will reflect Airways' business strategy requirements for achieving our vision. Airways will consult shareholding Ministers on Airways' equity investment or capital expenditure above:

- \$10 million on an individual item of capital expenditure or investment in New Zealand, if outside of activities reported in this SCI.
- \$5 million investment in an individual overseas project, or other significant investments, even if they do not meet the above thresholds.

Compensation from the Crown

Section 7 of the Act allows the Crown to enter into an agreement with Airways whereby the Crown would pay Airways for undertaking a non-commercial activity. Airways does not currently undertake any such activities but reserves the right to seek payment where Airways is restrained from acting in a normal business-like manner.

Commercial value of the Crown's investment in Airways

At 30 June 2026, the estimated commercial value of the Crown's investment in the Airways Group is \$343.6 million, an increase of \$20.3 million on the prior year value of \$323.3 million.

The valuation was prepared by management and reviewed by Bancorp Corporate Finance Limited through a limited-scope review of selected inputs and methodology.

A discounted cash flow methodology has been applied across all business units, with a ten-year forecast period and a terminal growth rate of zero percent per annum. Terminal value remains the dominant driver of value across the Group.

The key reasons for the change in commercial value are:

- The core business increased by \$10.0 million, driven primarily by higher steady-state EBIT in the terminal value, reflecting a refinement of the forecast capital programme to maintain and enhance core air navigation infrastructure. This was partially offset by a marginally higher WACC of 7.96% compared to 7.90% in the prior year, and higher forecast operating costs.
- The Commercial business, Airways International Limited, contributed a further \$10.3 million, reflecting stronger long-term earnings expectations.



Appendix

Appendix A: Financial performance metrics (\$NZm)

This appendix provides additional financial measures to support the group-level financial forecasts presented in Section 8. These metrics offer insight into Airways' profitability, shareholder returns, capital efficiency, leverage, and investment profile across the forecast period.

Year ended 30 June	Forecast FY26	Plan FY27	Plan FY28	Plan FY29
Profitability and efficiency				
EBIT	37.9	37.9	54.5	55.4
EBITDA	72.9	76.9	98.8	105.2
Operating margin	24.5%	24.5%	28.3%	28.9%
Net profit margin	8.4%	7.8%	10.6%	10.4%
Return on capital employed	15.2%	13.6%	17.2%	15.5%
Shareholder return				
Return on equity	12.3%	11.0%	15.3%	14.3%
Total shareholder return	9.2%	2.2%	3.9%	4.8%
Dividend yield	5.1%	3.5%	3.9%	4.8%
Dividend payout	59.3%	49.9%	29.6%	39.3%
Leverage/solvency				
Gearing ratio (net) – excluding leases	17.0%	22.4%	24.5%	27.7%
Gearing ratio (net) – including leases	35.8%	37.5%	37.6%	38.6%
Interest cover	12.9	11.3	13.1	13.9
Solvency (current ratio)	0.8	0.9	0.8	0.9
Growth/investment				
Revenue growth	10.5%	5.2%	11.3%	4.3%
NPAT growth	110.0%	(2.2%)	51.3%	2.2%
Capital employed growth	10.4%	13.7%	12.9%	13.2%
Capital renewal	2.0	2.2	2.3	2.1

Appendix B: Core (ACNZ) business economic value added (EVA) (\$NZm)

Background

EVA provides an economic measure of performance and explicitly recognises the expected return to investors. EVA underpins our pricing framework, which is premised on achieving a fair return on the capital invested in the Core business, reflected by an EVA result of zero.

EVA	Plan FY27	Plan FY28	Plan FY29
Total capital employed			
Debt employed	140.8	165.3	193.1
Equity employed	280.2	300.6	319.9
	421.0	465.9	513.0
Charge on operating capital	22.3	26.3	29.1
Economic value added	(3.1)	3.0	0.0
Cost of capital – key parameters			
Risk free rate – 3-year Government Stock			3.86%
Market risk premium			7.00%
Business risk factor (asset beta)			0.60
WACC			7.96%

Appendix C: Statement of accounting Policies

This appendix includes the key accounting policies adopted in the preparation of Airways' financial statements, which are also followed in the Statement of Corporate Intent (SCI). For ease of reference, the accounting policies that are included in the financial statements are provided here in full. For further context and detailed explanations, readers are encouraged to refer to the full financial statements, which are available on Airways' website.

Basis of preparation

The financial statements are for the Airways Group, consisting of ACNZ and its subsidiaries. They have been prepared in accordance with:

- Generally Accepted Accounting Practice (GAAP) in New Zealand (as a result they comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) 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).
- The requirements of the Financial Reporting Act 2013, 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.

Key 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.

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.

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 the 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	Over time vs 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 ongoing 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 licenses with a defined term, revenue recognition is based on straight-line recognition across the life of the license.	Over time
	Revenue for perpetual licenses that grant a right to use is recognised once the license 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.	Over 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

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.

Income tax and related balances

This note provides an analysis of Airways' income tax expense, 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. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. 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.

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.

Financial assets and liabilities

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.

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 Reuters.

Trade and other receivables

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%
- 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.

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.

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.

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 reassessing 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.

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 a member of the Airways Group, 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 lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- 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.

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.

Share capital and reserves

Airways has issued ordinary shares which confer on the holders the right to vote at any general meeting of shareholders.

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.

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.

Interest rate risk

Airways is exposed to interest rate risk through:

- differences between cost of debt assumptions used when setting 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.

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.

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.

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

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.

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

AIRWAYS.CO.NZ

