

AIRWAYS INTERIM REPORT 2025-2026

For the period ending
31 December 2025

AIRWAYS





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CHAIR AND CHIEF EXECUTIVE'S REPORT

We are pleased to present Airways' interim report for the six months to 31 December 2025. This period has seen us continue to deliver safe, efficient and resilient air traffic services across New Zealand's skies, while achieving a stable financial result and progressing the next phase of our long-term strategy.



Darin Cusack
Chair



James Young
Chief Executive

Continuous progress

Safety underpins everything we do. In the first half of the financial year, we safely managed 243,785 flight movements through our airspace, with no air proximity events (Category A) attributable to Airways and no WorkSafe-notifiable events involving our people.

These results reflect the strength of our systems and the commitment of our people to keeping New Zealand's skies safe, supported by the strong partnerships we maintain with our customers and stakeholders across the aviation system.

Financially, Airways achieved a net operating profit after tax of \$12.2 million for the period.

We are now in the 'build' phase of our ten-year Safe Skies Today and Tomorrow strategy, following the successful completion of the 'connect' phase.

During the 'connect' phase, we strengthened the foundations of our business by renewing relationships with our people, customers and stakeholders, and by completing key critical resilience projects.

The current 'build' phase focuses on shaping the capabilities and systems that will enable a future-ready, sustainable airspace for New Zealand.

We are investing in infrastructure, technology and our people to ensure we can meet the needs of all airspace users, and respond to the opportunities and challenges of an aviation sector that continues to evolve rapidly.

Serving all airspace users

Serving all airspace users is one of our four strategic pillars. It means delivering safe, efficient and reliable services while understanding and adapting to the diverse needs of those who use New Zealand's airspace, both now and into the future.

A key focus within this pillar is our future services programme.

Milford remote aerodrome flight information service (R-AFIS)

A key project within this programme is the implementation of a remote aerodrome flight information service (R-AFIS) for Milford Aerodrome. This globally established model will allow flight information services to be delivered from a location separate to the aerodrome, addressing staffing challenges in a geographically remote location while maintaining safe operations.



Alongside providing greater assurance around the continuity and resilience of service for Milford, it is our view that this technology solution will support greater safety through the introduction of automatic dependent surveillance-broadcast (ADS-B) for flight information services in Milford.

Airways is preparing to engage with industry on the implementation plan for the roll out of R-AFIS, targeted for late 2026.

Airspace architecture review

As part of our future services programme, we are progressing a review of our managed airspace architecture, which looks to a clean-slate redesign of en route and approach airspace within the New Zealand Flight Information Region.

The review seeks to move beyond incremental improvements to deliver a future-ready system that leverages modern surveillance and air traffic management capabilities.

High-level concepts have been developed, and the business investment case is now being considered. We will continue to engage with the industry as the review develops.

Enhanced tower surveillance capability

Work is progressing to enable aerodrome tower controllers to adopt surveillance-based control techniques, supported by ADS-B data already displayed in towers.

A nationwide roll-out is planned, following an initial tower trial. This will enhance safety and efficiency, while laying the foundation for future integration with remote and digital tower models.

Shaping a resilient and future-focused aviation system

Building a resilient and future-ready aviation system requires a coordinated effort across the aviation ecosystem, and our work this period has been firmly grounded in collaboration with industry partners and stakeholders.

On 30 July, Airways confirmed final prices for air traffic management services for the three-year period to June 2028. This followed extensive industry consultation.

The pricing reset ensures we can continue delivering safe and resilient services while investing in future capabilities. Ongoing investment in modern systems and infrastructure is essential to maintain a future-fit, reliable air traffic management network.

Feedback received during the consultation highlighted the need to review Airways' Pricing and Service Frameworks. This review is now a key action under the Government's Aviation Action Plan, announced in September.

The plan sets out priorities to strengthen safety, resilience and future readiness across the aviation system.

Airways has been appointed as a permanent member of the Aviation Council, which will drive delivery of the Aviation Action Plan. This appointment reinforces our leadership role in this space.

Since joining the Council, we have worked closely with the Ministry of Transport, the Ministry of Business, Innovation and Employment, the New Zealand Defence Force and wider-industry representatives to deliver improvements that benefit the aviation system.

One of Airways' actions under the plan is to work towards transitioning to a 24-hour service model 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.

