AIR NEW ZEALAND

Interim
Financial Report
/ 2025

A STAR ALLIANCE MEMBER

Where we fly

*Route is temporarily suspended.

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Dame Therese Walsh
Chair

Greg Foran
Chief Executive Officer

Kia ora koutou

Our performance for the first half of the 2025 financial year is a testament to the resilience and skill of our 11,600-strong Air New Zealand whānau.

Despite navigating what has now been 12 months of some of the toughest conditions we have ever experienced, Air New Zealand is proud to have delivered earnings before taxation of $155 million, at the upper end of guidance, and net profit after taxation of $106 million.

Our strong balance sheet and liquidity position allow us to not only manage the short-term challenges we face successfully, but also to invest in the future with confidence and return capital to our shareholders.

Reflecting the result for the period and our balance sheet stability, the Board has declared an unimputed interim ordinary dividend of 1.25 cents per share and approved a share buy-back of up to $100 million*. This decision underscores our commitment to delivering value to our shareholders, while ensuring we remain well-positioned for the long-term.

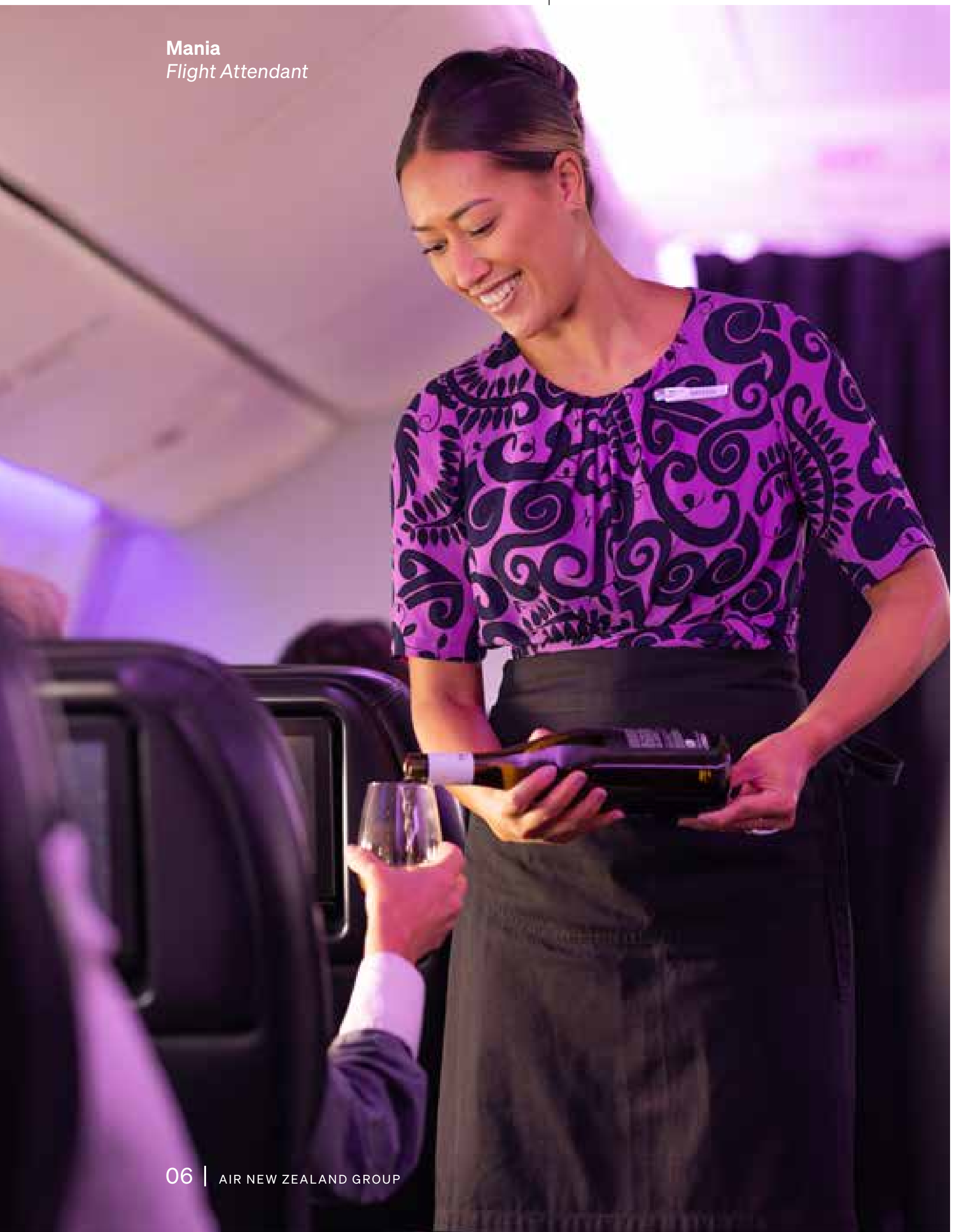
In a normal year the result we have announced today might not seem that remarkable. But given the challenges we have faced – rising costs, a softer domestic economy with reduced corporate and government spending, and unprecedented levels of grounded aircraft due to additional engine maintenance requirements – it is a result that reflects the hard mahi, determination, and agility of our team.

*This includes an on-market buy-back component through the NZX and ASX and an off-market buy-back component under which Air New Zealand will, following any on-market acquisitions, acquire a corresponding number of shares held by the Crown, in order to maintain the Crown's shareholding.

To perhaps put the biggest of these challenges into perspective, over $1 billion worth of our newest and most efficient aircraft have been grounded at times across the six month period.

The impact of this on our operations, our financial performance, our people and our customers cannot be understated. We estimate earnings before taxation of $155 million for the period would have been around $40 million higher, net of compensation, had we been able to operate our aircraft and network schedule as intended.

