Media Release

Media release
23 February 2023

Air New Zealand – demand driving strong recovery

1H 2023 Financial summary

- Statutory earnings before taxation of $299 million[1], compared to a loss of $376 million for the equivalent six-month period last year
- Operating revenue of $3.1 billion driven by strong demand particularly across the peak summer period
- Flew eight million passengers compared to three million for the same period last year
- Domestic capacity at 94% of pre-Covid levels, and International at 60% capacity
- 3,000 people recruited since January 2022, 2,000 of which were recruited in the six months to 31 December – biggest recruitment drive in the airline's history

Air New Zealand’s recovery is well underway, with the airline today announcing statutory earnings before taxation of $299 million[1] and revenue of $3.1 billion for the six months ending 31 December 2022 – progress that will enable the airline to support New Zealand’s economic recovery.

Following three years of Covid-related losses, Air New Zealand’s interim result reflects sustained demand strength, particularly across the summer peak period, a return in business travel and overseas tourists, as well as cargo revenues above pre-Covid levels.

Air New Zealand Chair Dame Therese Walsh says she is incredibly proud of the Air New Zealand whānau and their determined efforts to get New Zealanders flying again, especially given the challenges of restarting an airline amid Covid.

“Today’s result reflects an important milestone in our recovery and places us in a strong position to deliver on our strategy,” says Dame Therese.

“When New Zealand’s borders reopened much earlier than expected, our people rose to the occasion, moving swiftly to return aircraft to service, relaunch 29 routes and onboard more than 3,000 employees to support the eight million customers we flew between July and December – the busiest period we’ve seen in over three years.

“Despite some turbulence, we’ve stayed focused on getting our customers where they needed to go while keeping our eyes on the future. This result means we can continue to invest in our fleet,

[1] For the six months to 31 December 2022, earnings before other significant items and taxation was also $299 million. Earnings before other significant items and taxation represents earnings stated in compliance with NZ IFRS (Statutory Earnings) after excluding items which due to their size or nature warrant separate disclosure to assist with understanding the underlying financial performance of the Group. Earnings before other significant items and taxation is reported within Note 4 of the 2023 condensed Group interim financial statements.

our people and our decarbonisation goals, to deliver the customer experience Air New Zealand is world-renown for.

“But we must acknowledge these results are being announced in the wake of the devastation that the Auckland floods and Cyclone Gabrielle have left behind. Both of these catastrophic events have heavily impacted several regions we fly to, and our hearts go out to all those impacted. We’re committed to supporting those regions however we can.”

Air New Zealand Chief Executive Officer Greg Foran echoed Dame Therese’s comments and praised teams across the business who worked quickly to ensure the safety of our customers and our people.

On the financial performance for the half, Mr Foran noted the result was delivered against a backdrop of significant labour, supply chain and operational pressures that have challenged the airline, and the entire global aviation system.

“Our recovery is well underway and operating performance is improving steadily, but like most airlines globally, we continue to experience challenges that make it hard at times for our fantastic team to deliver the level of service we expect of ourselves, and our customers expect of us,” says Mr Foran.

“We know we have more work to do to tackle customer concerns like long wait times at our call centres, getting planes to depart and arrive on time, lost baggage and getting refunds back in a timely manner. We want to thank customers for bearing with us through these and other challenges since we restarted flying. We’re very aware that flying is not currently the pain-free experience it should be and getting back into shape is a key priority.

“On top of this, air fares are higher than they were pre-Covid. Like many businesses, we’re facing a high inflation environment with increased fuel, labour and other supplier costs at a time when more customers are wanting to travel, and that flows through to ticket prices.

“A key focus for the team has been bringing back much needed capacity to minimise the impact of higher prices on customers. With six Boeing 777-300ER widebody aircraft now returned into service, three new domestically configured A321neo aircraft delivered and a fully crewed leased aircraft to serve the Auckland-Perth route, we are adding capacity back at pace.”

Alongside this, the airline is also working to extend lease agreements, where appropriate, on existing aircraft and making tactical changes to the network to deliver an additional 2.7 million seats, or an extra 10,000 seats a day for the coming northern summer period, which runs from the end of March until the end of October.

“I’m incredibly proud of our people because, despite the challenges we’ve faced, we have fully reopened our international network, launched our flagship service to New York, and improved our onboard food service. We’ve also upgraded our mobile app, grown our Airpoints Store six-fold since 2019 and taken bold steps towards becoming a more sustainable airline. That is no small ask.

“We’re investing in our people, recruiting 2,000 employees in the last six months alone, increasing our lowest wages and supporting new parents by improving parental leave.”

Dame Therese highlighted the airline’s ability to take a long-term view despite the short-term operational challenges, by delivering digital enhancements, beginning construction on a new hangar at Auckland airport, and taking meaningful steps on its decarbonisation journey – all supported by the everyday efforts of a special team.

“We’ve short-listed four world-leading innovators, along with five long-term partners, to help us deliver on our mission to have our first zero-emissions demonstrator flight in the skies in 2026, and a new regional Q300 turboprop fleet from 2030.

“We’ve also welcomed our first shipment of imported Sustainable Aviation Fuel into Aotearoa, which was a huge milestone for us. We’re committed to finding a more sustainable way to connect with the world and know that the future of travel relies on low-carbon air transport.

“As we look ahead to the second half of this financial year, macroeconomic challenges are front of mind, including the financial impact of inflationary pressures and geopolitical uncertainty. At this moment, however, we are observing demand trends that are offsetting these macro headwinds. Air travel is still in the Covid recovery phase with high levels of demand, and the current capacity and supply chain constraints will limit supply at least in the short-term. The new hybrid work environment has also enabled greater freedom and flexibility for customers which we believe will continue to drive domestic leisure bookings.

“While we cannot predict the future, we know this new normal we find ourselves in requires great skill and dexterity to navigate. Having now spent the better part of three years dealing with constant change and flux, our people are the very best in the business to deal with anything that comes our way.”

Distributions

At the capital raise in May 2022, the Board outlined its intention to consider dividends to shareholders no earlier than the 2026 financial year, based on a number of factors including the expected trajectory of demand recovery and the airline’s financial performance.

Air New Zealand has experienced a stronger and faster recovery than initially expected, with borders reopening early, and strong and sustained levels of demand. On this basis, the Board will consider distributions to shareholders in August when the airline announces its 2023 annual financial results.

Outlook for 2023

Looking to the remainder of the financial year, we are optimistic about the levels of demand we continue to observe but acknowledge there is significant uncertainty regarding the overall economic outlook both domestically and internationally, with increasing inflationary pressures, tighter monetary policy and other macroeconomic factors. We also note that the second half of the financial year is typically weaker than the first half.

Against this backdrop and based on the assumption of an average jet fuel price of US$105 per barrel for the second half of the financial year, 2023 earnings before other significant items and taxation are expected to be in the range of $450 million to $530 million. This guidance includes a preliminary estimate of the impact of the Auckland floods and Cyclone Gabrielle.

Supplementary table – Summary data from the interim financial statements

	1H 2023 $M	***1H 2022 $M***
Operating revenue	3,078	1,125
Earnings/(loss) before other significant items and taxation	299	(367)
Statutory earnings/(loss) before taxation	299	(376)
Net profit/(loss) after taxation	213	(272)

Ends

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AIR NEW ZEALAND

2023 Interim Financial Results

Investor presentation

23 February 2023

All information is private and confidential

A STAR ALLIANCE MEMBER

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The following non-GAAP measures are not audited: CASK, Gearing, Net Debt, Gross Debt, EBITDASA and RASK. Amounts used within the calculations are derived from the condensed Group interim financial statements where possible. The interim financial statements are subject to review by the Group's external auditors. The non-GAAP measures are used by management and the Board of Directors to assess the underlying financial performance of the Group in order to make decisions around the allocation of resources.

Refer to slide 31 for a glossary of the key terms used in this presentation.

Business update

Greg Foran

Chief Executive Officer

All information is private and confidential

Sustained demand has driven a strong recovery in 1H 2023

With Air New Zealand delivering its first profit since the Covid-19 pandemic began

$299M profit[1]
for 1H 2023
Driven by strong demand and capacity constraints

$378M cargo revenue
Continues to be elevated above pre-Covid levels

8M passengers
Flown across our network
Compared to 3M passengers in the first half last year

$213M NPAT
for 1H 2023

Over 10k seats a day
Added to the coming Northern Summer schedule due to fleet management actions taken in 1H 2023 to alleviate supply constraints

~3K new recruits
2K of which in 1H 2023
This represents the biggest recruitment drive in our history

1.4 million
active users
of the new generation two Air New Zealand app

At 94% & 60%
of pre-Covid capacity[2]
For Domestic and International networks respectively in 1H 2023

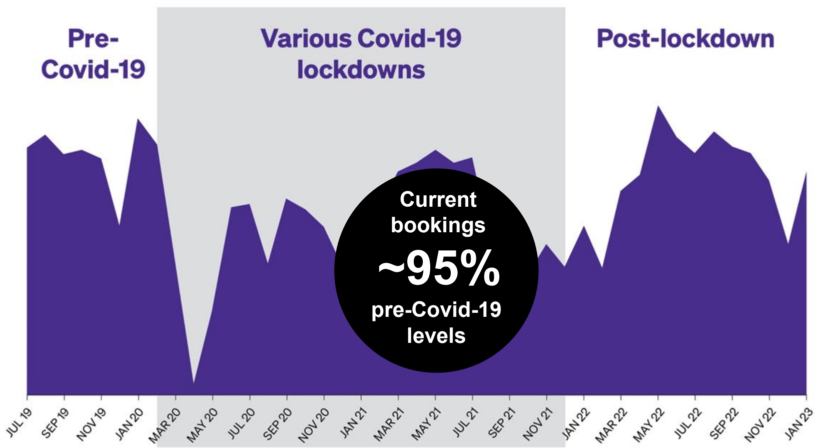
Mission Next Gen Aircraft partners announced
Helping advance our mission to have a zero-emissions demonstrator aircraft in the skies from 2026

1 Refers to both earnings before taxation and earnings before other significant items and taxation. Refer to slide 22 for further details.
2 This represents total 1H 2023 capacity including cargo-only flying as a percentage of pre-Covid capacity (1H 2019). FY2019 excludes the now suspended Auckland-London service.

Near term demand remains robust, offsetting macro headwinds

However, the global aviation eco-system remains under significant pressure

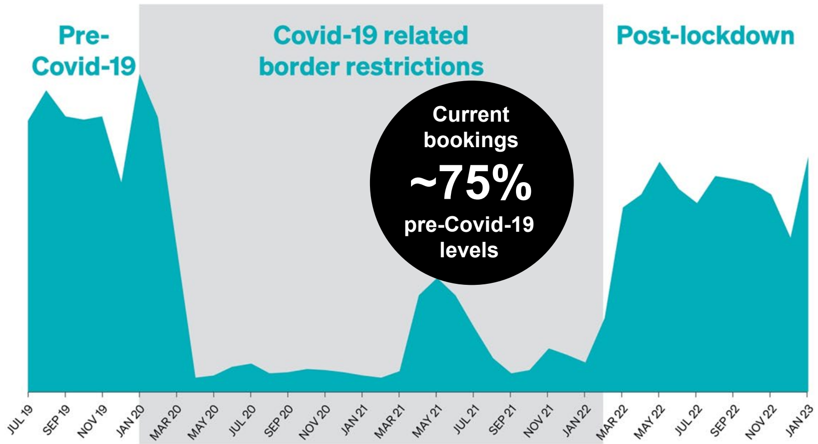
Domestic average weekly passenger bookings



Domestic bookings at ~95% of pre-Covid levels

- Overall market capacity at -90% of pre-Covid despite Air New Zealand being back at ~95%
- Strong leisure and visiting friends & relatives demand
- Corporate revenue above pre-Covid levels, with strong demand in particular from our SME customers.