We have continued to engage with the Ministry of Transport and the Civil Aviation Authority to support the safe integration of uncrewed aircraft and drones into controlled airspace. This is a complex issue requiring a system-wide approach, and Airways remains committed to playing its part in unlocking the benefits that uncrewed aircraft provide, while maintaining a safe airspace for all aircraft.

In August 2025, a disruption of our main oceanic air traffic control system prompted a shift to backup operations. Safety was maintained throughout this event, however the temporary restriction on processing flight plans caused delays and diversions for several trans-Tasman flights.

While normal operations were restored within an hour, the subsequent technical review provided valuable opportunities to strengthen our systems, processes and operational readiness.



Putting our people first

We aspire to be an organisation where people want to work. To achieve this, we are focused on attracting, retaining and developing exceptional talent to help shape the aviation environment of the future.

During the period, we advanced the implementation of updated Leadership and Performance frameworks. These frameworks are designed to support individual growth, recognise excellence and ensure clear expectations across all levels of the organisation, fostering a values-driven, high-performance culture.

In November, Airways achieved GenderTick accreditation, recognising our leadership in creating an equitable and inclusive workplace.

This accreditation reflects initiatives such as publishing our gender pay gap and committing to close it, enhancing parental leave provisions, embedding DEI principles into leadership practices and fostering a safe, inclusive culture.

The accreditation assessment highlighted that Airways' DEI goals are clear, comprehensive and show a genuine commitment to tackling gender inequality. We are excited to continue this journey and strive to be even better.

We were also proud to be named a finalist in the Rainbow Excellence Awards, reflecting our commitment to diversity and inclusion. These initiatives, alongside refreshed frameworks, position Airways as an employer of choice within the aviation sector.

We continue to partner with the professional associations that represent our people on areas of mutual interest, ensuring collaboration and shared progress on issues that matter most to our workforce.

Supporting sustainable aviation

The aviation industry is accelerating its transition to more sustainable practices, and sustainability is embedded in Airways' strategy. Our contribution begins with enabling efficient airspace management, which helps reduce fuel burn and emissions for airlines, and supports the industry's pathway to net zero.

A key milestone this year has been 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 recognise that climate change presents risks and responsibilities for Airways, including reducing our own emissions and building resilience into our operations. In the first half of FY26, we confirmed our material climate-related risks and opportunities, spanning physical risks such as more frequent extreme weather events and transition risks linked to the move to a low-emissions economy.

Identifying these risks is a critical step in strengthening resilience. Over the next six months, we will assess them against our Enterprise Risk Framework and identify potential mitigation actions.

● We are focused on attracting, retaining and developing exceptional talent to help shape the aviation environment of the future.



This work will inform investment decisions, resource planning and sustainability initiatives, ensuring Airways is prepared for an uncertain future while supporting the industry's transition to net zero.

Unlocking future growth

In October, the Airways Board approved a new commercial growth strategy for Airways International (AIL), the commercial arm of Airways' business.

The new strategy prioritises strategic partnerships, centralised business development and leveraging AIL products and services to accelerate growth through a focused and profitable portfolio.

In September 2025, Aeropath Limited was formally amalgamated into AIL, strengthening the structure of our commercial business. Aeropath now operates as a division within AIL, ensuring alignment while continuing to deliver its specialist services under the Aeropath brand.



Through the first half of this financial year, AIL has strengthened its strategic partnership with Airservices Australia through significant agreements.

A key highlight is the signing of a multi-year training contract. This agreement covers multiple training streams, beginning with 12 surveillance air traffic control trainees arriving in New Zealand in March 2026, with options for additional cohorts.

In addition, Airservices has committed to a three-year Simulator-as-a-Service arrangement, leveraging Airways' TotalControl mobile simulation technology, including the innovative 'Sim-in-a-Suitcase' solution. This flexible model supports remote piloting and mobile training delivery, ensuring continuity for ATC licensing requirements.

AIL also implemented its SureSelect candidate assessment platform for Airservices' November intake, training assessors and running a supervised assessment centre in Melbourne. These initiatives, underscore the depth and momentum of the partnership.

Board and leadership changes

Airways welcomed Darin Cusack as Chair of the Board and Danny Tuato'o as Deputy Chair, effective 31 October 2025.