But we knew this would be the case and went into the year with our eyes wide open, determined to control what we could, continue putting effective mitigations in place and maintain a relentless focus on delivering for our customers.



Mania
Flight Attendant

And while disruption remains part of our daily rhythm for now, we are optimistic about the future. As we outlined at our Investor Day in November, we are undertaking exciting work across the business to strengthen and develop our foundations even further.

Looking ahead to the next 12 months, more than half of our Boeing 787 Dreamliner fleet will be retrofitted with our latest cabin products, including the new Business Premier Luxe™ seats in our Business Premier™ cabin. A new inflight entertainment system and bigger screens will be rolled out across all cabins and a Sky Pantry™, where customers can get a snack or drink at their leisure, will be added to our Premium Economy and Economy cabins.

We will also officially launch our trial of digital bag tags, enabling customers to track baggage on a real-time basis throughout their travel journey. Starting in March, domestic Wi-Fi will be rolled out on select aircraft, including, in a world first, on an ATR aircraft. Free internet on domestic flights marks a significant step in transforming the way we connect and travel here in Aotearoa New Zealand and we are excited to have this innovation on-board.

Our first battery-powered, all-electric demonstrator aircraft will also join the fleet in the 2025 calendar year.

This delivery represents an important step in our journey towards decarbonisation. The demonstrator will provide us with invaluable insights into the broader transformation needed in the aviation ecosystem to support adoption of these technologies on a larger scale. Work is also progressing on a new near-term carbon emissions reduction target, that better reflects the challenges we face with respect to aircraft and alternative jet fuel availability.

The Mangōpare Pilot Cadetship has had a tremendous start, receiving over 2,000 applications for its inaugural intake. 30 cadets were selected and began their training in Arizona last September, a critical step to ensure we maintain a pipeline of talent to support future growth.

And as aircraft availability issues start to ease and the first of our new Boeing 787 Dreamliners arrive in early calendar year 2026, we are actively evaluating network opportunities and potential new routes we may look to serve in the medium to longer term.

These initiatives are just the beginning of what promises to be an exciting year ahead. In times like this, it might be easier to pull back and delay investment, but that's not who we are. Our focus remains firmly on the future – ensuring that we continue to connect New Zealanders to each other and to the world, while driving innovation and creating value for our customers and shareholders alike.

BETA's ALIA CTOL
aircraft which has been selected as our first next-generation aircraft

Financial Results

Turning to the detail of the results, Air New Zealand has delivered earnings before taxation of $155 million for the six months to 31 December 2024. This was an expected decline on the prior period.

Passenger revenue decreased five percent to $2.9 billion, largely due to capacity constraints arising from additional engine maintenance requirements, as well as lower domestic demand particularly in corporate and government segments. Also included within passenger revenue is $10 million of credit breakage for unused travel credits that are considered highly unlikely to be redeemed.

Operating costs including fuel decreased two percent, driven primarily by reduced capacity and lower fuel cost for the period. US dollar (USD) fuel prices declined 16 percent over the period from an average of USD 109 per barrel to an average of USD 91 per barrel, driving a $133 million decrease in total fuel costs. Overall capacity for the period declined four percent due to fleet constraints related to the ongoing additional engine maintenance requirements impacting Pratt & Whitney and Rolls-Royce customers globally.

Cost inflation continues to significantly impact financial performance, with approximately $100 million of additional non-fuel operating cost headwinds for the half. This represents an uplift of five percent compared to the same period last year, and brings the cumulative impact of inflation across the past five years to around 25 to 30 percent. The reduction in capacity for the period has also hampered productivity efforts as the airline carries extra costs and inefficiencies as it manages ongoing disruptions in the supply chain.

Capital Management and Dividends

Management continues to make solid progress to move the airline closer to the targets set out in its Capital Management Framework. This includes the resumption of ordinary dividends, voluntary early repayment of debt and an increase in unencumbered aircraft.

Liquidity as at 31 December 2024 was $1.8 billion and net debt to EBITDA was 0.9 times. The airline continues to maintain its investment grade credit of Baa1, reaffirming Air New Zealand's position as one of the highest credit-rated airlines in the world. Maintaining our investment grade rating provides us with continued access to capital at competitive rates, giving us flexibility and resiliency.

On the basis of our ongoing balance sheet strength and the result, the Board has declared an unimputed interim ordinary dividend of 1.25 cents per share, which equates to a payout ratio of 69 percent of the prior 12 month's underlying net profit after taxation. This aligns with the airline's policy to pay ordinary dividends equal to between 40 percent to 70 percent of underlying net profit after taxation, subject to Board discretion.

The Board was also pleased to announce that up to $100 million will be returned to shareholders through a share buy-back. Air New Zealand continues to demonstrate its financial stability with a strong balance sheet, excess liquidity and performance over and above our Capital Management Framework targets.

Progressing towards our capital management framework targets

Maintain financial resilience and flexibility

- Target liquidity range of $1.2 billion to $1.5 billion
- Net Debt to EBITDA ratio of 1.5x to 2.5x

Underpinned by our commitment to maintain investment grade credit rating metrics

Invest in core operations

- Fleet and infrastructure investments above WACC through the cycle
- Investment to support the airline's decarbonisation ambitions

Distributions

- Ordinary dividend pay-out ratio of 40% to 70% of underlying net profit after tax (NPAT)[1]
- Return excess capital via special dividends or share buybacks

Growth capex

- Disciplined investment in value accretive capex
- Target ROIC above pre-tax WACC

