New Zealand Shareholders Association Inc.

NZSA

Many Investors, One Voice

12 September 2025

Air New Zealand Limited (AIR)

The company will hold its Annual Shareholders Meeting at **1.00pm Thursday 25 September 2025.**

The location is **The Cloud - Mezzanine 89 Quay Street, Auckland.**

You can also join the meeting online at this link.

Company Overview

Whilst the company is making progress towards improved financial delivery, it continues to be affected by engine maintenance groundings.

Domestically, it operates more than 380 flights per day to 20 destinations. Alongside its global alliance partners, including United Airlines, Singapore Airlines, Cathay Pacific, and Air China, it connects New Zealand to more than 600 destinations worldwide. The network serves around 16 million passengers a year and is operated by a fleet of 113 aircraft and around 11,700 employees.

In May 2025, Neal Barclay was appointed to the Board. In March 2025, the company announced that CEO Greg Foran, who has served for six years, will leave in October 2025 and be replaced by Nikhil Ravishankar, the current Chief Digital Officer.

Current Strategy

Air New Zealand describes its purpose as "*to enrich our country by connecting New Zealanders to each other and New Zealand to the world.*"

The Annual Report offers a clear articulation of Air New Zealand's strategy, *Kia Mau* – meaning "*get ready and remain steadfast.*" The strategy is based on three key profit drivers and four foundational 'enablers'. The company also highlights key progress milestones against each of these, together with an indication of activity in FY26.

Previous Year Shareholder Meeting

NZSA recorded the following key items at last year's annual shareholder meeting:

1. The impact of additional engine maintenance requirements reduced fleet capacity.

2. Trading conditions were expected to remain challenging for 2025 with uncertainty precluding firm forecasts.

3. NPAT was down 65% at $146 million.

The meeting report is available [at this link.]

Profit Drivers	Select 2025 Achievements	Looking ahead, opportunities on our strategic roadmap include:
Grow Domestic	• Improved operational reliability • Reinstated Hamilton to Christchurch jet services • Automated passenger rebooking capability launched on Domestic	• Delivery of new Airbus A321neo for the domestic network • Refreshed Airpoints™ proposition for small and medium-sized businesses • Launch of interline trial with Air Chathams • Capacity growth into Wellington and Queenstown
Elevate International	• First 2 retrofitted Boeing 787 aircraft back in service with new interior product and an increased number of premium seats[1] • Launched new service from Christchurch to Adelaide • Completed roll out of next generation revenue management tool across all international markets • Grew ancillary revenue by 15 percent	• Arrival of first new Boeing 787-9 aircraft, powered by GE engines and featuring our latest long-haul experience • New cargo forecast and demand optimisation tool to be rolled out • Addition of new international markets
Lift Loyalty	• Launch of iFly platform, enabling faster rollout of improved functionality • Introduction of Apple Pay on the Airpoints™ Store • New partners announced (Woolworths and Sharesies). • Stronger Airpoints™ Store sales, up 14 percent compared to 2024	• Special flight offers for members only (Airpoints™ Variable Redemption) • Roll out of new tiers and benefits • Commencement of Auckland International Lounge upgrade

Enablers	Select 2025 Achievements	Looking ahead, opportunities on our strategic roadmap include:
Brilliant Basics	• Ops Collab tool rolled out across entire Domestic network • Automated passenger rebooking capability launched on Domestic • Migration to new inflight catering digital platform to unlock food wastage and increase efficiency • Transitioned to new global payments provider	• Completion of new engineering hangar at Auckland, unlocking maintenance productivity and capability • Development of new cargo terminal • Continued investment in and modernisation of Ground Service Equipment
Serious about Sustainability	• Announced annual guidance for expected net emissions to 2030 • Uploaded 1.7 percent of SAF as a proportion of total jet fuel volumes • Launched the Every Corner Project to invest in local nature projects	• Sign long-term SAF offtake agreements to secure a portion of the fuel required to meet the airline's 10% SAF by 2030 target • Implementation of internal shadow carbon price for investment decisions
Digital Dexterity	• New contact centre livechat channel launched • Migration of majority of applications and systems to the cloud from servers, increasing resiliency and speed of future software development • Enabled around 3,000 of our people with AI tooling to enhance productivity • Launched Digital Academy, an internally curated training repository our people to enhance digital skills, attend classes and events, and improve data, and AI literacy	• Next generation kiosk design and next generation check-in • Launch of tool control app in Engineering • Roll-out of Ops Collab across international ports • Cargo web portal development
Prioritising People and Safety	• Named World Safest Airline by AirlineRatings.com • Successfully ratified 11 bargains across various workforces • Won 2025 Ranstad Employer of Choice award • Rolled-out two formal talent development programmes	• Launch emerging leaders programme across the business • Launch ELEVATE apprenticeship programme to reduce barriers to move into a digital career and increase representation of Māori, Pacific peoples and women in Digital • Launch a refreshed recognition framework

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Key

The following sections calculate an objective rating against criteria contained within NZSA policies.