Darin's appointment follows the expiry of Denise Church QSO's term as Chair. We thank Denise for her outstanding leadership over the past seven years, including through the challenges of the COVID-19 pandemic.

The Airways Board also farewelled Mark Hutchinson from the Board in October at the conclusion of his term.

Airways welcomed Mayurie Gunatilaka to the Board, commencing her term on 1 December 2025.

In October, Kim Nichols resigned as General Manager Safety and Assurance. We acknowledge Kim's contribution and wish her well in her future endeavours.

In November, Ewen Powell joined Airways as Chief Information and Technology Officer following a comprehensive recruitment process. James Evans was appointed as General Manager Commercial, leading our AIL business, in December. James had been acting in the role since January 2025.



Interim Financial Statements





CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December	2025 Unaudited (\$000s)	2024 Unaudited (\$000s)	Notes
REVENUE			
Air traffic management revenue	136,133	126,424	
Other revenue	9,498	9,133	
Total revenue	145,631	136,438	
EXPENSES			
Employee remuneration	83,777	81,110	
Employee-related costs	3,573	4,303	
Depreciation	13,745	13,607	
Amortisation	3,501	3,505	
Impairment	-	971	
Other operating costs	21,329	20,100	
Rental expense on operating leases	1,180	1,166	
Total expenses	127,105	124,762	
Finance Income	25	141	
Finance expense	(1,537)	(1,579)	
Net Finance Cost	(1,512)	(1,438)	3
Profit before tax	17,014	9,357	
Taxation expense	(4,793)	(2,633)	
Net profit after tax	12,222	6,724	

For the six months ended 31 December	2025 Unaudited (\$000s)	2024 Unaudited (\$000s)	Notes
Other comprehensive income:			
Items that will be reclassified to profit or loss when conditions are met:			
Movement in cash flow hedge reserve	(126)	(651)	
Tax on other comprehensive income	35	182	
Total other comprehensive income	(91)	(469)	
Total comprehensive income for the period	12,131	6,255	



CONSOLIDATED INTERIM BALANCE SHEET

As at	31 Dec 2025 Unaudited (\$'000s)	30 Jun 2025 Audited (\$'000s)	Notes
Assets			
CURRENT ASSETS			
Cash and cash equivalents	4,840	2,186	
Trade and other receivables	35,315	28,581	
Prepayments	8,587	5,557	
Derivative financial instruments	374	269	
Total current assets	49,117	36,593	
NON-CURRENT ASSETS			
Property, plant and equipment	228,638	221,223	6
Right-of-use assets	64,273	66,512	
Intangibles	60,372	61,429	6
Inventories	2,291	2,126	
Prepayments	1,193	748	
Derivative financial instruments	281	141	
Total non-current assets	357,048	352,179	
Total assets	406,165	388,772	

As at	31 Dec 2025 Unaudited (\$'000s)	30 Jun 2025 Audited (\$'000s)	Notes
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	20,045	20,500	
Provisions	3,569	3,971	
Lease liabilities	7,548	7,548	
Employee entitlements	29,117	33,156	5
Derivative financial instruments	159	139	
Total current liabilities	60,438	65,314	
NON-CURRENT LIABILITIES			
Loan facility - unsecured	55,000	45,000	
Lease liabilities	66,894	68,583	
Employee entitlements	14,752	14,463	5
Deferred Tax Liability	8,354	3,608	
Derivative financial instruments	371	79	
Total non-current liabilities	145,371	131,733	
Total liabilities	205,809	197,047	
Net assets	200,356	191,725	
Equity			
Share Capital	159,100	159,100	7
Reserves	47	138	
Retained earnings	41,208	32,487	
Total equity	200,356	191,725	



CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Attributable to equity shareholders			
	Contributed equity (\$000s)	Hedge reserve (\$000s)	Retained earnings (\$000s)	Total (\$000s)
Balance as at 1 July 2024	151,700	535	34,536	212,260
COMPREHENSIVE INCOME				
Net profit after tax	-	-	6,724	6,724
OTHER COMPREHENSIVE INCOME				
Movements in hedge contracts	-	(651)	-	(651)
Tax on other comprehensive income	-	182	-	182
Total other comprehensive income	-	(469)	-	(469)
Total comprehensive income	-	(469)	6,724	6,255
TRANSACTIONS WITH OWNERS				
Issue of share capital	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 31 December 2024 (unaudited)	151,700	66	41,260	193,026