International average weekly passenger bookings



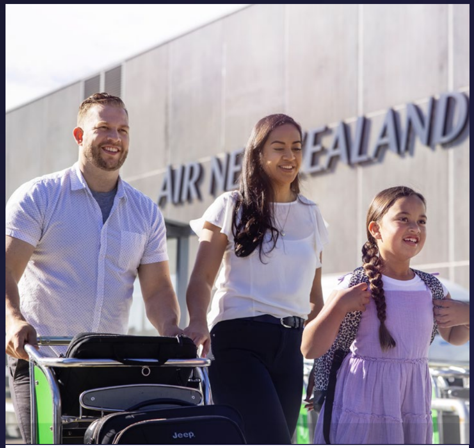
International bookings at ~75% of pre-Covid levels

- Reactivated 14 international routes in 16 days in July, now flying to all 29 offshore ports
- Tasman demand remains elevated for inbound and outbound travel
- Significant demand for travel to Singapore and Japan, and more recently China as well
- Strong inbound demand from North America

Industry pressures

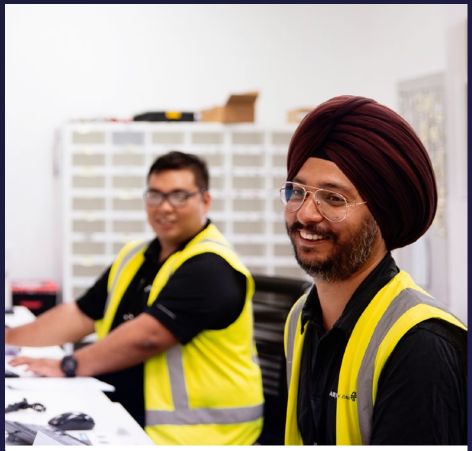
- Staff shortages and sickness
- Manufacturing and supply chain delays
- Industry-wide capacity constraints
- High inflation and cost environment

Our key priority is reinforcing our operational resilience and delivering for our stakeholders



Our customers

- Ramping up capacity as resource allows
- Investing in contact centre resource and technology
- Continued review and refresh of flexibility settings
- New seat and product offering on incoming Boeing 787 aircraft



Our people

- Rehiring >3,000 people, 2,000 of which in 1H 2023
- Good jobs strategy rollout
- Parental leave enhancements
- New agile ways of working
- Ratified 14 collective union agreements

Our shareholders

- Fortifying balance sheet strength and financial resilience
- Securing competitive sources of funding
- Investing in our strategy

Our suppliers

- Announcement and engagement with Mission Next Gen Aircraft partners
- Development of supplier diversity programme
- Tūhono supplier recognition awards

Our communities

- Special low fares offered to Cyclone impacted regions
- Updated sponsorship deal with New Zealand Rugby
- Extension of DOC partnership

Financial update

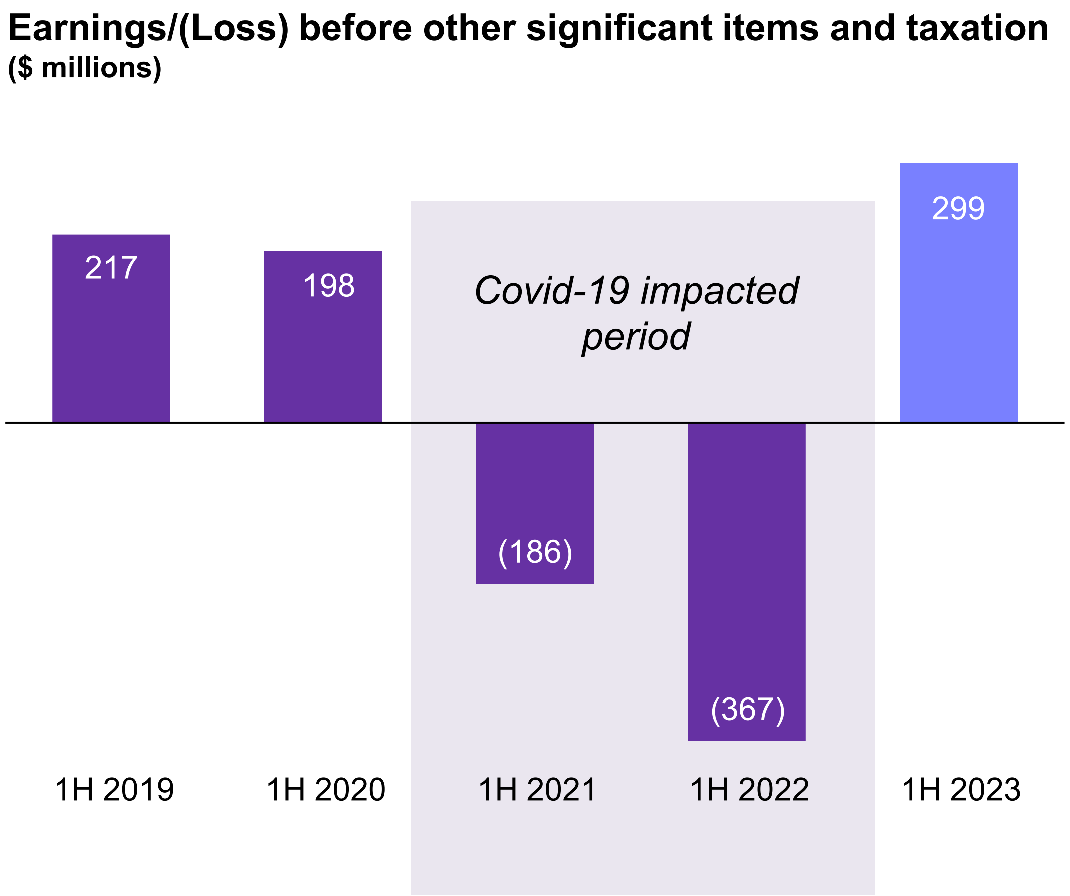
Richard Thomson

Chief Financial Officer

All information is private and confidential

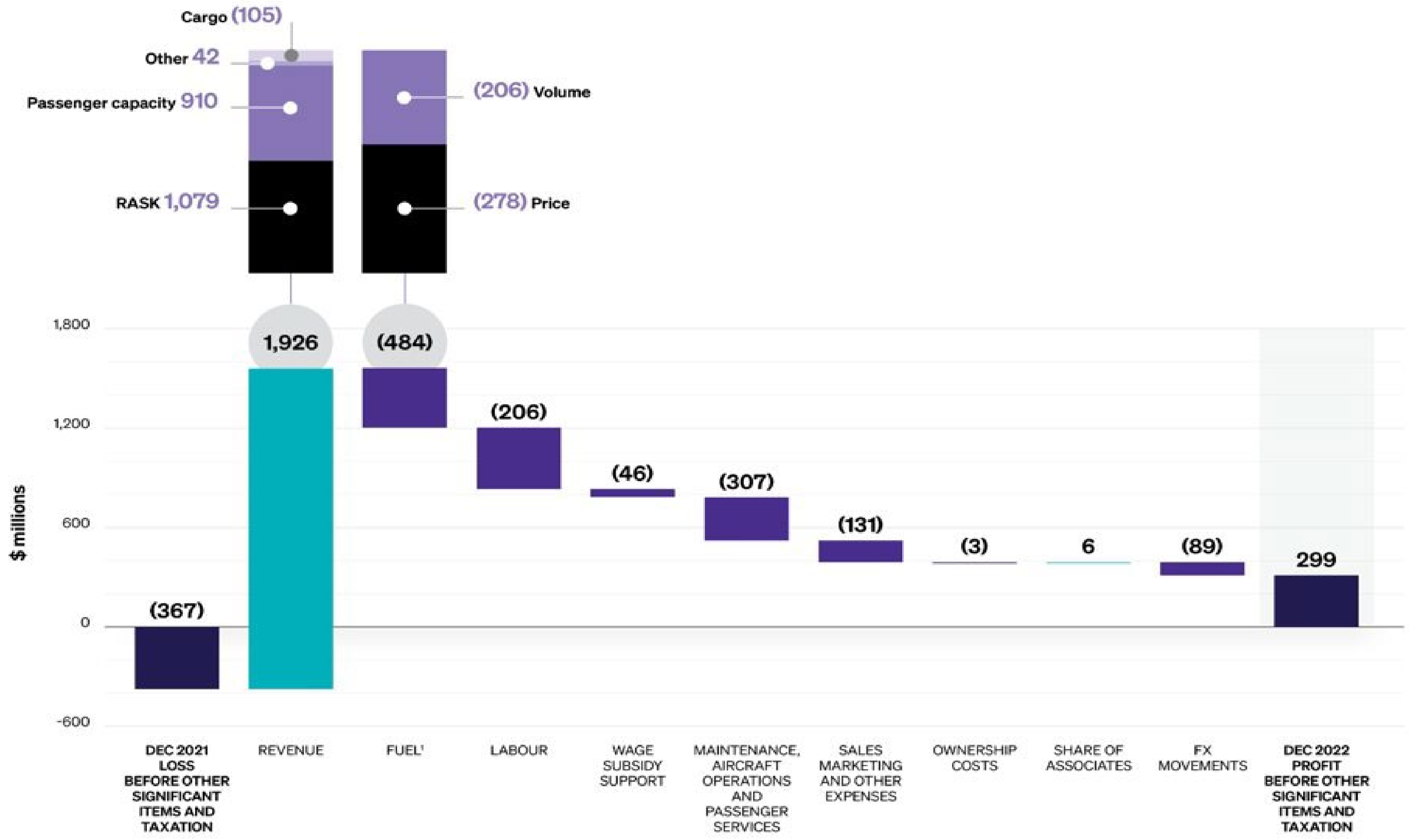
1H 2023 financial summary

- Operating revenue of **$3.1 billion**
- Earnings before taxation[1] of **$299 million**
- Net profit after taxation of **$213 million**
- Liquidity of **$2.6 billion**[2]
- Gearing at **32.7%**
- Net debt of **$903 million**
- Free cash flow of **$655 million**



[1] Earnings before other significant Items and taxation is also $299 million. Refer to slide 22 for further details of other significant Items, which net to zero for 1H 2023.
[2] As at 31 December 2022, includes $2.2 billion cash and remaining $400 million undrawn funds from the Crown Facility.

Profitability waterfall



1 For further details on fuel cost movement, refer to slide 28.
2 Full-time equivalent staff levels increased 31% to ~ 10,450, which represents approximately 94% of FTE labour compared to pre-Covid levels.

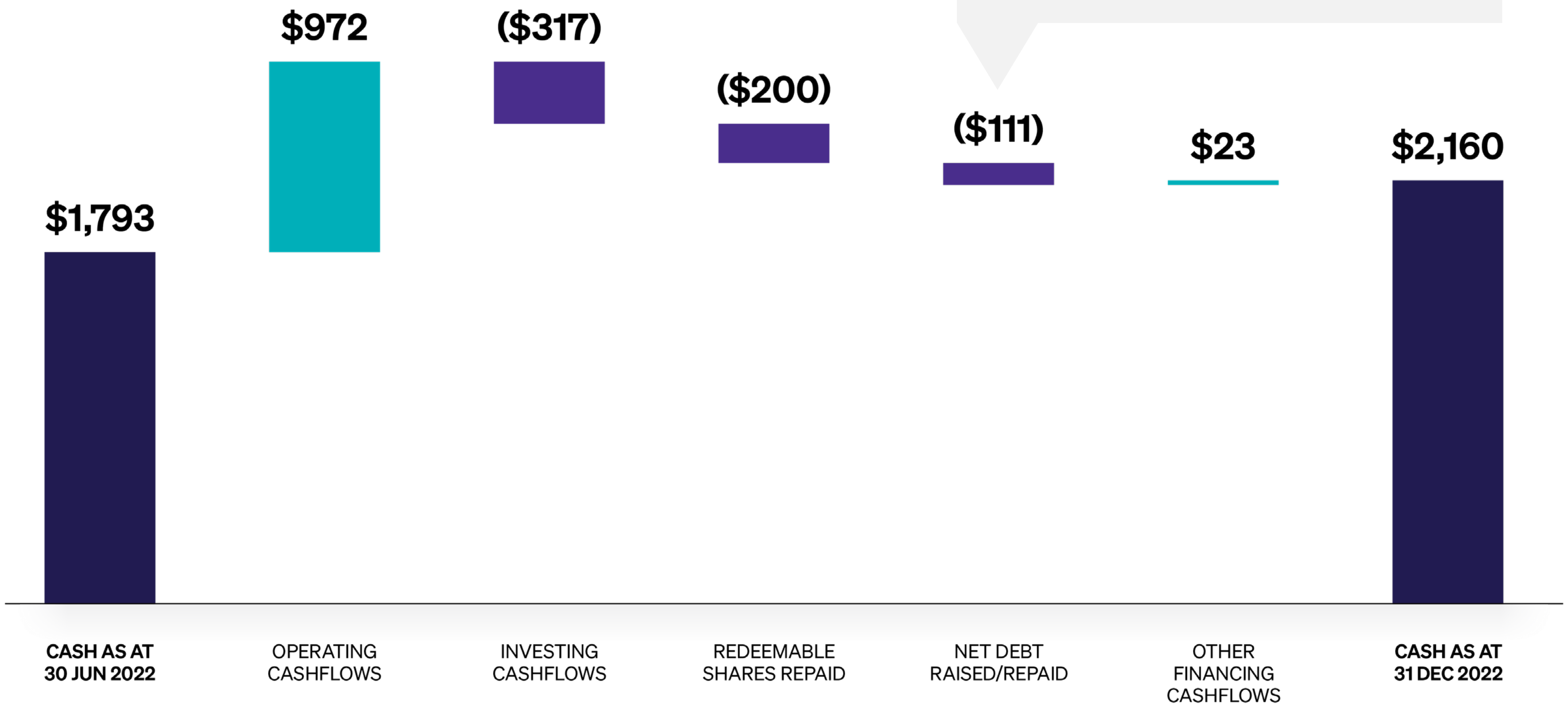
- Labour costs up $206 million or 48% as the airline undertook the largest recruitment drive in its history, scaling up to meet demand and employing 2,000 people across 1H 2023[2]
- Maintenance, aircraft operations and passenger services costs excluding FX increased 88%, reflecting increased flying and recommencement of remaining international routes.
- Sales, marketing and other expenses grew 78% due to increased brand activity, sales commissions and digital costs which includes Contact Centre costs related to disrupt support.
- Ownership costs remained stable due to recommencement of depreciation on a grounded widebody aircraft fully impaired in the prior year and new aircraft deliveries, offset by increased interest income on higher cash balances