1H 2025 performance vs target

Liquidity
$1.8 billion

Net Debt to EBITDA
0.9x

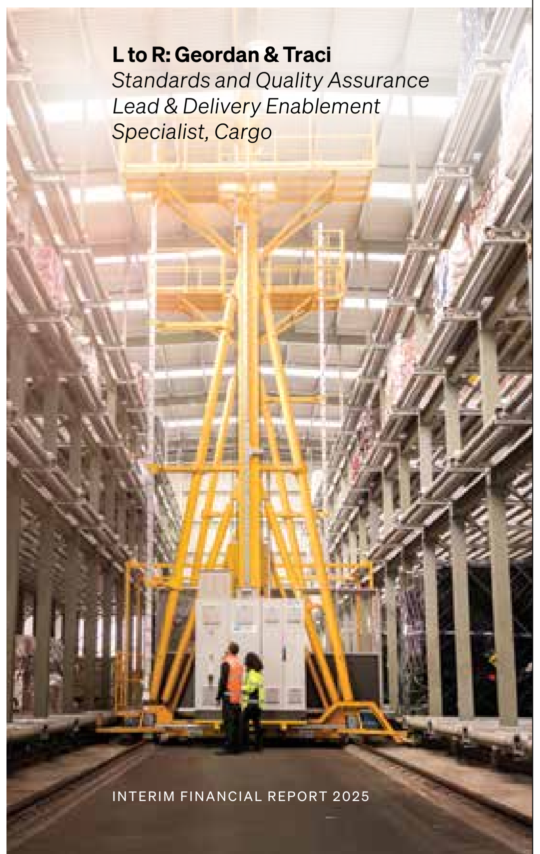
Unimputed interim ordinary dividend
1.25 cps
69% pay-out ratio

Return of excess capital
Announced share buy-back of up to $100 million

[1] The payout ratio for each of the interim and final dividends is calculated based on the rolling 12-month NPAT, which is divided by two, to reflect the six-monthly period.

Sophie
Flight Attendant

L to R: Keita, Bikku & Steve
Aircraft Maintenance Engineer, Trainee ANZTO & Team Leader, Aero Support AKL, Operations



L to R: Geordan & Traci
Standards and Quality Assurance Lead & Delivery Enablement Specialist, Cargo

Outlook

The airline notes that the 2025 financial year will be the first full 12-month period impacted by global additional engine maintenance requirements on the Pratt & Whitney and Rolls-Royce engines that power its Airbus neo and Boeing 787 Dreamliner fleets.

For the second half of the financial year, Air New Zealand's best estimate currently is that it will have up to 11 jet aircraft grounded at times as a result of these requirements, however the airline notes a large degree of uncertainty exists regarding engine maintenance timeframes.

In light of these aircraft groundings, the associated diseconomies of scale and inefficiencies, and potential compensation, the airline currently expects performance for the second half of the 2025 financial year to be significantly lower than the first half.

Given the degree of uncertainty surrounding the number of grounded aircraft across the second half and any associated compensation, the airline is not in a position to provide guidance at this time.

While the challenges we face will remain a while longer, our strong balance sheet, clear strategic focus, and the dedication of our team give us confidence in the path ahead. The momentum we've built over the past year, through decisive actions to create value for our customers and shareholders, has laid a strong foundation for the future.

Both the Board and management are committed to continue delivering stronger returns while staying true to our culture and our promise of a world-class travel experience.

Thank you for your continued support of Air New Zealand.

Ngā mihi nui,

Dame Therese Walsh
Chair

Greg Foran
Chief Executive Officer
Air New Zealand

Air New Zealand has reported earnings before taxation of $155 million for the first six months of the 2025 financial year, compared to $185 million for the equivalent period last year. Net profit after taxation was $106 million.

Considerable levels of grounded aircraft due to global accelerated maintenance requirements on engines that power the airline's Boeing 787 Dreamliner and Airbus A320/321neo fleets significantly impacted the result for the period. Ongoing weakness in the economic backdrop in New Zealand also affected the result, with lower domestic demand, particularly in the corporate and government segments.

Revenue Performance

Operating revenue for the period was $3.4 billion, a decrease of 2.0 percent. Excluding the impact of foreign exchange, operating revenue decreased 1.9 percent.

Passenger revenue declined 5.0 percent to $2.9 billion largely due to capacity constraints from aircraft groundings, and softer domestic demand. Excluding the impact of foreign exchange and travel credit breakage, passenger revenue decreased by 3.9 percent.

Total capacity (Available Seat Kilometres, ASK) decreased 4.4 percent, reflecting fleet constraints arising from the global accelerated engine maintenance requirements. Demand (Revenue Passenger Kilometres, RPK) increased by more than capacity, resulting in increased load factors of 83.3 percent, up 1.7 percentage points on the prior period.

Revenue per Available Seat Kilometre (RASK) excluding foreign exchange and travel credit breakage increased slightly, by 0.7 percent.

Capacity across the international long-haul network decreased 6.6 percent, as a result of engine constraints on the airline's Dreamliner fleet, which was only partly offset by the deployment of three leased widebody aircraft. Demand on international long-haul routes relative to capacity growth saw load factors increase 1.5 percentage points to 81.6 percent. International long-haul RASK excluding foreign exchange and travel credit increased by 1.0 percent.

International short-haul capacity decreased by 0.6 percent, and load factors increased 3.3 percentage points to 86.5 percent due to a combination of higher passenger volumes and reduced narrowbody flying associated with additional engine maintenance requirements. International short-haul RASK decreased 1.5 percent excluding foreign exchange and travel credit breakage due to lower average fares.

Domestic capacity decreased 3.5 percent, with up to five narrowbody aircraft removed from service for parts of the period due to the global Pratt & Whitney PW1100 accelerated engine maintenance requirements. Despite this, passenger volumes decreased by more than the capacity reduction due, in part, to ongoing softness in the New Zealand economy which impacted business travel. Load factors decreased 1.0 percentage point to 83.3 percent, while RASK excluding foreign exchange and travel credit breakage was consistent with the prior period.