Colour	Meaning
G	Strong adherence to NZSA policies
A	Part adherence or a lack of disclosure as to adherence with NZSA policies
R	A clear gap in expectations compared with NZSA policies
n/a	Not applicable for the company

Governance

NZSA assessment against its key policy criteria are summarised below.

G ***Directors Fees:*** Generally excellent disclosure, however we would prefer an explicit statement that retirement benefits are not paid to Directors (the constitution is silent).

G ***Director Share Ownership:*** Directors are expected to accumulate the equivalent of 50% of their base fee over a 3-year period.

Whilst NZSA strongly encourages Directors to hold shares, we believe it should not be mandatory and be up to individual Directors to determine based on their personal circumstances. A share ownership threshold implies that only wealthy individuals can be a Director; NZSA believes that wealth is no arbiter of quality. Compulsion also reduces the 'market signal' impact for directors buying shares.

In mitigation, we note there is a clear mitigation offered both in terms of quantum (50%) and time frame (3 years) required that offsets diversity concerns. Discussions with the company have indicated there would be additional leeway offered if required.

G ***CEO Remuneration:*** The company discloses its remuneration policy on its website, which includes an overview of the remuneration philosophy applicable to the company. The People Remuneration and Diversity Committee is responsible for implementing the policy.

Incentives: The CEO is paid a short-term incentive (STI) in cash, a long-term incentive (LTI by way of Performance Share Rights.

In addition, in 2024 the company introduced a CEO retention payment covering the 3-year period 2024 to 2026. The CEO will receive up to $900,000 per annum provided he remains with the company - with the condition that his total remuneration does not exceed 130% of the total target remuneration including the retention payment.

This payment has lapsed with the CEO's resignation earlier in the year.

For both STI and LTI, Air New Zealand provides good disclosure in relation to the incentive payments made to the CEO, including the measures, weightings, targets, and the level of achievement versus target for each component associated with any awards.

The maximum STI is 95% of the base salary with the LTI award at 55% of the base salary. NZSA prefers a weighting towards long-term incentive to align with the long-term interests of shareholders.

Like all share-based LTI schemes, given a three-year vesting period, the level of eventual payment associated with an LTI may range from zero to a level considerably higher than the initial Award. Air New Zealand provides a graph in the Annual Report that indicates an intent for a 50/50 split between STI and LTI at *vesting*. The design of the LTI is based on differing total shareholder return (relative) measures, a metric preferred by NZSA.

In addition, the CEO is required to hold *vested* shares equivalent to 55% of the base salary.

The STI payment for FY25 was 58% of target. No LTI was awarded (or vested) during FY25, and as the CEO resigned prior to June 2025, no retention payment was made for FY25.

The company provides a stand-alone gender pay report, highlighting 'overall' pay gap as well as the pay equity gap by career level.

Golden Parachutes: There is no disclosure around the termination conditions nor any other related payments. In the interests of transparency, NZSA believes there should be explicit disclosure around the severance terms and notice periods associated with the CEO, including whether specific termination payments are offered.

G ***Director Independence:*** All Directors are independent.

G ***Board Composition:*** We are pleased to note that following our comments in previous years the Annual Report now includes a comprehensive skills matrix that attributes skill sets to individual Directors to demonstrate how they contribute to the governance of the company rather than the previous collective matrix.

The company does not participate in the IoD's Future Director programme designed to develop and mentor the next generation of Directors. We continue to encourage participation.

G ***Director Tenure:*** NZSA looks for evidence of ongoing succession or 'staggered' appointment dates that reduce the risks associated with effective knowledge transfer in the event of succession. We also prefer a term maximum of 9-12 years, unless there are exceptional circumstances that may apply.

Director appointment dates from 2016 to 2025 indicating a commitment to succession planning.

G ***ASM Format:*** Air New Zealand Limited is holding a 'hybrid' meeting, (i.e., physical, and virtual), a format preferred by NZSA as a way of promoting shareholder engagement while maximising participation.

G ***Independent Advice for the Board & Risk Management:*** NZSA looks for evidence, through disclosures, that a Board has access to appropriate internal and external expertise to support board assurance activities. We also look for evidence that Boards are across their risk management responsibilities.