	Attributable to equity shareholders			
	Contributed equity (\$000s)	Hedge reserve (\$000s)	Retained earnings (\$000s)	Total (\$000s)
Balance as at 1 July 2025	159,100	138	32,487	191,725
COMPREHENSIVE INCOME				
Net profit after tax	-	-	12,222	12,222
OTHER COMPREHENSIVE INCOME				
Movements in hedge contracts	-	(126)	-	(126)
Tax on other comprehensive income	-	35	-	35
Total other comprehensive income	-	(91)	-	(91)
Total comprehensive income	-	(91)	12,222	12,222
TRANSACTIONS WITH OWNERS				
Dividends paid	-	-	(3,500)	(3,500)
Total transactions with owners	-	-	(3,500)	(3,500)
Balance at 31 December 2025 (unaudited)	159,100	47	41,209	200,356



CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 31 December	2025 Unaudited (\$000s)	2024 Unaudited (\$000s)	Notes
Cash flows from/(used in) operating activities			
CASH WAS PROVIDED FROM:			
Receipts from customers	142,830	131,234	
Interest received	25	141	
CASH WAS APPLIED TO:			
Payments to suppliers	(33,585)	(29,589)	
Payments to employees	(88,349)	(85,559)	
Interest paid	(1,468)	(1,429)	3
Income tax paid	(11)	(13)	
Net cash flows from operating activities	19,443	14,785	9
Cash flows from/(used in) investing activities			
CASH WAS PROVIDED FROM:			
Sale of property, plant and equipment	1,506	1,664	
CASH WAS APPLIED TO:			
Purchase of property, plant and equipment	(19,949)	(27,313)	
Purchase of intangible assets	(2,278)	(1,391)	
Net cash flows used in investing activities	(20,721)	(27,040)	

For the six months ended 31 December	2025 Unaudited (\$000s)	2024 Unaudited (\$000s)	Notes
Cash flows from/(used in) financing activities			
CASH WAS PROVIDED FROM:			
Drawdown of loan	10,000	15,000	
CASH WAS APPLIED TO:			
Payments for lease liability principal	(2,569)	(2,473)	
Payment of Dividends	(3,500)	-	
Net cash from investing activities	3,931	12,527	
Net increase in cash held	2,653	272	
Cash at the beginning of the period	2,186	8,637	
Cash at the end of the period	4,839	8,909	



NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These interim financial statements for the six-month period ended 31 December 2025 are for the consolidated group (Airways), consisting of Airways Corporation of New Zealand Limited and its subsidiaries: Airways International Limited, and Airshare Limited. They have been prepared in accordance with:

- Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and NZ IAS 34, Interim Financial Reporting. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Integrated Report of the group for the year ended 30 June 2025; and
- The requirements of the Financial Reporting Act 2013, Companies Act 1993 and the State-Owned Enterprises Act 1986.

The interim financial statements were authorised for issue by the directors on 19 February 2025.

The interim financial statements have been prepared on the 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 the group. All values are rounded to the nearest thousand dollars (\$000s) 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.

2. GROUP STRUCTURE

Airways Corporation of New Zealand Limited is a limited liability company incorporated and domiciled in New Zealand. It is also a State-Owned Enterprise established under the State-Owned Enterprises 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.

Airways' principal business is the provision of air traffic management services in New Zealand. The Group also generates revenue from aviation sector services delivered in New Zealand and internationally, including air traffic services training and simulation, and related operational and technical advisory services.

On 30 September 2025, subsidiaries Airways Training Limited and Aeropath Limited were amalgamated into Airways International Limited.

The parent and its subsidiaries are listed below. All entities are incorporated in New Zealand. The percentages indicate ownership.



	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.



NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUE

3. NET FINANCE COSTS

Net finance costs of \$1.5 million (31 Dec 2024: \$1.4 million) includes interest expense from unwinding lease liabilities of \$1.5 million, interest expense from bank loans of \$1.2 million and other financing expense of \$0.4 million, offset by capitalised interest of \$1.5 million.

4. DIVIDENDS PAID

A \$3.5m dividend was declared and paid to the shareholders during the period (2024: nil).

5. EMPLOYEE ENTITLEMENTS

Employee entitlements (current and non-current) are largely made up of accrued salary costs, annual leave, long service leave and retiring leave liabilities.