Cargo revenue was $257 million, an increase of 5.8 percent. This was largely driven by higher load factors particularly on North American and Asia routes, partly offset by capacity and yield declines due to stronger market competition.

Contract services and other revenue was $241 million, an increase of 39 percent, due to compensation received from engine manufacturers related to accelerated maintenance requirements, partly offset by reduced third-party maintenance revenue resulting primarily from the permanent closure of the Gas Turbines business which occurred in the prior period. Foreign exchange had a nominal impact.

$155m
Earnings before taxation

$106m
Net profit after taxation

$2.9b
Passenger revenue

$1.5b
Cash on hand

Expenses

Operating expenditure decreased 1.7 percent to $2.9 billion for the period as a result of lower overall capacity from ongoing engine maintenance disruptions, as well as a substantial decrease in jet fuel prices.

Reported costs per ASK (CASK) deteriorated 2.9 percent, as lower fuel price and favourable foreign exchange movements were more than offset by ongoing inflationary pressure across the cost base and inefficiencies associated with fleet constraints. For the six months to 31 December 2024, broad-based inflation led to an increase of approximately $100 million in non-fuel operating costs compared to the prior period. Underlying CASK, which excludes the impact of fuel price, foreign exchange and third-party maintenance, deteriorated by 6.7 percent.

Labour costs were $824 million, increasing by 3 percent compared to the same period last year. Wage inflation of 4.7 percent contributed to higher labour costs but was partly offset by less flying in the period. Full-Time Equivalent labour (FTE) decreased 0.5 percent to approximately 11,600.

Fuel costs were $746 million, decreasing 15 percent on the prior period largely due to a decline in Singapore Jet fuel price, as well as the reduced flying over the period. A 16 percent decrease in the underlying jet fuel prices from USD 109 per barrel to USD 91 per barrel, and, to a lesser extent, a decrease in the price of domestic carbon offsets was partially offset by unfavourable hedging losses. Combined, these factors contributed $108 million of lower costs relative to the prior period. A stronger New Zealand dollar relative to the prior period also contributed $5 million to the decrease in fuel costs.

Aircraft operations, passenger services and maintenance costs increased $70 million, or 8 percent driven primarily by increased landing charges across a number of domestic airports, increased engineering and maintenance costs and broader inflation pressure both in New Zealand and in offshore locations to which Air New Zealand operates. This was partly offset by reduced costs from lower overall capacity.

Sales, marketing and other expenses decreased $16 million, or 4 percent due to lower commissions and other underlying sales activity due to reduced overall capacity from ongoing fleet disruptions, offset partly by increased market development and related activities.

Ownership costs were $388 million, an increase of $5 million or 1.3 percent from the prior period. Decreased interest income due to a reduction in average cash holdings is reflected in increased net interest costs.

The impact of foreign exchange rate changes on the revenue and cost base resulted in a favourable foreign exchange movement of $6 million. After considering a $5 million unfavourable movement in hedging, overall foreign exchange had a net $1 million positive impact on the Group result for the period.

Up to
$100m
Share buy-back

$3.4b
Operating revenue

$424m
Operating cash flow

1.25c
Unimputed interim ordinary dividend

Share of Earnings of Associates

Share of earnings of associates were $15 million, a $5 million decrease on the prior period due to unfavourable foreign exchange impacts.

Cash and Financial Position

Cash on hand at 31 December 2024 was $1.5 billion, an increase of $263 million on 30 June 2024. This increase reflects the higher operating cash flows, proceeds from the sale and leaseback of four A320 aircraft and the return of a restricted deposit placed as part of a commercial arrangement to provide security over the airline's New Zealand-based credit card obligations. The increase was partly offset by the payment of a 2024 final dividend, acquisition of fixed assets and scheduled debt and lease payments in the period.

At 31 December 2024, liquidity was $1.8 billion, reflecting cash balances of $1.5 billion as well as a revolving credit facility of $250 million, which remains undrawn.

Cashflow and Debt

Operating cash flows were $424 million, reflecting positive cash earnings.

Net debt to EBITDA increased to 0.9x, which remains favourable to the airline's target leverage range of 1.5x to 2.5x. The Board will continue to review appropriate tools to prudently transition this metric into the target range.

Distributions

On the basis of the airline's balance sheet strength and the result announced for the period, the Board has declared an unimputed interim ordinary dividend of 1.25 cents per share. The dividend will be paid on 19 March 2025, to shareholders on record as at 7 March 2025.

In addition to this, the airline also announced the commencement of a share buy-back of up to $100 million.

Dividend record date
7 March 2025

Ex-dividend date
6 March 2025

Dividend payment date
19 March 2025

Donna
Flight Attendant

CHANGE IN EARNINGS

The key changes in earnings, after isolating the impact of foreign exchange movements, are set out in the table below*:

December 2023 earnings before taxation	$185m	
Passenger capacity	($119m)	- Capacity decreased by 4 percent due to reductions in aircraft availability arising from engine issues affecting the Airbus narrowbody fleets and Boeing 787 fleet. - Domestic capacity decreased 3 percent due to the impact of the global Pratt & Whitney engine issues on the A321neo fleet. - International short-haul capacity decreased 0.6 percent due to a reduction in Airbus narrowbody flying partially offset by additional deployment of leased Boeing 777 fleet. - International long-haul capacity decreased 7 percent due to a reduction in aircraft availability as a result of Trent 1000 engine issues.
Passenger RASK	$2m	- Overall Group Revenue per Available Seat Kilometre (RASK) increased by 0.7 percent excluding FX and travel credit breakage. Loads increased by 1.7 percentage points to 83.3 percent. - Domestic RASK excluding FX and travel credit breakage was consistent with the prior period with load factor decreasing 1.0 percentage points to 83.3 percent. RASK was impacted by strong demand for regional travel and events offset by a reduction in capacity flown and lower demand from corporate and government segments. - International short-haul RASK decreased by 1.5 percent excluding FX and travel credit breakage with load factor increasing 3.3 percentage points to 86.5 percent. - International long-haul RASK increased by 1.0 percent excluding FX and travel credit breakage with load factors increasing 1.5 percentage points to 81.6 percent. The current period was impacted by Boeing 787 availability issues with passenger demand reducing at a lesser rate than the reduction in aircraft capacity.
Unused travel credits	($35m)	- A breakage allowance was recognised for passenger unused travel credits for which it is considered the likelihood of those credits being utilised is remote.
Cargo revenue	$17m	- Load factor improvements particularly on North American and Asian routes partially offset by a reduction in yield due to an increase in market capacity.
Contract services and other revenue	$68m	- The increase reflects compensation income received from manufacturers for the impact of engine shortages on the business recognised in the current period (of $83 million) and higher ancillary income. This was partially offset by reduced third-party maintenance work primarily due to the closure of the Gas Turbines operation in September 2023 and lower customer heavy maintenance activity.
Labour	($23m)	- Higher labour costs due to wage inflation and higher activity from increased engineering maintenance requirements offset by a reduction in operating activity.
Fuel	$128m	- Consumption decreased by 2 percent ($20 million) compared to reduction in capacity of 4 percent. The average fuel price, net of hedging and carbon costs, decreased 12 percent compared to the prior year resulting in a decrease in costs of $108 million. MOPS price decreased by 16 percent.
Aircraft operations, passenger services and maintenance	($74m)	- Higher costs related to landing price increases, price inflation, higher utilisation of Boeing 777 aircraft and additional costs associated with leased engines.
Sales and marketing and other expenses	$14m	- Lower commissions and other sales costs due to a reduction in capacity offset by higher market development spend.
Ownership costs	($4m)	- Higher net financing costs driven by lower average cash reserves were offset by a reduction in depreciation due to favourable foreign exchange movements on residual values partially counteracted by new leased aircraft and engine maintenance.
Net impact of foreign exchange movements	$1m	- Favourable movements on operating revenue and costs partially offset by lower hedging gains due to market movements.
Share of earnings of associates	($5m)	- Decrease in earnings from the Christchurch Engine Centre due to unfavourable foreign exchange movements.
December 2024 earnings before taxation	$155m	

*The numbers referred to in the Financial Commentary on the previous page have not isolated the impact of foreign exchange.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the six months ended 31 December

	NOTES	2024 UNAUDITED $M	2023 UNAUDITED $M
Operating revenue			
Passenger revenue		**2,905**	3,057
Cargo		**257**	243
Contract services		**33**	58
Other revenue	2.7	**208**	116
	3	**3,403**	3,474
Operating expenditure			
Labour		**(824)**	(801)
Fuel	2.7	**(746)**	(879)
Maintenance	2.7	**(274)**	(255)
Aircraft operations		**(446)**	(403)
Passenger services		**(214)**	(206)
Sales and marketing		**(157)**	(160)
Foreign exchange gains		**-**	5
Other expenses	2.6	**(214)**	(227)
		(2,875)	(2,926)
Operating earnings (excluding items below)		**528**	548
Depreciation and amortisation	2.7	**(364)**	(369)
Earnings before net finance costs, associates and taxation		**164**	179
Finance income		**57**	83
Finance costs		**(81)**	(97)
Share of earnings of associates (net of taxation)	2.1	**15**	20
Earnings before taxation		**155**	185
Taxation expense		**(49)**	(56)
Net profit attributable to shareholders of parent company		**106**	129
Per share information:			
Basic and diluted earnings per share (cents)		**3.1**	3.8
Interim dividend declared per share (cents)		**1.25**	2.0

These condensed consolidated interim financial statements have not been audited. They have been the subject of a review by the auditor pursuant to NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*, issued by the External Reporting Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December

	2024 UNAUDITED $M	2023 UNAUDITED $M
Net profit for the period	**106**	129
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Actuarial gains/(losses) on defined benefit plans	**-**	(2)
Total items that will not be reclassified to profit or loss	**-**	(2)
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of cash flow hedges	**14**	28
Transfers to net profit from cash flow hedge reserve	**(29)**	(20)
Net translation gain/(loss) on investment in foreign operations	**3**	(1)
Changes in costs of hedging reserve	**(17)**	3
Taxation on above reserve movements	**13**	(4)
Total items that may be reclassified subsequently to profit or loss	**(16)**	6
Total other comprehensive (loss)/income for the period, net of taxation	**(16)**	4
Total comprehensive income for the period, attributable to shareholders of the parent company	**90**	133

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December

UNAUDITED	NOTES	SHARE CAPITAL $M	HEDGE RESERVES $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	GENERAL RESERVES $M	TOTAL EQUITY $M
Balance as at 1 July 2024		**3,379**	**(5)**	**(9)**	**(1,355)**	**2,010**
Net profit for the period		**-**	**-**	**-**	**106**	**106**
Other comprehensive loss for the period		**-**	**(23)**	**7**	**-**	**(16)**
Total comprehensive income for the period		**-**	**(23)**	**7**	**106**	**90**
Transactions with owners:						
Equity-settled share-based payments (net of taxation)		**3**	**-**	**-**	**-**	**3**
Equity settlements of staff share award obligations	2.4	**(2)**	**-**	**-**	**-**	**(2)**
Dividends on Ordinary Shares	6	**-**	**-**	**-**	**(51)**	**(51)**
Total transactions with owners		**1**	**-**	**-**	**(51)**	**(50)**
Balance as at 31 December 2024	2.5	**3,380**	**(28)**	**(2)**	**(1,300)**	**2,050**