Directors can with prior approval of the Chair seek independent external advice. The General Counsel and Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Head of Internal Audit reports functionally to the Audit & Risk Committee and administratively to the Chief Financial Officer.

There are comprehensive disclosures in the Annual Report and Sustainability Report around financial, non-financial, business and operations risks and how these are governed. In addition to the Annual Report the company publishes a 55-page Climate Statement.

Audit

NZSA assessment against its key policy criteria are summarised below.

G **Audit Independence**: Good disclosure.

A **Audit Rotation:** The company ensures the Lead Audit Partner is rotated at 5 years as required by the NZX Listing Rules. As a publicly-controlled entity, the Auditor-General is the auditor but may appoint an independent auditor to conduct the audit process. Jason Stachurski of Deloitte Limited has been appointed in this respect, from the 2025 financial year.

While the auditor appointment is not an Air New Zealand decision, in the interests of audit independence, we would recommend the company discuss future appointment and/or tendering processes with the OAG.

Environmental Sustainability

G *Overall approach:* NZSA's assessment of Air New Zealand in 2025 notes that the company has continued to strengthen its climate reporting under the New Zealand Climate Standards. Aviation remains one of the hardest sectors to decarbonise, but the company provides clear disclosures on governance, risk, strategy, and metrics.

While its main focus is on climate change, Air New Zealand also made strong progress on waste reduction in FY2025, exceeding its new landfill waste target. This reflects growing integration of broader environmental issues into its sustainability approach.

G *Sustainability Governance:* Air New Zealand continues to report on the skills represented at the Board level, including sustainability expertise. The Board is supported by a Sustainability Advisory Panel of external experts who provide independent advice on the transition plan, emissions targets, and emerging risks. Management accountability remains clear, with the Chief Sustainability and Corporate Affairs Officer leading climate-related initiatives and reporting directly to the CEO and Board.

G *Strategy and Impact:* Given aviation's reliance on fossil fuels, climate change continues to shape Air New Zealand's strategic direction. In FY2025, the company published its first 2030 Emissions Guidance, a new interim target aiming for a 20–25% reduction in net emissions by 2030 (from a 2019 baseline), replacing the earlier alignment with the Science-Based Targets initiative.

G *Risk and Opportunity:* The FY2025 Climate Statement provides detailed disclosure of physical and transition risks, integrating them into the company's enterprise risk management framework. Climate change remains rated as a very high strategic risk for the airline. The company explicitly states that no material climate-related opportunities have been identified yet.

G *Metrics and Targets:* Air New Zealand discloses Scope 1–3 emissions with year-on-year comparatives, sets a new 2030 interim emissions target. In FY2025, a landfill waste reduction goal was added to the executive performance scorecard, and the company exceeded it, achieving an 11%

reduction compared to a 6% target. This links wider environmental outcomes to accountability at the leadership level.

G *Assurance*: As in previous years, Deloitte provided external assurance over Air New Zealand's greenhouse gas inventory, covering Scope 1 and 2 emissions (reasonable assurance) and selected Scope 3 categories (limited assurance). NZSA continues to encourage the expansion of assurance coverage to encompass the broader climate and sustainability disclosures over time.

Ethical and Social

NZSA assessment against its key policy criteria are summarised below.

G ***Whistleblowing:*** Good disclosure.

G ***Political Donations****:* The Annual Report clearly states no donations are made to the political parties.

Financial & Performance

Policy Theme	Assessment
Capital Management	G
Takeover or Scheme	n/a

Air New Zealand's share price rose from $0.56 to $0.59 (as of 2nd September 2025) over the last 12 months – a 6% increase. This compares favourably with the NZX 50 which rose 5% in the same period. The capitalisation of AIR is $1.9b placing it 25th out of 114 companies on the NZX by size and makes it a large company.