Strong liquidity and balance sheet

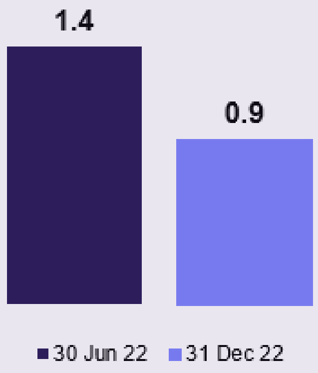
Driving significant improvements in net debt and financial resilience metrics

Cash movements
($ millions)

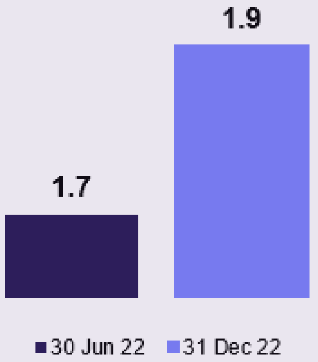
- $100m NZ bond issuance offset by $50m bond repayment
- $95m aircraft financing raised
- $256m interest-bearing and lease liability repayments



NET DEBT
$ BILLIONS

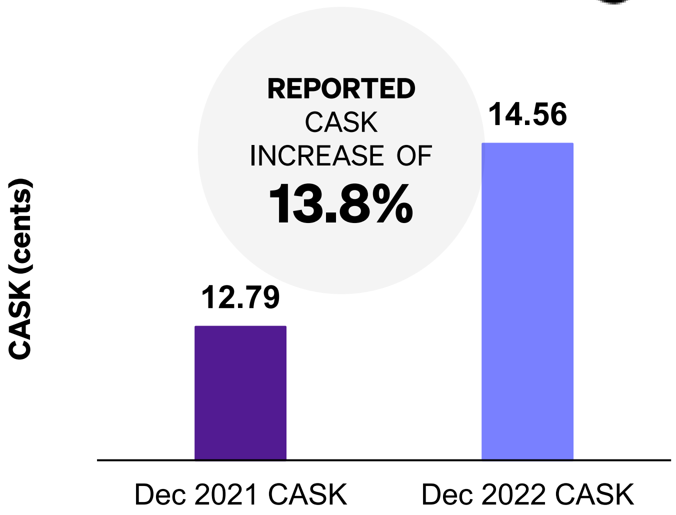


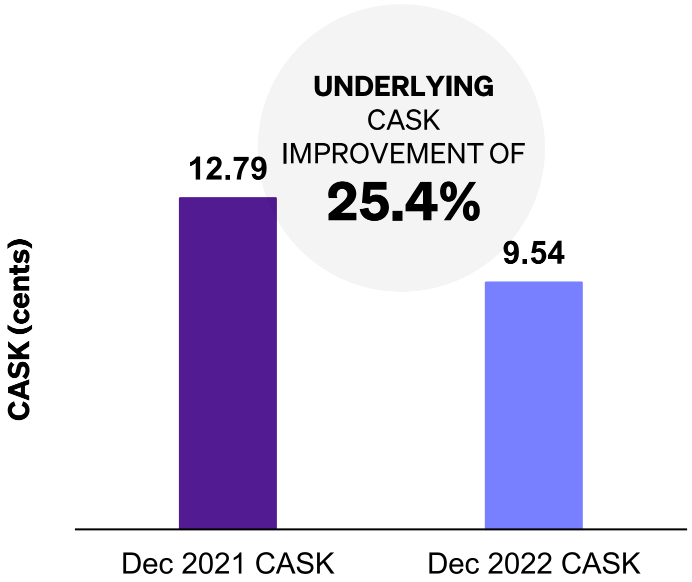
EQUITY
$ BILLIONS



CASK movement

- **Reported** CASK **increased 13.8%**, largely due to fuel
- Excluding the impact of fuel price movement, foreign exchange, third-party maintenance and reduction in wage support subsidies, **underlying** CASK **decreased 25.4%**
- Underlying CASK has decreased compared to 1H 2022 due to:
  - Improved economies of scale, with capacity growing at a greater rate than underlying costs[1]
  - Partially offset by
    - non-fuel price inflation of ~7%
    - Unfavourable mix of flying due to a significant reduction in the proportion of lower unit cost cargo-only flying, as passenger services increased in response to border reopenings

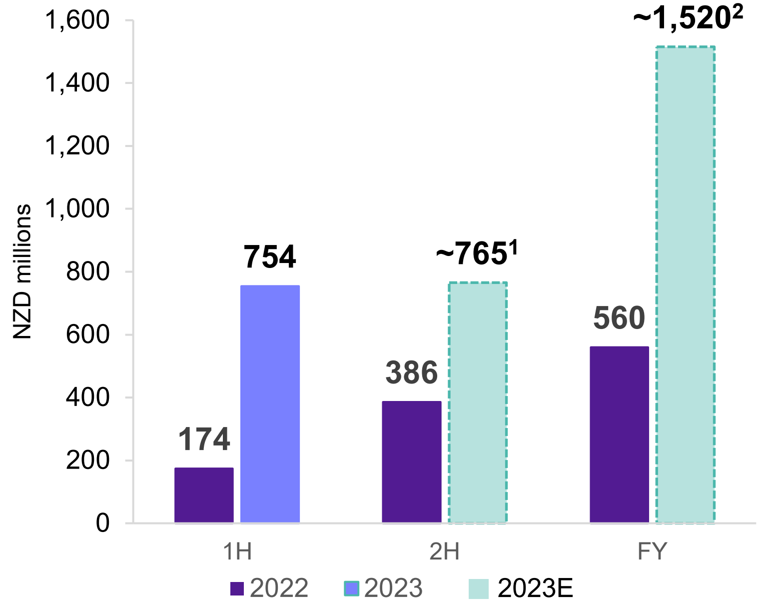




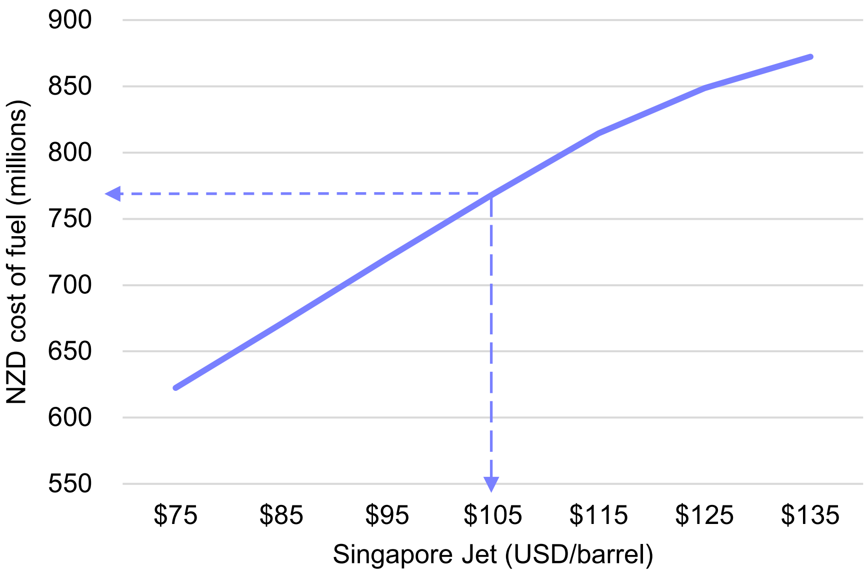
[1] Excluding fuel price movement, foreign exchange, third-party maintenance and reduction in wage support subsidies.

Fuel cost outlook and sensitivities for the remainder of FY2023

2023 Fuel cost outlook



2H 2023 Fuel cost[1] sensitivity (inclusive of hedging)



- Proportion of forecast fuel volumes hedged

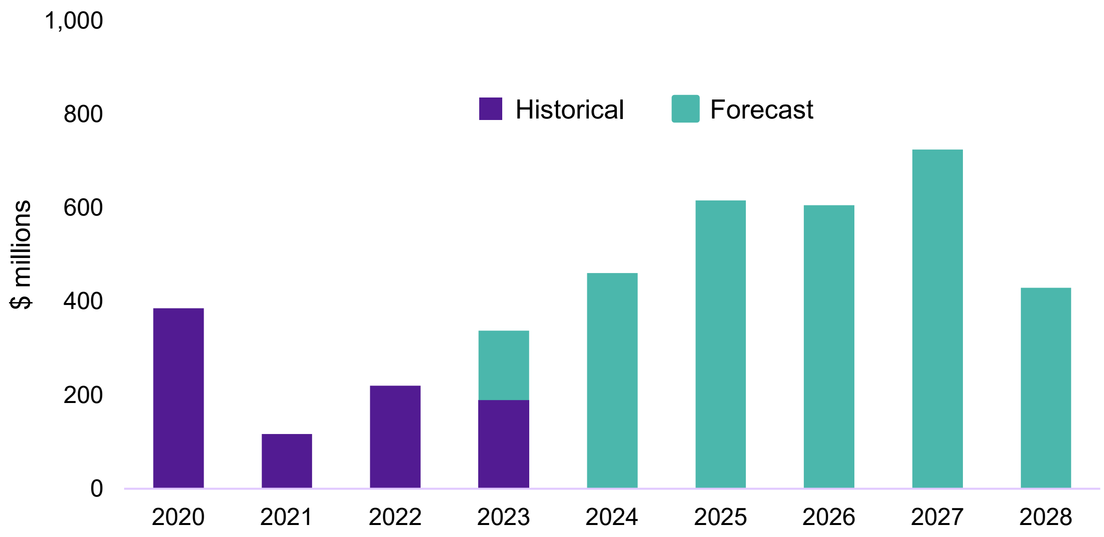
2H 2023	~70%
Q4 2023	~65%
1H 2024	~30%

- Hedge portfolio structured to allow participation to downward price movements, primarily through use of call options

[1] Assumes an average jet fuel price of US$105 per barrel for the second half of the 2023 financial year and a NZD/USD rate of 0.6350. Valuation date of 15 February 2023.
[2] Assumes an average jet fuel price of US$115 per barrel for the full 2023 financial year.

Fleet investment update

Actual and forecast aircraft capital expenditure[1]



- Forecast investment of $3.0 billion in aircraft and associated assets through to 2028, including 8 new Boeing 787 aircraft
  - Reflects expected deferral of one A321 neo from FY2023 to FY2024
  - Delivery flexibility remains in place for a substantial portion of the Boeing 787 delivery stream
- No committed aircraft capital expenditure currently beyond 2028

Aircraft delivery schedule (as at 31 December 2022)

		Number in existing fleet	Number on order	Delivery Dates (financial year)					
				2H 2023	2024	2025	2026	2027	2028
Owned fleet on order	Boeing 787	14	8	-	-	2	2	2	2
	Airbus A320neo / A321neos	15	5	1	2	-	-	2	-

[1] Includes progress payments on aircraft and aircraft improvements (e.g. refurbishment); excludes assumed interiors retrofit capital expenditure for the existing 14 Boeing 787 fleet and engine maintenance.