UNAUDITED	NOTES	SHARE CAPITAL $M	HEDGE RESERVES $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	GENERAL RESERVES $M	TOTAL EQUITY $M
Balance as at 1 July 2023		3,377	(59)	(9)	(1,230)	2,079
Net profit for the period		-	-	-	129	129
Other comprehensive income for the period		-	8	(2)	(2)	4
Total comprehensive income for the period		-	8	(2)	127	133
Transactions with owners:						
Equity-settled share-based payments (net of taxation)		4	-	-	-	4
Equity settlements of staff share award obligations	2.4	(5)	-	-	-	(5)
Dividends on Ordinary Shares	6	-	-	-	(202)	(202)
Total transactions with owners		(1)	-	-	(202)	(203)
Balance as at 31 December 2023	2.5	3,376	(51)	(11)	(1,305)	2,009

These condensed consolidated interim financial statements have not been audited. They have been the subject of a review by the auditor pursuant to NZ SRE 2410 (Revised), issued by the External Reporting Board. The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

	NOTES	31 DEC 2024 UNAUDITED $M	30 JUN 2024 AUDITED $M
Current assets			
Bank and short-term deposits		**1,542**	1,279
Trade and other receivables		**549**	538
Inventories		**144**	131
Derivative financial assets		**157**	88
Intangible assets		**41**	40
Income taxation		**28**	28
Interest-bearing assets	2.2	**329**	326
Other assets		**12**	10
Total current assets		**2,802**	2,440
Non-current assets			
Trade and other receivables		**44**	33
Property, plant and equipment		**3,867**	3,608
Right of use assets		**1,431**	1,520
Intangible assets		**200**	188
Investments in other entities	2.1	**235**	205
Derivative financial assets		**88**	92
Interest-bearing assets	2.2	**170**	454
Other assets		**7**	8
Total non-current assets		**6,042**	6,108
Total assets		**8,844**	8,548
Current liabilities			
Trade and other payables		**1,022**	849
Revenue in advance		**1,736**	1,831
Interest-bearing liabilities	2.3	**187**	157
Lease liabilities		**337**	331
Derivative financial liabilities		**55**	76
Provisions		**12**	53
Income taxation		**6**	7
Other liabilities		**276**	295
Total current liabilities		**3,631**	3,599
Non-current liabilities			
Trade and other payables		**5**	-
Revenue in advance		**219**	220
Interest-bearing liabilities	2.3	**1,201**	1,236
Lease liabilities		**1,239**	1,092
Derivative financial liabilities		**79**	101
Provisions		**267**	174
Deferred taxation		**117**	81
Other liabilities		**36**	35
Total non-current liabilities		**3,163**	2,939
Total liabilities		**6,794**	6,538
Net assets		**2,050**	2,010
Equity			
Share capital	2.4	**3,380**	3,379
Reserves	2.5	**(1,330)**	(1,369)
Total equity		**2,050**	2,010

Dame Therese Walsh
Chair

Alison Gerry
Director

For and on behalf of the Board, 20 February 2025

These condensed consolidated interim financial statements have not been audited. They have been the subject of a review by the auditor pursuant to NZ SRE 2410 (Revised), issued by the External Reporting Board. The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December

	NOTES	2024 UNAUDITED $M	2023 UNAUDITED $M
Cash flows from operating activities			
Receipts from customers		**3,248**	3,295
Receipts from suppliers		**39**	-
Payments to suppliers and employees		**(2,844)**	(2,876)
Income tax (paid)/refunded		**(1)**	-
Interest paid		**(80)**	(93)
Interest received		**62**	85
Net cash flow from operating activities		**424**	411
Cash flows from/(used in) investing activities			
Disposal of property, plant and equipment, intangibles and assets held for sale		**193**	2
Distribution from associates		**-**	12
Acquisition of property, plant and equipment, right of use assets and intangibles		**(297)**	(458)
Interest-bearing assets		**293**	(6)
Net cash flow from/(used in) investing activities		**189**	(450)
Cash flows used in financing activities			
Rollover of foreign exchange contracts*		**(14)**	-
Equity settlements of staff share award obligations	2.4	**(2)**	(5)
Interest-bearing liabilities payments		**(76)**	(102)
Lease liabilities payments		**(207)**	(202)
Dividends on Ordinary Shares	6	**(51)**	(209)
Net cash flow used in financing activities		**(350)**	(518)
Increase/(decrease) in cash and cash equivalents		**263**	(557)
Cash and cash equivalents at the beginning of the period		**1,279**	2,227
Cash and cash equivalents at the end of the period		**1,542**	1,670
Reconciliation of net profit attributable to shareholders to net cash flows from operating activities:			
Net profit attributable to shareholders		**106**	129
Plus/(less) non-cash items:			
Depreciation and amortisation		**364**	369
Net loss on disposal of property, plant and equipment, intangibles and assets held for sale		**1**	4
Fair value adjustments on investments held at fair value through profit or loss		**-**	4
Share of earnings of associates	2.1	**(15)**	(20)
Movements on fuel derivatives		**(3)**	6
Foreign exchange (gains)/losses		**(7)**	20
Other non-cash items		**4**	4
		450	516
Net working capital movements:			
Assets		**(35)**	11
Revenue in advance		**(96)**	(200)
Liabilities		**105**	84
		(26)	(105)
Net cash flow from operating activities		**424**	411

*Relates to gains/losses on rollover of foreign exchange contracts that hedge exposures in other financial periods.

These condensed consolidated interim financial statements have not been audited. They have been the subject of a review by the auditor pursuant to NZ SRE 2410 (Revised), issued by the External Reporting Board. The accompanying notes form part of these financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 31 December 2024

1. CORPORATE INFORMATION

Reporting entity

The condensed consolidated interim financial statements ('interim financial statements') presented are for the parent company Air New Zealand Limited ('the Company') and its subsidiaries (together referred to as 'the Group' or 'Air New Zealand'), and the Group's interests in associates.