Metric	2021	2022	2023	2024	2025	Change
Revenue	$2,517m	$2,734m	$6,330m	$6,752m	$6,755m	n/c
Operating Earnings	$334m	-$4m	$1,286m	$941m	$926m	-2%
NPAT	-$289m	-$591m	$412m	$146m	$126m	-14%
EPS[1]	-$0.257	-$0.175	$0.122	$0.043	$0.038	-12%
PE Ratio	n/a	n/a	6	13	15	
Capitalisation	$1,011m	$2,189m	$2,627m	$1,886m	$1,949m	4%
Current Ratio	0.35	0.79	0.85	0.68	0.57	-16%
Debt Equity	5.06	3.98	3.42	3.25	3.49	7%
Operating CF	$323m	$550m	$1,853m	$810m	$940m	16%
NTA Per Share[1]	$0.82	$0.45	$0.57	$0.54	$0.54	n/c
Equity per Share[1]	$0.98	$0.50	$0.62	$0.60	$0.59	-1%
Dividend[1]	n/a	n/a	$0.06	$0.035	$0.025	-29%

[1] *per share figures based off actual shares at balance date (not weighted average)*

As with FY24, FY25 was a difficult year for AIR, with stagnant *revenues*, and operating costs, leading to a very small fall in *operating earnings* to $926m.This seems like a sound result, particularly given significant capacity reductions across the network and cost increases as the company deals with ongoing engine replacement issues. The result also reflects a weak domestic New Zealand economy (like many other companies).

Revenue was unchanged at $6,755m with cargo revenue up, but offset by passenger revenue which was slightly down.

The company is in a sound financial state as total debt levels continue to decline with another $471m of long-term debt retired. Total debt stands at $1,277m. The *debt equity ratio* has, however, risen slightly to 3.49 on the back of an increase in lease liabilities and other liabilities, most notably trade and payables. Debt levels are exacerbated by IFR16 requirements that state lease obligation must be on the balance sheet, and AIR have a large number of leases. NZSA also notes the Moody's credit rating upgrade to Baa1 (from Baa2) in November 2023, which was re-affirmed on July 10th 2025.

NTA per share was static at $0.54 and shares trade at a slight 10% premium to NTA.

Operating cash flow continues to be robust coming in at $940m. If measured in cents per share, this comes in at $0.28.

On the back of a weaker result, the company reduced dividends (unimputed) amounting to $0.025. At a macro level, the company may be better served alleviating debt rather than distributing cash via a means that is less tax efficient. In a positive move, the company has begun a share buyback program, with a belief that funds set aside for dividends would be better utilised for this purpose. This action does rely heavily on directors' judgement of the company's value as compared with its current share price.

The company has provided a brief guidance statement for FY26 and stated that*: "the airline expects earnings before taxation for the first half of the 2026 financial year to be similar to or less than that reported in the second half of the 2025 financial year ($34 million)"*

The Crown is the largest shareholder with a 51.01% controlling stake. Outside of the crown holding, shares are extremally widely held.

Resolutions

1. To re-elect Dame Therese Walsh as an Independent Director.

Dame Therese Walsh was first appointed to the Board on 1 May 2016 and has been the Chair for 6 years. She currently chairs ASB Bank Ltd, and the nominations committee for the Climate Change Commission, and serves as a Director of On Being Bold Ltd and is a member of the Fonterra Independent Assessment Panel. She was formerly Head of New Zealand for the ICC Cricket World Cup 2015, Chief Operating Officer for Rugby New Zealand 2011 Ltd, and Chief Financial Officer at

NZ Rugby. Her previous governance roles include Chair of TVNZ Ltd and Chapter Zero NZ, and directorships at NZX Ltd, Contact Energy, Antarctica New Zealand, NZ Cricket, Save the Children NZ, and Pro chancellor at Victoria University. Dame Therese is a Fellow of the Chartered Accountants Australia and NZ and a commerce graduate of Victoria University. She was named the inaugural supreme winner of the Women of Influence Awards in 2013, received a Sir Peter Blake Trust Leadership Award in 2014, and was appointed a Dame Companion of the NZ Order of Merit in 2015.

We will vote undirected proxies **IN FAVOUR** of this resolution.

2. To elect Neal Barclay as an Independent Director.

Neal Barclay was appointed to the Board 1 May 2025 and is therefore required to offer himself for election. He was Chief Executive Officer of Meridian Energy, New Zealand's largest electricity generator and retailer for 17 years and prior to stepping up to CEO in 2018 he held several other senior roles including Chief Financial Officer, General Manager of Wholesale and Generation, and General Manager of Retail. Neal also spent 13 years with Telecom New Zealand in a range of senior finance leadership roles and is currently a Non-Executive Director of Chorus Ltd. Neal is a Chartered Accountant Fellow (FCA), Chartered Accountants Australia and New Zealand.

We will vote undirected proxies **IN FAVOUR** of this resolution.

Proxies

You can vote online or appoint a proxy at this link.

Instructions are on the Proxy/voting paper sent to you.

Voting and proxy appointments close **1.00pm Tuesday 23 September 2025.**

Please note you can appoint the Association as your proxy. We will have a representative attending the meeting.

The Team at NZSA