Other investments are a critical component of our strategy and operational resiliency

Other capital expenditure is generally contractually uncommitted and subject to changes in phasing and spend

Boeing 787 retrofit

- Interior retrofit of 14 existing Boeing 787 aircraft
- Anticipated to commence no earlier than mid-calendar 2024
- Estimated cost of ~ $450 million, staggered over several years

Engine maintenance

- Spend relates to overhaul of owned engines across all fleet types
- Has an enduring benefit of 5+ years
- Annual expenditure varies based on utilisation of aircraft

Digital transformation

- Investments in digital assets linked to Kia Mau strategy, focused on ensuring resiliency and optimising customer and employee experiences
- Annual expenditure in the range of ~$50 million to $75 million

Property and infrastructure

- Investments in buildings and operational facilities
- Includes expenditure on the new Auckland engineering hangar, cargo facilities and head office relocation
- Elevated annual expenditure of ~$75 million over the next 4 years

Our return to profitability and ongoing financial resilience are important milestones

Financial resilience

- Maintain investment grade credit rating
- Gearing target range of 45% to 55%
- Minimum liquidity of $700 million
- Debt to earnings metric[1] of 2.0x to 3.3x

Investments in strategy

- Disciplined capital investments to support our strategy
  - Aircraft ownership decisions
  - Non-aircraft investment
- Targeting a sustainable pre-tax ROIC of >10%

Financial Performance

- Substantial and sustained recovery in earnings
- Consideration of broader macroeconomic environment

Distributions[2]

Air New Zealand has experienced a stronger and faster recovery than initially expected, with borders reopening early and strong and sustained levels of demand. On this basis, the Board will consider distributions to shareholders in August when the airline announces its 2023 annual financial results

[1] Refers to Debt to EBITDASA metric.
[2] See Air New Zealand's distribution policy for further details. Dividends are currently suspended.

Outlook

Greg Foran

Chief Executive Officer

All information is private and confidential

Network and schedule focused on reliability and resilience

Expect passenger capacity at 80% to 85% of pre-Covid levels for 2H 2023

- Overall mix of capacity is skewed to domestic and short-haul
- Domestic
  - Ongoing strong domestic and regional demand
  - Return of international tourists
  - Third domestic A321 coming into service 2H 2023
- Tasman and Pacific Islands
  - Building capacity up near to pre-Covid levels by end of FY2023 across the Tasman
  - VFR[4] and leisure demand for Pacific Islands remains high
- International long-haul
  - All international markets open for 2H 2023
  - Remaining 777-300 aircraft returning to service in May
  - Solid demand from Asia and North America

Passenger capacity[1]			
Sector	1H 2023[2] Actual	2H 2023[2] Estimate	FY2023 Estimate
Domestic	94%	95% to 100%	95% to 100%
Tasman and Pacific Islands	82%	85% to 90%	80% to 85%
International long-haul[3]	50%	75% to 80%	65% to 70%
Group	**64%**	**~80% to 85%**	**~75% to 80%**

[1] Does not include cargo-only flying. For 1H 2023, Group capacity including cargo- only flying was ~70%.
[2] Compared to pre-Covid levels in 1H 2019.
[3] International long-haul for FY2023 includes Bali and Honolulu, which was reported under Tasman and Pacific Islands for FY2019.
[4] Visiting friends and relatives.

Outlook

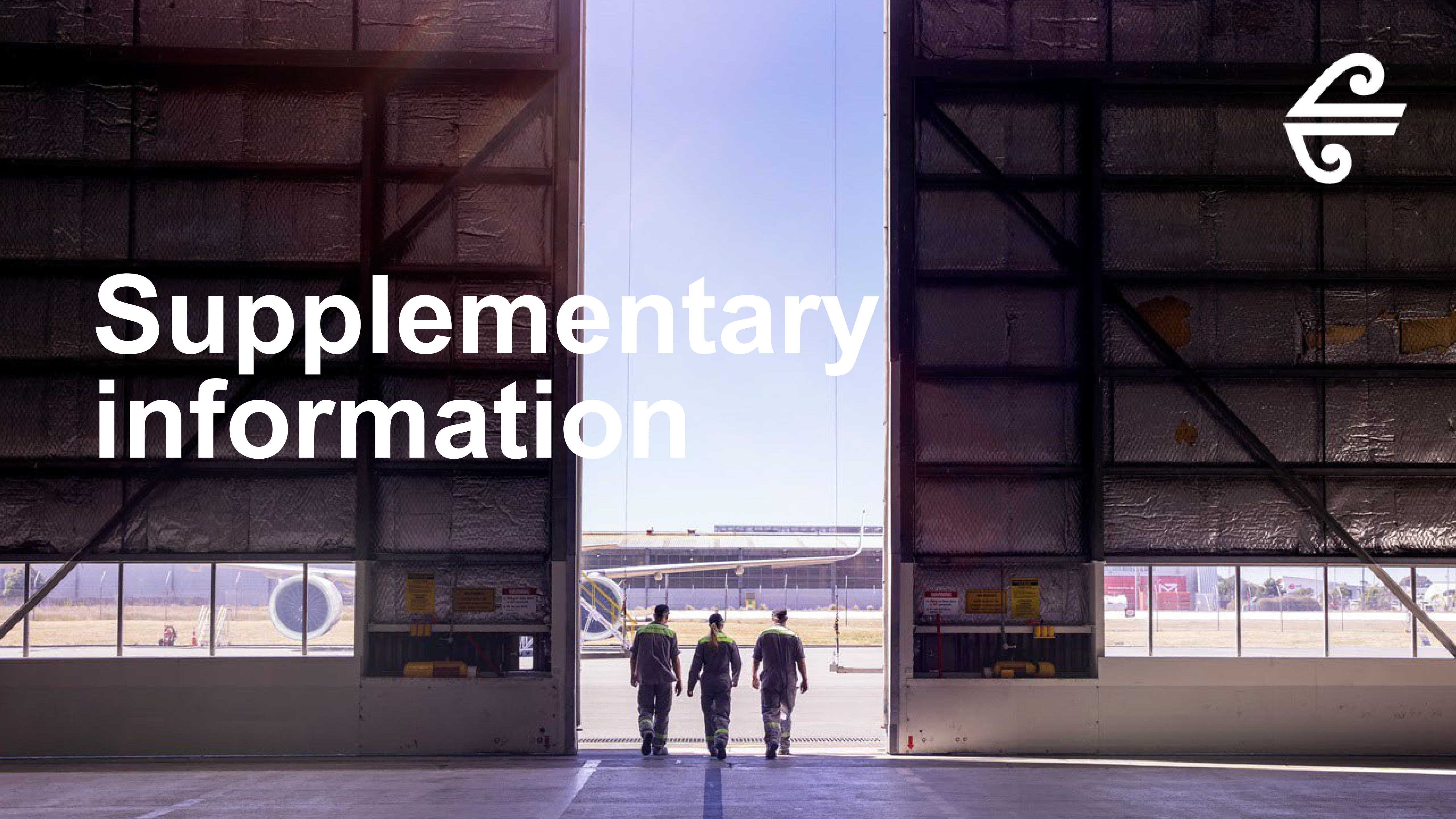
- Looking to the remainder of the financial year, we remain optimistic about demand
- We acknowledge significant uncertainty regarding the overall economic outlook
- We also note that the second half of the financial year is typically weaker than the first half
- Against this backdrop and based on the assumption of an average jet fuel price of US$105 per barrel for the second half of the financial year, 2023 earnings before other significant items and taxation are expected to be in the range of $450 million to $530 million
- This guidance includes a preliminary estimate of the impact of the Auckland floods and Cyclone Gabrielle.

AIR NEW ZEALAND

Thank you

A STAR ALLIANCE MEMBER

Supplementary information



Liquidity and gearing position

$ millions	31 Dec 2022	30 Jun 2022
Gross debt	(3,412)	(3,568)
Cash, restricted deposits and net open derivatives	2,509	2,176
Net debt	(903)	(1,392)
Gross debt/EBITDA	4.8	N/A
Net debt/EBITDA	1.3	N/A
Gearing	32.7%	45.4%
Total liquidity	2,560	2,193
Liquidity (% of 2019 revenue)	44.3%	37.9%
Moody's rating	Baa2 (investment grade)	Baa2 (investment grade)

Earnings before other significant items and taxation[1]

	Dec 2022 $M	Dec 2021 $M
Earnings/(Loss) before taxation (per NZ IFRS)	**299**	**(376)**
Add back other significant items:		
FX losses on uncovered foreign currency debt	12	6
Aircraft impairment (reversal)/expense	(12)	3
Earnings/(Loss) before other significant items and taxation	**299**	**(367)**

[1] Earnings/(Loss) before other significant items and taxation represents Earnings stated in compliance with NZ IFRS (Statutory Earnings) after excluding items which due to their size or nature warrant separate disclosure to assist with understanding the underlying financial performance of the Group. Other significant items and taxation is reported within the unaudited condensed Group interim financial statements. Further details are contained within Note 4 of the 2023 condensed Group interim financial statements.

Financial overview

	Dec 2022	Dec 2021	Movement	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Operating revenue	3,078	1,125	174%	2,927	5.2%
Earnings/(Loss) before other significant items and taxation	299	(367)	181%	217	37.8%
Earnings/(Loss) before taxation	299	(376)	180%	211	41.7%
Net profit/(loss) after taxation	213	(272)	178%	150	42.0%
Operating cash flow	972	62[2]	1468%	482[2]	101.7%
Cash position*	2,160	1,793	20%	1,217	77.5%
Gearing*	32.7%	45.4%	(12.7)	56.4%	(23.7)

[1] Calculation based on numbers before rounding.
[2] Restated due to reclassification of carbon credit purchases from operating cashflows to investing cashflows
* Comparatives at 30 June rather than 31 December

Group performance metrics

	Dec 2022	Dec 2021	Movement[1]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Passengers carried ('000s)	7,952	3,203	148.3%	8,895	(10.6%)
Available seat kilometres (ASKs, millions) – passenger flights	15,126	3,704	308.4%	23,084	(34.5%)
Available seat kilometres (ASKs, millions) – passenger and cargo-only flights	16,576	8,772	89.0%	23,084	(28.2%)
Revenue passenger kilometres (RPKs, millions)	13,241	2,166	511.2%	19,244	(31.2%)
Load factor	87.5%	58.5%	29.0 pts	83.4%	4.1 pts
Passenger revenue per ASKs as reported (RASK, cents)	16.8	14.1	18.8%	10.8	54.9%
Passenger revenue per ASKs, excluding FX (RASK, cents)	16.6	14.1	17.7%	10.8	53.5%

[1] Calculation based on numbers before rounding.

Domestic

	Dec 2022	Dec 2021	Movement[1]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Passengers carried ('000s)	5,679	3,033	87.2%	5,755	(1.3%)
Available seat kilometres (ASKs, millions) – passenger flights	3,381	2,051	64.8%	3,591	(5.9%)
Revenue passenger kilometres (RPKs, millions)	2,952	1,488	98.3%	2,970	(0.6%)
Load factor	87.3%	72.6%	14.7 pts	82.7%	4.6 pts
Passenger revenue per ASKs as reported (RASK, cents)	28.9	20.6	40.2%	22.5	28.1%
Passenger revenue per ASKs, excluding FX (RASK, cents)	28.7	20.6	39.7%	22.5	27.6%

[1] Calculation based on numbers before rounding.