Air New Zealand is a profit-oriented entity that is domiciled in New Zealand. The Company is registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) and has bonds listed on the NZX debt market. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

Air New Zealand's primary business is the transportation of passengers and cargo on scheduled airline services.

Basis of preparation

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') as its applies to the interim period. They comply with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting, as appropriate for profit-oriented entities. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2024. Where necessary, certain comparative information has been updated to conform with the current year's presentation.

These interim financial statements have not been audited. They have been subject to review by the auditor, pursuant to NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*, issued by the External Reporting Board.

The interim financial statements are presented in New Zealand Dollars ($ or NZD), which is Air New Zealand's functional currency, and rounded to the nearest million, except where otherwise stated.

Interim financial statements do not include all of the information and disclosures required in annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024.

These interim financial statements were approved by the Board of Directors on 20 February 2025.

Critical accounting judgements and key sources of estimation uncertainty

The estimates and assumptions applied in these interim financial statements are consistent with those applied in the annual financial statements for the year ended 30 June 2024.

Material accounting policy information

The accounting policies and computation methods used in the preparation of the interim financial statements are consistent with those used as at 30 June 2024 and 31 December 2023.

New accounting standards, amendments and interpretations adopted during the period

There were no new accounting standards, interpretations or amendments that had a material impact on these interim financial statements.

New and revised NZ IFRSs, narrow scope amendments to NZ IFRSs and IFRS Interpretations not yet effective

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods beginning after 31 December 2024. Management is still evaluating and does not expect any such pronouncements to have a significant impact upon adoption, other than on the presentation of the financial statements.

2. GENERAL DISCLOSURES

2.1. Interest in other entities

The Group has a 49% interest in the Christchurch Engine Centre ('CEC') and a 21% interest in Drylandcarbon One Partnership LLC, which are recognised as investments in associates. The Group's share of equity accounted earnings from the CEC for the six months to 31 December 2024 was $15 million (six months to 31 December 2023: $20 million).

2.2. Interest-bearing assets

Interest-bearing assets are measured at amortised cost, using the effective interest method, less any impairment. The fair value of interest-bearing assets as at 31 December 2024 was $505 million (30 June 2024: $783 million). Interest-bearing assets are subject to fixed and floating interest rates. Fixed interest rates in the six months to 31 December 2024 ranged from 3.1% per annum to 6.5% per annum (six months to 31 December 2023: 3.1% per annum to 6.3% per annum).

2. GENERAL DISCLOSURES (CONTINUED)

2.3. Interest-bearing liabilities

Interest-bearing liabilities of $1,388 million (30 June 2024: $1,393 million) are recognised initially at fair value and subsequently measured at amortised cost, with the changes in market interest rates on certain interest-bearing liabilities measured at fair value. The fair value at 31 December 2024 was $1,419 million (30 June 2024: $1,437 million).

Interest-bearing liabilities include unsecured bonds of $105 million (30 June 2024: $102 million), secured borrowings of $686 million which are secured over aircraft assets (30 June 2024: $707 million) and unsecured Australian medium term notes of $597 million (30 June 2024: $584 million). Secured borrowings are subject to both fixed and floating interest rates. Fixed interest rates on secured borrowings were 1.0% per annum in the six months to 31 December 2024 (six months to 31 December 2023: 1.0% per annum). Unsecured bonds have a fixed interest rate of 6.61% per annum payable semi-annually and Australian medium term notes have a fixed coupon between 5.7% and 6.5% per annum payable semi-annually.

2.4. Share capital

During the six months ended 31 December 2024 the Group funded the on-market purchase of 4,558,097 shares for $2 million (six months ended 31 December 2023: 6,831,839 shares for $5 million). The shares were used to settle obligations under staff share awards and long-term incentive schemes. The total cost of the purchase including transaction costs has been deducted from 'Share capital'.

2.5. Hedge reserves

As at 31 December 2024, $14 million of losses (30 June 2024: $3 million of losses) were held in the cash flow hedge reserve and $14 million of losses (30 June 2024: $2 million of losses) in the costs of hedging reserve. These reserves are combined within the Statement of Changes in Equity as 'Hedge reserves'.

2.6. Sale and leaseback transactions

During the six months ended 31 December 2024 four Airbus A320 aircraft were sold and leased back, with a gain on sale of $3 million being recognised in the Statement of Financial Performance. Lease terms under the arrangement are six years with rights to extend at fair market rentals. Air New Zealand recognised investing cash inflows of $193 million from the transaction during the period.

2.7. Compensation received from manufacturers

Air New Zealand has entered into confidential agreements with several manufacturers to compensate for the impact of engine shortages on the business. Compensation of $94 million related to the agreements has been recognised in the Statement of Financial Performance for the six months ended 31 December 2024 within the below lines:

For the six months ended 31 December	2024 UNAUDITED $M	2023 UNAUDITED $M
Other revenue	**83**	-
Fuel	**2**	-
Maintenance	**1**	-
Depreciation and amortisation	**8**	-
Total compensation received from manufacturers	**94**	-

In September 2024, Air New Zealand entered into a confidential compensation agreement with a supplier in connection with the negative financial impact to Air New Zealand as a result of aircraft delivery delays. The compensation is conditional on delivery of the delayed aircraft and will be accounted for as a reduction to the cost value of the future aircraft deliveries, which will reduce future depreciation expense associated with these aircraft. Accordingly, no financial impacts of the agreement are realised in these financial statements.

3. SEGMENTAL INFORMATION

Air New Zealand operates predominantly in one segment, its primary business being the transportation of passengers and cargo on an integrated network of scheduled airline services to, from and within New Zealand. Resource allocation decisions across the network are made to optimise the consolidated Group's financial result.