6. CAPITAL COMMITMENTS

Airways had total capital commitments of \$22.7 million as at 31 December 2025 (30 June 2025: \$19.3 million). This programme will be funded through operating cash flow and increased debt, while remaining within current loan facilities and covenants.

Property, plant and equipment of \$228.9 million (30 June 2025: \$221.2 million) includes \$90.4 million of work-in-progress (30 June 2025: \$80.5million). Intangible assets of \$60.0 million (30 June 2025: \$61.4 million) include \$4.5 million of work-in-progress (30 June 2025: \$4.3 million).

7. SHARE CAPITAL

Airways has capital of \$159.1 million (31 Dec 2024: \$151.1 million) issued ordinary shares which confer on the holders the right to vote at any general meeting of shareholders. This consists of 159,100,000 (31 Dec 2024: 151,100,000) authorised ordinary shares.

8. CONTINGENT LIABILITIES

Airways has contingent liabilities of \$0.6 million for performance bonds (2024: \$1 million).

In the normal course of business, Airways is exposed to claims and legal proceedings that may in some cases result in costs. As at 31 December 2025, no current claims and proceedings have progressed sufficiently that a likely outcome is known.

9. RECONCILIATION OF THE NET CASHFLOW FROM OPERATING ACTIVITIES TO REPORTED SURPLUS

For the six months ended 31 December	(Unaudited) 2025 (\$'000s)	(Unaudited) 2024 (\$'000s)
NET PROFIT AFTER TAX	12,222	13,404
ADD NON-CASH ITEMS		
Accounting (gain)/loss on sale of assets	-	(397)
Amortisation	3,501	2,165
Depreciation	13,745	12,693
Total adjustments for items in surplus not impacting cash flow	29,156	27,865
ADD MOVEMENTS IN WORKING CAPITAL ITEMS		
Decrease in payables	(136)	15,436
Increase in receivables	(9,714)	(7,112)
Total adjustments for items not in surplus impacting cash flow	(9,851)	8,324
Net cash inflow/(outflow) from operating activities	19,443	36,189

10. SUBSEQUENT EVENTS

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



EVA KEY PERFORMANCE INDICATORS

1. EVA KEY PERFORMANCE INDICATORS

For the period ended 31 December	Parent Dec 2025 (\$NZm)	Parent Dec 2024 (\$NZm)
DEBT AND EQUITY EMPLOYED		
Debt employed	156,751	194,050
Equity employed	201,132	142,108
Total debt and equity employed	357,883	336,158
Charge on operating capital	10,311	11,790
Economic value added (EVA)	922	(4,110)
SUMMARY OF PARAMETERS FOR COST OF CAPITAL		
Risk free rate - three-year Government Stock	3.72%	3.91%
Market risk premium	7.0%	7.50%
Company tax rate	28%	28%
Business risk factor (asset beta)	0.60	0.60
Cost of capital	7.90%	8.64%

The economic value added (EVA) measures are calculated on the results of Airways Corporation of New Zealand Limited only.

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 the following website: <https://www.airways.co.nz/about/financial-operational-and-safety-performance-reports/>.

2. RECONCILIATION OF EVA TO NET OPERATING PROFIT AFTER TAX

For the period ended 31 December	Parent Dec 2025 (\$NZm)	Parent Dec 2024 (\$NZm)
Profit/(loss) after tax	9,756	3,703
Deduct: charge on operating capital	(10,311)	(11,790)
Deduct: non-cash employee costs	393	1,946
Deduct: difference in depreciation	(118)	(89)
Add back: Non-cash tax charges	(698)	(208)
Add back: interest costs	1,359	919
Add back: Impairment reversal	-	971
Add back: depreciation on capitalised interest	304	438
Economic value added (EVA)	922	(4,110)



CORPORATE DIRECTORY

Registered office

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

Directors

- Darin Cusack
- Danny Tuato'o
- Louise Edwards
- Gavin Fernandez
- John Holt
- Terry Paddy
- Mayurie Gunatilaka (appointed 1 December 2025)
- Denise Church (until 31 October 2025)
- Mark Hutchinson (until 31 October 2025)

Auditors

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

Bankers

- ANZ Bank New Zealand Limited
- Bank of New Zealand Limited

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