Tasman & Pacific Islands[1]

	Dec 2022	Dec 2021	Movement[2]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[2]
Passengers carried (‘000s)	1,677	143	1,075%	1,967	(14.7%)
Available seat kilometres (ASKs, millions) – passenger flights	5,018	759	561%	6,133	(18.2%)
Revenue passenger kilometres (RPKs, millions)	4,374	410	967%	5,081	(13.9%)
Load factor	87.2%	54.0%	33.2 pts	82.8%	4.4 pts
Passenger revenue per ASKs as reported (RASK, cents)	15.1	7.4	105.9%	10.3	46.8%
Passenger revenue per ASKs, excluding FX (RASK, cents)	15.0	7.4	104.0%	10.3	45.4%

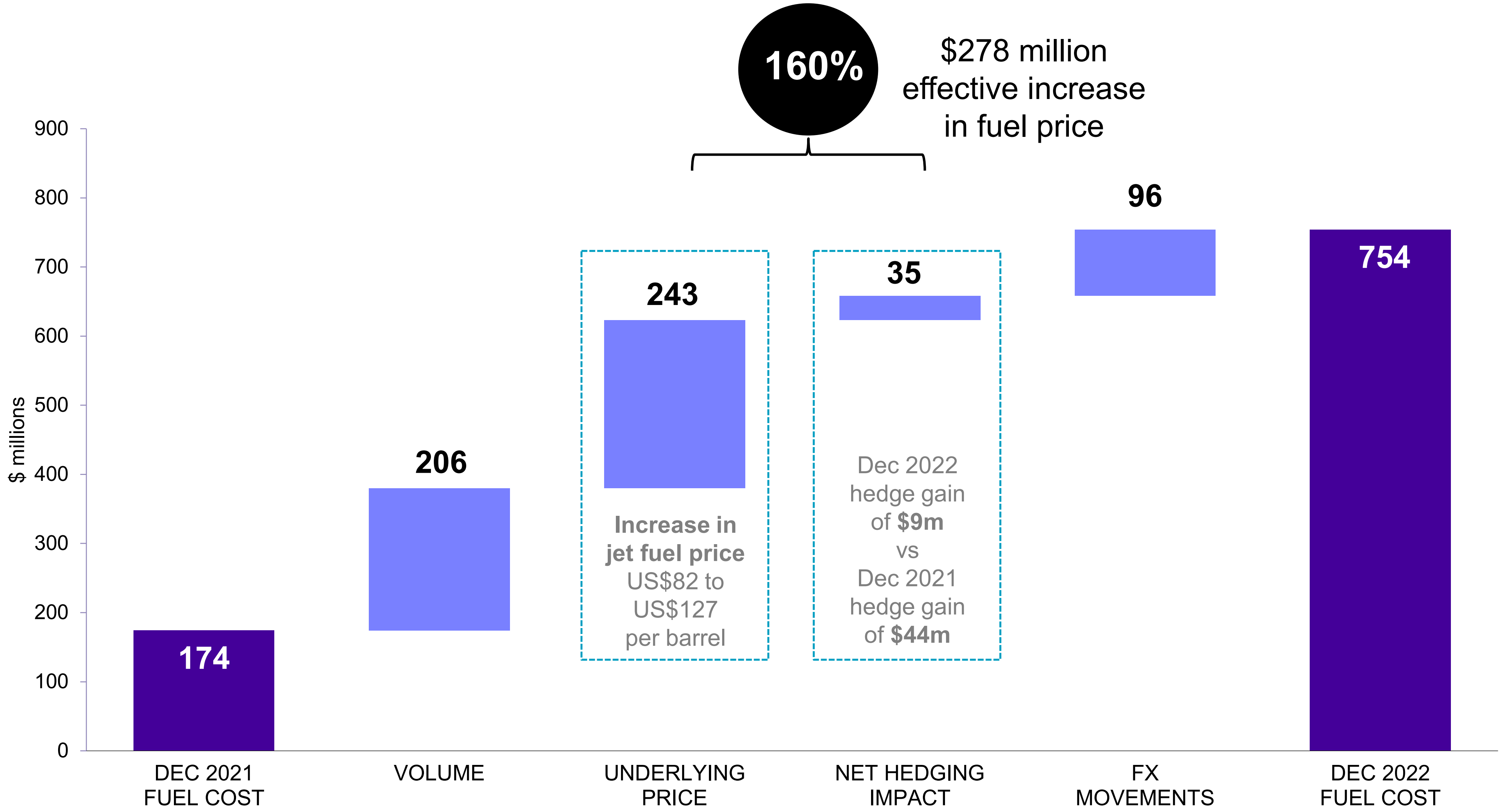
[1] Historically Honolulu and Denpasar were categorised within Pacific Islands. From 1 July 2022, Honolulu has been reclassified to sit within North America and Denpasar has been reclassified to Asia, both of which are reported under international long-haul. All historic data has been adjusted to reflect this change.[2] Calculation based on numbers before rounding.

International long-haul

	Dec 2022	Dec 2021	Movement[1]	Dec 2018 (1H FY19 pre-Covid)	Variance to pre-Covid[1]
Passengers carried ('000s)	596	27	2,145%	1,173	(49.2%)
Available seat kilometres (ASKs, millions) – passenger flights	6,727	894	653%	13,359	(49.6%)
Revenue passenger kilometres (RPKs, millions)	5,915	268	2,110%	11,193	(47.2%)
Load factor	87.9%	30.0%	57.9 pts	83.8%	4.1 pts
Passenger revenue per ASKs as reported (RASK, cents)	11.9	5.0	137.8%	7.9	50.4%
Passenger revenue per ASKs, excluding FX (RASK, cents)	11.7	5.0	134.3%	7.9	48.1%

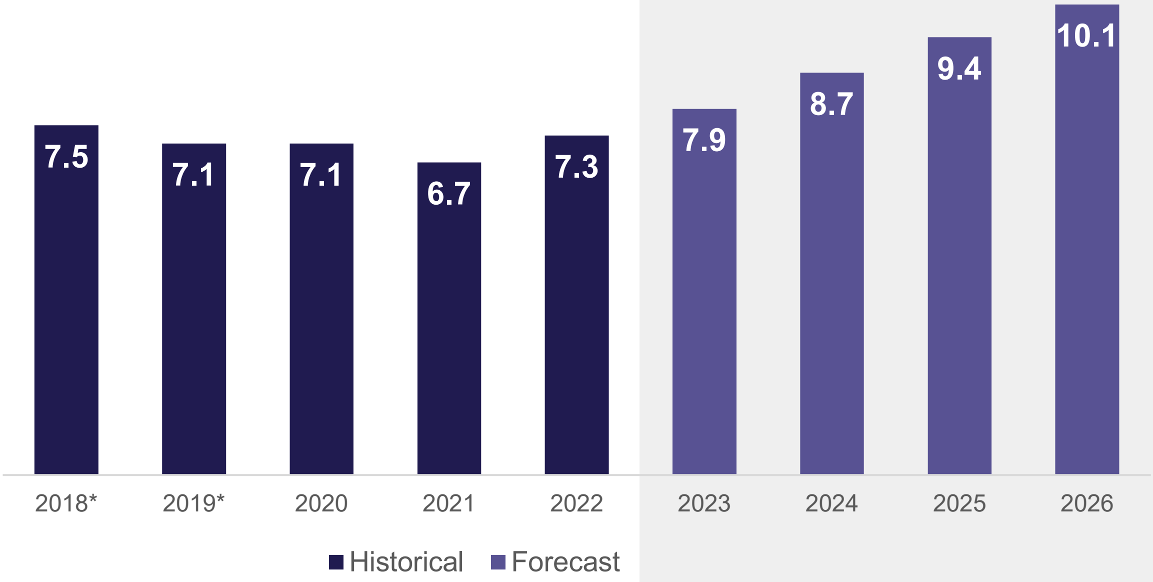
[1] Calculation based on numbers before rounding.

Fuel cost movement



Fleet delivery and age update

Aircraft fleet age in years
(seat weighted)[1]



	2022	2023	2024	2025	2026
Boeing 777-300ER	7	7	7	7	6
Boeing 787	14	14	14	16	18
Airbus A320	18	17	17	17	17
Airbus A320/A321neo	13	16	18	18	18
ATR72-600	29	29	29	29	29
Bombardier Q300	23	23	23	23	23
Total Fleet	**104**	**106**	**108**	**110**	**111**

1 For 2021 and 2022, excludes the Boeing 777-200ER fleet.
* Excludes short-term leases which provided cover for the global Rolls-Royce engine issues.

Debt structure and maturity profile

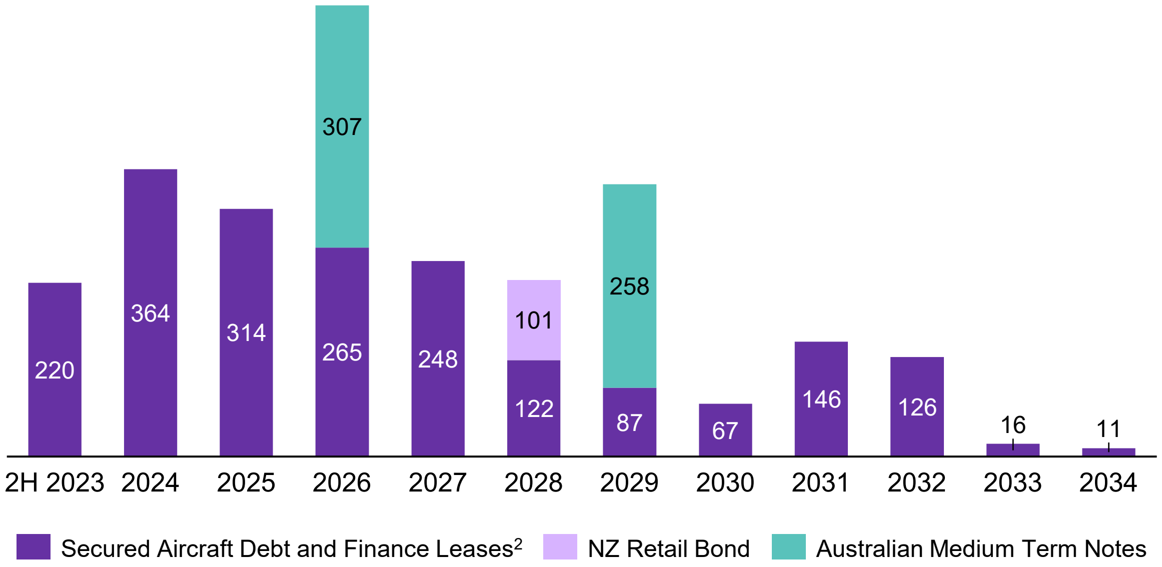
Capital structure as at 31 Dec 2022

- Gross Debt of $3.4 billion
  - comprising: ~$2.0 billion secured aircraft debt and finance leases[1], $760 million operating leases[1], $101 million unsecured NZD bond, $565 million unsecured AUD notes
- Cash of $2.2 billion, restricted deposits of $430 million and net open derivatives of ($81) million
- Net Debt of $0.9 billion
- Undrawn Crown Standby Facility of $400 million expiring 30 January 2026
- Weighted average debt and finance lease maturity of ~4.25 years[2]

Air New Zealand's debt structure provides flexibility

- No financial covenants on debt
- Reduced refinancing risk
- Competitive financing costs
- Prepayment optionality

Debt maturity profile as at 31 Dec 2022
($ millions)



[1] Finance leases are lease liabilities with purchase options. Operating leases are lease liabilities without purchase options
[2] Weighted average life of secured aircraft debt, finance leases and unsecured debt. Excludes operating leases

Glossary of key terms

Available Seat Kilometres (ASKs)	Number of seats operated multiplied by the distance flown (capacity)
Cost/ASK (CASK)	Operating expenses divided by the total ASK for the period
Gearing	Net Debt / (Net Debt + Equity)
Earnings before interest, tax, depreciation, amortisation, significant items and associates (EBITDASA)	Operating earnings (before depreciation and amortisation, net finance costs, associate earnings, other significant items and taxation) plus finance income and cash dividends received from associates less foreign exchange gains/losses
Gross Debt	Interest-bearing liabilities, lease liabilities and redeemable shares
Net Debt	Interest-bearing liabilities, lease liabilities and redeemable shares less bank and short-term deposits, net open derivatives held in relation to interest-bearing liabilities and lease liabilities, and interest-bearing assets
Cash, restricted deposits and net open derivatives	Bank and short-term deposits, interest-bearing assets and net open derivatives held in relation to interest-bearing liabilities and lease liabilities
Liquidity	Cash and cash equivalents (which excludes restricted deposits) plus the outstanding amount of any Crown standby loan facility available to be drawn
Passenger Load Factor	RPKs as a percentage of ASKs
Passenger Revenue/ASK (RASK)	Passenger revenue for the period divided by the total ASK on passenger flights for the period
Revenue Passenger Kilometres (RPKs)	Number of revenue passengers carried multiplied by the distance flown (demand)

The following non-GAAP measures are not audited: CASK, Gearing, Net Debt, Gross Debt, EBITDASA and RASK. Amounts used within the calculations are derived from the condensed Group interim financial statements where possible. The interim financial statements are subject to review by the Group's external auditors. The non-GAAP measures are used by management and the Board of Directors to assess the underlying financial performance of the Group in order to make decisions around the allocation of resources.