For the six months ended 31 December	2024 UNAUDITED $M	2023 UNAUDITED $M
Analysis of revenue by geographical region of original sale		
New Zealand	**2,153**	2,165
Australia and Pacific Islands	**413**	396
Asia, United Kingdom and Europe	**449**	454
Americas	**388**	459
Total operating revenue	**3,403**	3,474

The principal non-current assets of the Group are the aircraft fleet which is registered in New Zealand and employed across the worldwide network. Accordingly, there is no reasonable basis for allocating the assets to geographical segments.

4. COMMITMENTS

Capital commitments

	31 DEC 2024 UNAUDITED $M	30 JUN 2024 AUDITED $M
Aircraft and engines	**2,841**	2,579
Other property, plant and equipment and intangible assets	**81**	110
	2,922	2,689

Capital commitments include eight Boeing 787 aircraft (contractual delivery from 2026 to 2029 financial years), two Airbus A321neo aircraft (delivery in the 2027 financial year) and one ATR aircraft (delivery in the second half of the 2025 financial year).

Lease commitments

	31 DEC 2024 UNAUDITED $M	30 JUN 2024 AUDITED $M
Aircraft	**191**	232
	191	232

Lease commitments include two Airbus A321neo aircraft (delivery in the second half of the 2025 financial year).

5. CONTINGENT LIABILITIES

All significant legal disputes involving probable loss that can be reliably estimated have been provided for in the interim financial statements.

No other significant contingent liability claims are outstanding at balance sheet date.

Outstanding letters of credit and financial guarantees at 31 December 2024 totalled $67 million (30 June 2024: $30 million).

The Group has entered into a partnership agreement with Pratt & Whitney in relation to the Christchurch Engine Centre ('CEC'), in which the Group holds a 49% interest. By the nature of the agreement, joint and several liability exists between the two parties. Total liabilities of the CEC as at 31 December 2024 were $227 million (30 June 2024: $157 million).

6. DIVIDENDS

On 20 February 2025, the Board of Directors declared an interim dividend of 1.25 cents per ordinary share payable on 19 March 2025 to registered shareholders at 7 March 2025. The total dividend payable will be $42 million. No imputation credits will be attached and supplementary dividends will not be paid to non-resident shareholders. The dividend has not been recognised in these interim financial statements.

An interim dividend in respect of the 2024 financial year of 2.0 cents per ordinary share was paid on 21 March 2024. No imputation credits were attached and no supplementary dividends were paid to non-resident shareholders.

A final dividend in respect of the 2024 financial year of 1.5 cents per ordinary share was paid on 26 September 2024. No imputation credits were attached and no supplementary dividends paid to non-resident shareholders.

A special dividend in respect of the 2023 financial year of 6.0 cents per ordinary share was paid on 21 September 2023. Imputation credits were attached and supplementary dividends paid to non-resident shareholders.

The dividend reinvestment plan is currently suspended.

7. SUBSEQUENT EVENT

On 20 February 2025, the Board of Directors approved a share buy-back of up to $100 million, to commence in March 2025. An on-market buy-back component will be acquired on the New Zealand Stock Exchange (NZX) and Australian Securities Exchange (ASX) and an off-market buy-back component will commence, following any on-market acquisitions, whereby Air New Zealand will acquire a corresponding number of shares held by the Crown, in order to maintain the Crown's shareholding. Air New Zealand reserves the right to vary, suspend without notice, or terminate the buy-back programme at any time.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF AIR NEW ZEALAND LIMITED

For the six months ended 31 December 2024

Deloitte.

The Auditor-General is the auditor of Air New Zealand Limited ('the Company') and its subsidiaries ('the Group'). The Auditor-General has appointed me, Jason Stachurski, using the staff and resources of Deloitte Limited, to carry out the review of the condensed consolidated interim financial statements ('interim financial statements') of the Group on his behalf.

CONCLUSION

We have reviewed the interim financial statements of the Group on pages 14 to 21, which comprise the Consolidated Statement of Financial Position as at 31 December 2024, and the Consolidated Statement of Financial Performance, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the six months ended on that date, and condensed notes to the interim financial statements, including material accounting policy information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and cash flows for the six months ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

BASIS FOR CONCLUSION

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Interim Financial Statements section of our report.

We are independent of the Group in accordance with the Auditor-General's ethical requirements relating to the audit of the annual financial statements, which incorporate the independence requirements issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to this review and the audit of the Group's annual financial statements, we have carried out assurance services relating to passenger facility charges, and greenhouse gas emissions reported in the greenhouse gas emissions inventory report and in the Climate Statement, and compliance with student fee protection rules. We also provide non-assurance services in the form of a climate-related disclosure pre-assurance readiness assessment and services to the Corporate Taxpayers Group for which the Air New Zealand is a member, along with a number of other organisations. In addition to these engagements, principals and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the Group. These engagements and trading activities have not impaired our independence as auditor of the Group.

Other than the audit and these engagements and trading activities, we have no relationship with, or interests in, the Group.

DIRECTORS' RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS

The directors are responsible, on behalf of the Group, for the preparation and fair presentation of these interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

The directors are also responsible for the publication of the interim financial statements, whether in printed or electronic form.

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Jason Stachurski
Partner

for Deloitte Limited
On behalf of the Auditor-General

20 February 2025
Auckland, New Zealand

SHAREHOLDER ENQUIRIES

Shareholder Communication

Air New Zealand's investor website **airnzinvestor.co.nz** provides shareholders with information on monthly operating statistics, financial results, stock exchange releases, corporate governance, annual meetings, investor presentations, important dates and contact details. Shareholders can also view webcasts of key events from this site.

Shareholders who would like to receive electronic news updates can register online at: **airnzinvestor.co.nz** or email Investor Relations directly on: **investor@airnz.co.nz**

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