Find more information about Air New Zealand

Resources

Investor website: www.airnewzealand.co.nz/investor-centre

Monthly traffic updates: www.airnewzealand.co.nz/monthly-operating-data

Corporate governance: www.airnewzealand.co.nz/corporate-governance

Sustainability: https://www.airnewzealand.co.nz/sustainability

Contact information

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AIR NEW ZEALAND

A STAR ALLIANCE MEMBER ™

AIR NEW ZEALAND

INTERIM FINANCIAL REPORT

2023

A STAR ALLIANCE MEMBER

CONTENTS

The start of 2023 has been incredibly tough for many New Zealanders, particularly those across Te Ika-a-Māui who have been significantly impacted by the recent weather events.

The Auckland floods and Cyclone Gabrielle represent two of the most significant weather events New Zealand has ever seen and our hearts go out to all those who are now dealing with the devastating aftermath.

I want to acknowledge the tremendous efforts of Air New Zealanders across the business who sprang into action, making proactive changes to our schedule, contacting customers, and repositioning aircraft and crew to keep our customers and our people safe.

Following both of these events, our immediate focus has been on getting services back up and running to reconnect the regions as soon as possible. In the Auckland region we added extra flights and larger planes wherever we could, converted cargo flights and worked with Star Alliance partners to get impacted customers where they needed to go. In Napier and Gisborne, we deployed special assistance flights, carrying communication support, emergency supplies and airport operational staff to help those on the ground. We also offered fare flexibility and reduced fares to support those needing to urgently get in or out of the impacted regions.

Extreme weather events are sadly becoming the new normal, with families, homes and livelihoods being put at risk. At Air New Zealand we are acutely aware of the significant impact climate change will continue to have on our country and our operations. These recent weather events are a stark reminder of the importance of taking meaningful steps to not only decarbonise the airline and roll out our wider sustainability agenda, but to adapt to the changing context that climate change is already bringing.

Dame Therese Walsh
Chair

Mali — Flight Attendant Mid-Haul

LETTER FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER

Dame Therese Walsh — Chair
Greg Foran — Chief Executive Officer

Against the backdrop of strong and sustained demand for air travel following the removal of Covid-19 related border restrictions, Air New Zealand is proud to deliver its first period of profitability since the pandemic began.

Since New Zealand's borders reopened, it has become clear that the desire to travel and the need for connection remains stronger than ever. It has been terrific to see so many customers out on our network, some using their passports for the first time in several years.

While we always expected our customers to return to the skies with great enthusiasm, no one expected the level of demand we have seen across the past year, or that borders would open as early as they did.

Like most airlines around the world, we ramped up our operations quickly to meet this demand, and to fulfill our purpose of connecting New Zealanders to each other and to the world.

We are proud of what we have achieved, especially when you consider that this time a year ago, we were flying as little as 20 percent of our entire network with national alert level restrictions and extended Auckland lockdowns.

LETTER FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER (CONTINUED)

It has been an eventful six months across all aspects of the airline. We fully reopened our international network of 29 ports, launched our long-awaited direct service to New York and rolled out a new inflight culinary offering for our customers. We celebrated the launch of our upgraded mobile app, which allows us to be more responsive with improvements and upgrades, and will, over time, empower our customers to self-serve more seamlessly. We are excited to roll out several new features in the coming months, including the pilot of a baggage tracking feature, a new Home screen and express check-in functionality.

We made adjustments to our schedules and rosters to build much needed buffer into the operation, lifted our lowest wages and ratified 14 collective agreements with the unions. We announced a group of world-leading innovators who will partner with us to deliver on our mission to have a zero-emissions demonstrator flight in the skies in 2026, and we welcomed our first shipment of imported Sustainable Aviation Fuel (SAF) into Aotearoa, as we further intensify our focus to find more sustainable ways to fly. These actions provide us with a strong foundation as we look ahead to the future.

However, operationally, Air New Zealand has not been immune to the pressures facing the global aviation ecosystem. From difficulties in hiring staff, to widespread sickness across our workforce and that of our suppliers, to backlogs with airline manufacturers and beyond – the global supply chain continues to be stretched due to the pace of the rebuild. To date, this has resulted in a constrained supply of aircraft and the support structures that allow them to fly, which in turn has contributed, alongside high inflation and fuel costs, to elevated airfares for our customers.

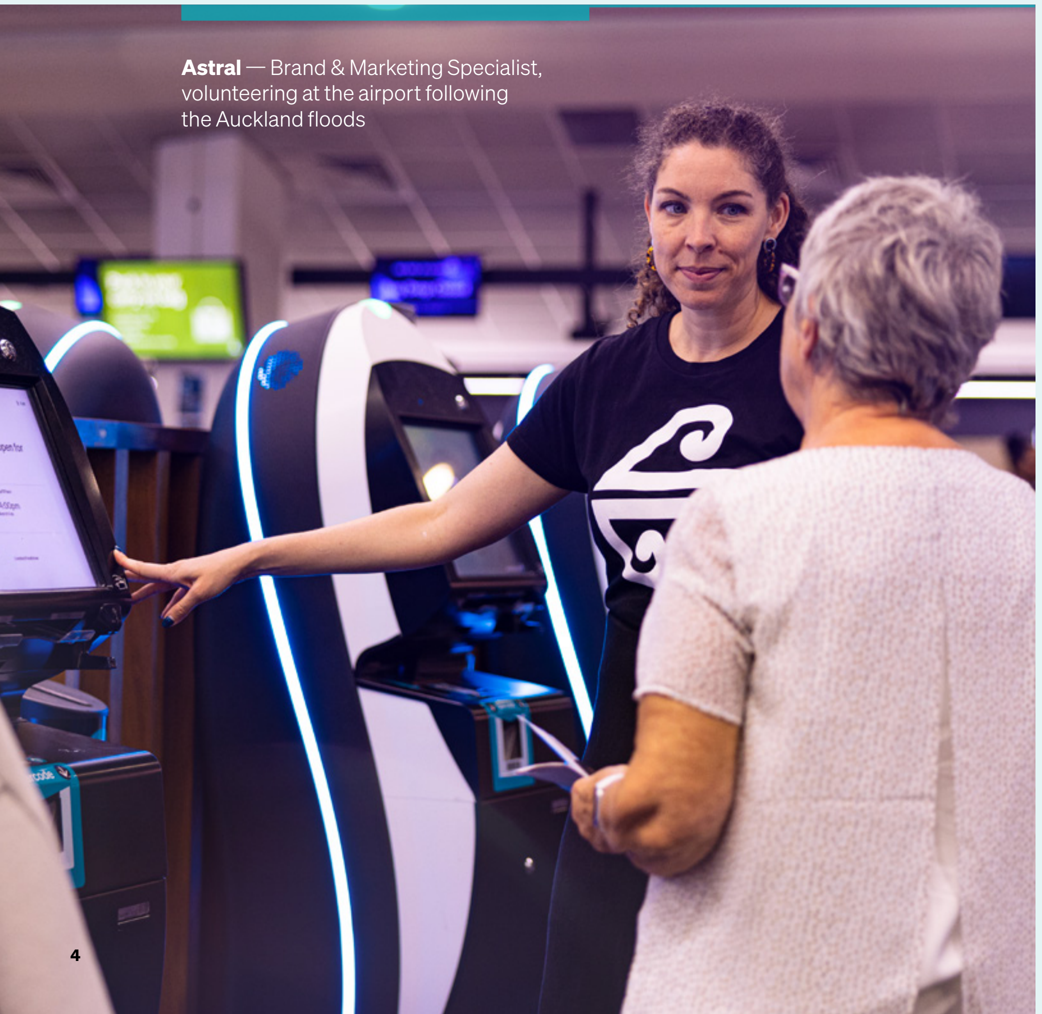
Our teams have been focused on alleviating capacity pressures and adding much needed supply into the market. We have inducted a temporary, fully crewed leased Airbus A330 aircraft into operation through to October 2023 on our Perth route. Three domestic Airbus A321neo aircraft, which have 46 more seats than our existing Airbus A320 aircraft have been delivered to support demand on domestic trunk routes. Six Boeing 777-300ER widebody aircraft have returned to service to support our international network, with the remaining aircraft due back in May. On top of this, we are working to extend lease agreements, where appropriate, on existing aircraft. These actions, alongside tactical changes to our network, will mean we have an additional 2.7 million seats, or an extra 10,000 seats a day available for the coming northern summer period[1].

To support the additional capacity, we have been working tirelessly in a tight labour market to hire and train more than 3,000 new staff, 2,000 of which have been in the last six months. To put this into context, that's around 20 percent of our entire workforce, largely across operational areas of the business. It has been a significant endeavour to get this volume of people inducted and serving our customers as quickly as we can safely achieve. Operational integrity and delivering for customers are the foundations of a strong airline, and as we look to the remainder of the financial year, we are focused on balancing our rebuild with consistent delivery of the Air New Zealand experience our customers expect from us.

We know we have more work to do to tackle customer concerns like call centre wait times, on time arrival and departure of our planes, baggage handling and getting refunds back in a timely manner. I want to thank our customers for bearing with us through these and other challenges across the past few months. We know that flying is not currently the pain-free experience it should be and getting back into shape is a top priority.

E poho kererū ana māua i te whānau whānui o Araraurangi me tō rātou manaaki me tō rātou tiaki anō hoki i ā mātou kiritaki i raro i ngā taumahatanga o te wā, e kī ana te kōrero ehara taku toa i te toa takitahi engari he toa takitini.

We are incredibly proud of the entire Air New Zealand whānau for the way they have navigated through this environment with manaakitanga and dedication to delivering the Air New Zealand experience to our customers through a very challenging period.



Astral — Brand & Marketing Specialist, volunteering at the airport following the Auckland floods

1. Northern Summer being the end of March 2023 to the end October 2023.

KIA MAU

Guiding every decision we make is our Kia Mau strategy. It's the flight plan that helped us navigate through Covid-19 and the path that still guides us today.

Crucial to this plan is a robust domestic business, which we continue to strengthen, ramping back up to almost 100 percent of pre-Covid[2] capacity, offering different time slots and adding products and services, such as our new hot food offering at regional lounges, to improve the customer journey.

We have shifted the focus of our international network, concentrating on the locations we know customers want to fly to and offering better schedules to those destinations. With all our international ports now reopened, we are going deeper and more frequently into those markets where we have a competitive advantage.

Loyalty is a source of untapped potential for new revenue and a superb channel to deliver on our promise of differentiation, driving additional value for our customers and in turn our shareholders. We have made progress on some exciting innovations we hope to share with you soon, as well as making significant headway elevating our Airpoints™ store, growing our range of products six-fold since 2019 and adding major global brands such as Apple and Samsung, and premium New Zealand brand Deadly Ponies.

2. All references to pre-Covid refer to the equivalent period in the 2019 financial year, being the period 1 July 2018 to 31 December 2018.

LETTER FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER (CONTINUED)

Romeo and Anne-Maree — Flight Attendants

We want to become the world's leading digital airline, revamping our app and delivering digital enhancements across the whole airline.

We have been trialling biometric facial recognition at select ports in the US, as part of our plan to take the friction out of travel. We also rolled out a new flight planning system which will deliver more efficient and effective flight planning, helping us run the airline like a Swiss watch with improved operational performance and an uncompromising focus on safety and on-time performance.

We are acutely aware that we must play our part in addressing the impact of aviation on climate change and focus on reaching net zero carbon emissions by 2050. During the year, we made meaningful progress on our decarbonisation journey, setting an interim 2030 science-based emissions reduction target to guide us and keep us accountable. We also tested the SAF supply chain, which will be key to achieving this ambitious target.

The organisational transformation journey we have been on in the last 12 months has empowered our people to be themselves, do the right thing and deliver exceptional service and products for our customers. We have seen faster decision making, greater coordination across the business and the ability to make decisions almost immediately to deliver brilliant basics.

These pillars are essential to rebuilding as a stronger, more nimble airline. We know we have the right strategy in place and the right team to deliver on it.

Earnings before taxation of **$299 million**

Operating revenue of **$3.1 billion**

Free cash flow of **$655 million**

Cargo revenue of **$378 million**

Liquidity at **$2.6 billion**

FINANCIAL OVERVIEW

Returning to profitability after almost three years of pandemic related losses is a hugely significant milestone in our recovery, with earnings before other significant items and taxation of $299 million for the first six months of the 2023 financial year. This compares to a loss of $367 million for the same period last year. Statutory earnings before taxation were also $299 million.

Operating revenue performed strongly, up 5 percent on pre-Covid levels to $3.1 billion, driven by a higher yield environment as demand for leisure travel continued through the summer period. Cargo revenues of $378 million were also elevated compared to historic levels, despite government subsidies easing off as passenger demand returned. Capacity increased substantially as the airline's international markets began to reopen, now at 72 percent of pre-Covid levels. Fuel, which represents the airline's largest cost line this year, increased to $754 million, as global unrest and macroeconomic volatility impacted commodity markets. Other costs, including labour are also significantly up as inflationary pressures continue to impact the entire cost base as we rebuild the network.

Liquidity remains strong at $2.6 billion as at 31 December 2022, and is now up at $2.7 billion as at 20 February 2023. This consists of approximately $2.3 billion in cash and $400 million of available funds on an unsecured standby loan facility with the Crown. Given higher cash levels and the strength of our recovery, we repaid and cancelled $200 million of Redeemable Shares to the Crown during the period.

We also expect cash levels to reduce further as sales are availed, and as we make payments for planned capital expenditure in the coming months.

Gearing levels are at 32.7 percent for the first half of the financial year, currently below our target range of 45 to 55 percent. We also reported positive free cash flow of $655 million for the half, allowing reinvestment into the business of $317 million and resulting in a $489 million reduction in net debt. Our balance sheet strength, cash position and earnings trajectory position us well to drive our Kia Mau strategy forward and fortify our operational reliability and resilience.

LETTER FROM THE CHAIR AND CHIEF EXECUTIVE OFFICER (CONTINUED)

CONSIDERATION OF DISTRIBUTIONS

At the capital raise in May 2022, the Board outlined its intention to consider dividends to shareholders no earlier than the 2026 financial year, based on a number of factors including the expected trajectory of demand recovery and the airline's financial performance.

Air New Zealand has experienced a stronger and faster recovery than initially expected, with borders reopening early, and strong and sustained levels of demand. On this basis, the Board will consider distributions to shareholders in August when the airline announces its 2023 annual results.

OUTLOOK

Looking to the remainder of the financial year, we are optimistic about the levels of demand we continue to observe but acknowledge there is significant uncertainty regarding the overall economic outlook both domestically and internationally, with increasing inflationary pressures, tighter monetary policy and other macroeconomic factors. We also note that the second half of the financial year is typically weaker than the first half.

Against this backdrop and based on the assumption of an average jet fuel price of US$105 per barrel for the second half of the financial year, 2023 earnings before other significant items and taxation are expected to be in the range of $450 million to $530 million. This guidance includes a preliminary estimate of the impact of the Auckland floods and Cyclone Gabrielle.

OUR CLOSING THOUGHTS

As we look ahead to the second half of this financial year, macroeconomic challenges and geopolitical uncertainty are front of mind. We do however see demand trends that are, at least for the moment, offsetting these macro headwinds. Air travel is still in the Covid recovery phase with high levels of demand, and the current capacity and supply chain constraints will limit supply at least in the short-term. The new hybrid work environment has also enabled greater freedom and flexibility for customers which we believe will continue to drive domestic leisure bookings.

While we cannot predict the future, what we do know for certain is that the new normal we find ourselves in requires great skill and dexterity to navigate and the reality is, having now spent the better part of three years dealing with constant change and flux, our people are the best in the business to deal with anything that comes our way.

Ngā mihi nui

Dame Therese Walsh
Chair

Greg Foran
Chief Executive Officer

23 February 2023

Hayden — Flight Attendant
Jason — On Job Trainer

FINANCIAL COMMENTARY

Air New Zealand's statutory earnings and earnings before other significant items and taxation for the first six months of the 2023 financial year were $299 million[1]. Net profit after taxation was $213 million.

The half year result reflects strong passenger demand over a period where, for the first time in more than two years, the airline's operations were not directly impacted by the Covid-19 pandemic. In the prior comparative period, Covid-related travel restrictions in New Zealand impacted financial performance. The phased removal of those restrictions from March to July 2022 has resulted in significant movements when making comparisons between periods.

REVENUE

Operating revenue for the period reflected the opening of New Zealand's borders and strong passenger demand, with revenue increasing almost threefold to $3.1 billion compared to $1.1 billion in the prior period. There was a 2.4 percent positive impact from foreign exchange. Total capacity (Available Seat Kilometres, ASK) including cargo-only flights, increased 89 percent, reflecting the ramp-up of the airline's network following the removal of travel restrictions.

Passenger revenue grew to $2.5 billion as capacity, excluding cargo-only flights, more than tripled driven by increased long-haul flying. Demand (Revenue Passenger Kilometres, RPK) increased significantly more than capacity, resulting in a load factor of 87.5 percent, an increase of 29 percentage points on the prior period. Revenue per Available Seat Kilometre (RASK) increased 17.7 percent excluding FX, a reflection of constrained capacity, strong customer demand and the return of corporate travellers.

International long-haul capacity substantially ramped up over the period following the relaxation of border restrictions into New Zealand and the majority of international ports operated by the airline. Demand on international long-haul routes relative to capacity growth saw load factors increase 58 percentage points to 87.9 percent.

Tui — Cargo Support Consultant

1. Earnings/(loss) before other significant items and taxation represent Earnings stated in compliance with NZ IFRS (Statutory Earnings) after excluding items which, due to their size or nature, warrant separate disclosure to assist with the underlying financial performance of the Group. Earnings/(loss) before other significant items and taxation is reported within the condensed Group interim financial statements which are subject to review by the external auditors. Further details are contained within Note 4 of the condensed Group interim financial statements.

International long-haul RASK increased by 134 percent excluding the impact of foreign exchange. Changes in currency provided a 3.5 percent improvement in RASK during the period.

International short-haul capacity increased by almost 600 percent, as Trans-Tasman and Pacific Islands borders reopened and load factors increased 33.2 percentage points to 87.2 percent. International short-haul RASK was up 104 percent, with foreign exchange driving an additional 1.9 percent benefit.

Domestic capacity increased 65 percent due to the prior year being impacted by Covid-19 travel restrictions in New Zealand and the closure of Auckland's regional boundary from mid-August 2021 to mid-December 2021. Demand increased by almost 100 percent, with load factors improving 14.7 percentage points to 87.3 percent. Domestic RASK was up 40 percent.

Cargo revenue was $378 million, a decrease of 22 percent. The decrease was driven by reduced flying under the New Zealand and Australian Government's air freight schemes (the Maintaining International Air Connectivity scheme and the International Freight Assistance Mechanism) as international passenger flights ramped up. Freight yields improved 9.6 percent, reflecting a higher fuel cost as well as operational constraints with fewer international carriers in the New Zealand market. Foreign exchange had a nominal impact.

Contract services and other revenue was $165 million, an increase of 38 percent, driven primarily by increased passenger activity including the reopening of international lounges and valet operations which were closed for the majority of the prior period, offset by a reduction in third-party maintenance in advance of the closure of the Gas Turbines business. There was a 2.5 percent benefit from foreign exchange.

EXPENSES

Operating expenditure more than doubled to $2.4 billion compared to the first half of last year, reflecting substantially higher flying activity compared to the prior period. Costs increased in most areas as the airline rebuilt its network and operational support base. Reported costs per ASK (CASK) increased 13.8 percent, largely as a result of increased fuel prices. Underlying CASK, which excludes the impact of fuel price, foreign exchange and third-party maintenance as well as the reduction in wage support subsidies, improved by 25.4 percent. This was a result of efficiencies from greater network activity partly offset by non-fuel price inflation and an unfavourable change in the flying mix due to a reduction in lower cost cargo-only services and a proportionally higher increase in long-haul and short-haul passenger flights.

Labour costs were $687 million, increasing by $254 million or 59 percent. Foreign exchange had a nominal impact. Full-Time Equivalent labour (FTE) increased 31.4 percent to approximately 10,450 compared to the prior period. The increase in FTE was driven primarily by the recall and hiring of operational workforce to support the build back in capacity and reopening of the remainder of our international ports. In addition to increased staffing levels, salary increases, a provision for incentive payments and a reduction in government wage subsidies received contributed to the higher costs.

Fuel costs were $754 million for the period, increasing by $580 million compared to last year. Fuel prices, higher levels of consumption and foreign exchange movements, drove this movement. A 55 percent increase in the underlying Singapore Jet fuel price, and to a lesser extent, increases in the price of domestic carbon offsets, along with fewer hedging gains contributed $278 million of the additional cost relative to the prior period. Fuel consumption increased 100 percent due to greater levels of capacity, resulting in an additional $206 million in costs. A weaker New Zealand dollar contributed $96 million to the increase in fuel costs.

Aircraft operations, passenger services and maintenance costs were $677 million, representing a 95 percent increase driven by increased flying and the recommencement of international routes.

Sales, marketing and other expenses were $310 million, growing 86 percent. Increased commissions, brand activity, and digital services including Contact Centre costs related to disrupt support and schedule activity drove the increase.

Ownership costs were $383 million, a nominal increase compared to the prior period. Increased depreciation costs were associated with new aircraft deliveries and the recommencement of depreciation following the reversal of impairment of previously grounded Boeing 777 widebody aircraft. This was partially offset by lower net interest costs due to increased income from higher cash levels. Foreign exchange had a nominal impact on ownership costs during the period.

The impact of foreign exchange rate changes on the revenue and cost base in the period resulted in an unfavourable foreign exchange movement of $103 million. After taking into account a $14 million favourable movement in hedging, overall foreign exchange had a net $89 million negative impact on the Group result for the period.

SHARE OF EARNINGS OF ASSOCIATES

Share of earnings of associates at $18 million, increased by $6 million due to favourable foreign exchange movements and hedging gains in the period.

OTHER SIGNIFICANT ITEMS

Other significant items were nil, an improvement of $9 million relative to the prior period. Unrealised foreign exchange losses on foreign debt were offset by the reversal of impairment on Boeing 777-200ER aircraft sold during the period.

CASH AND FINANCIAL POSITION

Cash on hand at 31 December 2022 was $2.2 billion, an increase of $367 million since 30 June 2022. The increase reflects operating cash flows and proceeds from the New Zealand retail bond issued during the period, partially offset by the repayment of $200 million in Redeemable Shares and asset purchases.

Operating cash flows were a net inflow of $972 million, reflecting positive cash earnings and favourable working capital movements, including revenue received for ticket sales in advance of flying.

Net gearing improved 12.7 percentage points to 32.7 percent compared to 30 June 2022, driven primarily by profitability during the period offset by cash purchases of aircraft.

CHANGE IN EARNINGS

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

December 2021 loss before taxation	-$376m	
Passenger capacity	$910m	- Capacity increased by 308 percent (excluding cargo-only flights) due to the relaxation of travel restrictions and reopening of borders. Including cargo-only flights capacity increased by 89 percent. - Domestic capacity increased by 65 percent following nationwide lockdowns and extended non-essential travel restrictions in the Auckland region in the prior period which eased from mid December 2021. - International short-haul capacity increased by 561 percent. The prior year was impacted by border restrictions and isolation requirements for most of the period. Staged border reopenings and relaxation of travel restrictions saw strong customer demand and an increase in passenger services from March 2022. - International long-haul capacity increased 653 percent due to the removal of travel restrictions and border reopenings in the latter half of the 2022 financial year.
Passenger RASK	$1,079m	- Overall Group RASK increased by 17.7 percent excluding FX and was impacted by strong recovery of passenger demand and greater flight activity compared to the prior year when there was limited flying, mainly for essential or repatriation international travel, as well as domestic travel restrictions following closure of the Auckland boundary. Loads increased by 29.0 percentage points to 87.5 percent. - Domestic Revenue per Available Seat Kilometre (RASK) increased by 40 percent excluding FX with load factor increasing 14.7 percentage points to 87.3 percent. - International short-haul RASK improved by 104 percent excluding FX with load factor increasing 33.2 percentage points to 87.2 percent. - International long-haul RASK increased by 134 percent excluding FX with load factor increasing 57.9 percentage points to 87.9 percent. In the prior period there were limited passenger services, primarily for essential travel and repatriations, which supplemented cargo services.
Cargo revenue	-$105m	- Cargo revenue declined following a reduction in cargo subsidies ($111 million) provided under the New Zealand Government Maintaining International Air Connectivity scheme (MIAC), and Australian International Freight Assistance Mechanism (IFAM) scheme, as borders reopened and passenger demand recovered.
Contract services and other revenue	$42m	- Recovery of ancillary revenue following an increase in customer activity, including reopening of international lounges and valet parking which were closed for the majority of the prior period, offset by a reduction in third-party maintenance as a result of wind-down of the gas turbines operation as the business nears closure.
Labour	-$206m	- Higher labour costs due to a significant increase in operating activity as borders reopened and customer demand recovered strongly, wage inflation and an increase in staff incentive provisions.
Wage subsidy support	-$46m	- Receipt of higher wage subsidies in the prior period as a result of regional lockdowns and national Covid-19 restrictions.
Fuel	-$484m	- MOPS price increased by 55 percent. The average fuel price net of hedging increased 89 percent compared to the prior year resulting in an increase in costs of $278 million. Consumption increased by 100 percent ($206 million) compared to an increase in capacity of 89 percent.
Maintenance, aircraft operations and passenger services	-$307m	- Higher costs related to an increase in flying activity and recommencement of international routes.
Sales and marketing and other expenses	-$131m	- Higher market development and brand spend to support sales activity and increased sales commissions as well as higher customer activity related to customer contact centre and digital spend.
Ownership costs	-$3m	- Recommencement of depreciation on a grounded widebody aircraft fully impaired in the prior year and new aircraft deliveries offset by higher interest income on increased cash holdings.
Net impact of foreign exchange movements	-$89m	- Net unfavourable impact of foreign exchange from currency movement impact on revenue and costs offset by increased hedging gains.
Share of earnings of associates	$6m	- Increase in earnings from Christchurch Engine Centre driven by hedging gains and foreign exchange movements.
Other significant items	$9m	- Reversal of aircraft impairment on disposed widebody aircraft offset by increased foreign exchange losses on uncovered debt.
December 2022 earnings before taxation	$299m	

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

STATEMENT OF FINANCIAL PERFORMANCE (UNAUDITED)

For the six months to 31 December 2022

	NOTES	6 MONTHS TO 31 DEC 2022 $M	6 MONTHS TO 31 DEC 2021 $M
Operating Revenue			
Passenger revenue		**2,535**	523
Cargo	2(b)	**378**	482
Contract services		**65**	66
Other revenue		**100**	54
	3	**3,078**	1,125
Operating Expenditure			
Labour	2(b)	**(687)**	(433)
Fuel		**(754)**	(174)
Maintenance		**(187)**	(123)
Aircraft operations		**(340)**	(180)
Passenger services		**(150)**	(45)
Sales and marketing		**(133)**	(41)
Foreign exchange gains		**14**	-
Other expenses		**(177)**	(126)
		(2,414)	(1,122)
Operating Earnings (excluding items below)		**664**	3
Depreciation and amortisation		**(355)**	(344)
Earnings/(Loss) Before Finance Costs, Associates, Other Significant Items and Taxation		**309**	(341)
Finance income		**46**	3
Finance costs	2(b)	**(74)**	(41)
Share of earnings of associates (net of taxation)	2(a)	**18**	12
Earnings/(Loss) Before Other Significant Items and Taxation		**299**	(367)
Other significant items	4	**-**	(9)
Earnings/(Loss) Before Taxation		**299**	(376)
Taxation (expense)/credit		**(86)**	104
Net Profit/(Loss) Attributable to Shareholders of Parent Company		**213**	(272)
Per Share Information:			
Basic and diluted earnings per share (cents)		**6.3**	(24.2)
Net tangible assets per share (cents)		**46**	48

These condensed financial statements have not been audited. They have been the subject of 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 accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months to 31 December 2022

	6 MONTHS TO 31 DEC 2022 $M	6 MONTHS TO 31 DEC 2021 $M
Net Profit/(Loss) for the Period	**213**	(272)
Other Comprehensive Loss:		
Items that will not be reclassified to profit or loss:		
Actuarial gains on defined benefit plans	**3**	-
Taxation on above reserve movements	**(1)**	-
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	**(13)**	20
Transfers to net profit/(loss) from cash flow hedge reserve	**(20)**	(45)
Changes in cost of hedging reserve	**(14)**	-
Taxation on above reserve movements	**12**	8
Total items that may be reclassified subsequently to profit or loss	**(35)**	(17)
Total Other Comprehensive Loss for the Period, Net of Taxation	**(33)**	(17)
Total Comprehensive Income/(Loss) for the Period, Attributable to Shareholders of the Parent Company	**180**	(289)

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STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months to 31 December 2022

	NOTES	SHARE CAPITAL $M	HEDGE RESERVES $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	GENERAL RESERVES $M	TOTAL EQUITY $M
Balance as at 1 July 2022		**3,373**	**(42)**	**(10)**	**(1,644)**	**1,677**
Net profit for the period		**-**	**-**	**-**	**213**	**213**
Other comprehensive loss for the period		**-**	**(34)**	**(1)**	**2**	**(33)**
Total Comprehensive Income for the Period		**-**	**(34)**	**(1)**	**215**	**180**
Transactions with Owners:						
Equity-settled share-based payments (net of taxation)		**3**	**-**	**-**	**-**	**3**
Equity settlements of staff share award obligations	2(g)	**(2)**	**-**	**-**	**-**	**(2)**
Total Transactions with Owners		**1**	**-**	**-**	**-**	**1**
Balance as at 31 December 2022	2(h)	**3,374**	**(76)**	**(11)**	**(1,429)**	**1,858**

	NOTES	SHARE CAPITAL $M	HEDGE RESERVES $M	FOREIGN CURRENCY TRANSLATION RESERVE $M	GENERAL RESERVES $M	TOTAL EQUITY $M
Balance as at 1 July 2021		**2,213**	**(49)**	**(17)**	**(1,049)**	**1,098**
Net loss for the period		**-**	**-**	**-**	**(272)**	**(272)**
Other comprehensive loss for the period		**-**	**(18)**	**1**	**-**	**(17)**
Total Comprehensive Loss for the Period		**-**	**(18)**	**1**	**(272)**	**(289)**
Transactions with Owners:						
Equity-settled share-based payments (net of taxation)		**6**	**-**	**-**	**-**	**6**
Equity settlements of staff share award obligations	2(g)	**(4)**	**-**	**-**	**-**	**(4)**
Total Transactions with Owners		**2**	**-**	**-**	**-**	**2**
Balance as at 31 December 2021		**2,215**	**(67)**	**(16)**	**(1,321)**	**811**

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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 December 2022

	NOTES	31 DEC 2022 $M	RESTATED 30 JUN 2022 $M
Current Assets			
Bank and short term deposits		**2,160**	1,793
Trade and other receivables		**429**	363
Inventories		**108**	98
Derivative financial assets		**65**	165
Intangible assets	1	**27**	21
Other assets	1	**51**	57
Total Current Assets		**2,840**	2,497
Non-Current Assets			
Trade and other receivables		**33**	36
Property, plant and equipment		**3,189**	3,190
Right of use assets		**1,748**	1,617
Intangible assets	1	**188**	174
Investments in other entities	2(a)	**163**	164
Derivative financial assets		**135**	143
Deferred taxation	2(d)	**91**	164
Other assets	1, 2(c)	**435**	365
Total Non-Current Assets		**5,982**	5,853
Total Assets		**8,822**	8,350
Current Liabilities			
Trade and other payables		**676**	497
Revenue in advance		**1,749**	1,635
Interest-bearing liabilities	2(e)	**197**	248
Lease liabilities		**378**	342
Derivative financial liabilities		**122**	63
Provisions		**121**	169
Income taxation		**2**	2
Other liabilities		**240**	215
Total Current Liabilities		**3,485**	3,171
Non-Current Liabilities			
Revenue in advance		**311**	219
Interest-bearing liabilities	2(e)	**1,544**	1,595
Derivative financial liabilities		**165**	159
Lease liabilities		**1,293**	1,183
Redeemable shares	2(f)	**-**	200
Provisions		**131**	118
Other liabilities		**35**	28
Total Non-Current Liabilities		**3,479**	3,502
Total Liabilities		**6,964**	6,673
Net Assets		**1,858**	1,677
Equity			
Share capital		**3,374**	3,373
Reserves	2(h)	**(1,516)**	(1,696)
Total Equity		**1,858**	1,677

Dame Therese Walsh
CHAIR

Alison Gerry
DIRECTOR

For and on behalf of the Board, 23 February 2023

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STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months to 31 December 2022

	NOTES	6 MONTHS TO 31 DEC 2022 $M	RESTATED 6 MONTHS TO 31 DEC 2021 $M
Cash Flows from Operating Activities			
Receipts from customers		**3,235**	1,177
Payments to suppliers and employees	1	**(2,228)**	(1,083)
Interest paid		**(66)**	(35)
Interest received		**31**	3
Net Cash Flow from Operating Activities		**972**	62
Cash Flows from Investing Activities			
Disposal of property, plant and equipment, intangibles and assets held for resale		**21**	10
Distribution from associates		**16**	32
Acquisition of property, plant and equipment, right of use assets and intangibles	1	**(287)**	(256)
Interest-bearing asset receipts		**(67)**	17
Investment in associate		**-**	(8)
Net Cash Flow from Investing Activities		**(317)**	(205)
Cash Flows from Financing Activities			
Interest-bearing liabilities drawdowns		**100**	313
Lease liabilities drawdowns		**95**	-
Equity settlements of staff share awards	2(g)	**(2)**	(4)
Interest-bearing liabilities payments		**(149)**	(83)
Lease liabilities payments		**(157)**	(200)
Redemption of redeemable shares	2(f)	**(200)**	-
Rollover of foreign exchange contracts*		**25**	7
Net Cash Flow from Financing Activities		**(288)**	33
Increase/(Decrease) in Cash and Cash Equivalents		**367**	(110)
Cash and cash equivalents at the beginning of the period		**1,793**	266
Cash and Cash Equivalents at the End of the Period		**2,160**	156
Reconciliation of Net Profit/(Loss) Attributable to Shareholders to Net Cash Flows from Operating Activities:			
Net profit/(loss) attributable to shareholders		**213**	(272)
Plus/(less) non-cash items:			
Depreciation and amortisation		**355**	344
Loss on disposal of property, plant and equipment, right of use assets and assets held for resale		**4**	4
Impairment (reversal)/expense on property, plant and equipment and assets held for resale	4	**(13)**	3
Foreign exchange losses on uncovered interest-bearing liabilities and lease liabilities	4	**12**	6
Share of earnings of associates	2(a)	**(18)**	(12)
Movements on fuel derivatives		**(17)**	1
Other non-cash items		**37**	8
		573	82
Net working capital movements:			
Assets		**(75)**	(32)
Revenue in advance		**206**	48
Liabilities		**268**	(36)
		399	(20)
Net Cash Flow from Operating Activities		**972**	62

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

These condensed financial statements have not been audited. They have been the subject of 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.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

As at and for the six months to 31 December 2022

1. FINANCIAL STATEMENTS

The financial statements presented are those of the consolidated Air New Zealand Group (the 'Group'), including Air New Zealand Limited and its subsidiaries, joint ventures and associates.

The parent company, Air New Zealand Limited, is a profit-oriented entity, domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand and Australian Stock Exchanges. The Company is an FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

Air New Zealand prepares its condensed Group interim financial statements ("financial statements") in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as it applies to the interim period. NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate to profit-oriented entities.

These financial statements have not been audited. The financial statements comply with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting and have been the subject of 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 financial statements should be read in conjunction with the Annual Report for the year ended 30 June 2022.

Significant accounting policies

The accounting policies and computation methods used in the preparation of the financial statements are consistent with those used as at 30 June 2022 and 31 December 2021 except as outlined below.

Comparative information has been reclassified to achieve consistency in disclosure with the current financial period. Within the Statement of Financial Position, carbon credits of $21 million (current assets) and $27 million (non-current assets) have been reclassified from Other Assets to Intangible Assets as at 30 June 2022. In addition, purchases of $22 million were reclassified in the Statement of Cash Flows from Payments to suppliers and employees to Acquisition of property, plant and equipment, right of use assets and intangibles. The reclassification is considered to better reflect the underlying nature of carbon credit units held. Total carbon credits held as at 31 December 2022 were $76 million (comprising of $27 million of current assets and $49 million of non-current assets).

The External Reporting Board ('XRB') of New Zealand issued three Climate Standards that set requirements for: Climate-related Disclosures (Aotearoa New Zealand Climate Standard 1 (NZ CS 1)); First-time adoption of Aotearoa New Zealand Climate Standards (NZ CS 2); and General Requirements for Climate-related Disclosures (NZ CS 3). The Climate Standards are effective from 1 January 2023, with mandatory assurance required on the Greenhouse Gas emissions included in the Climate Statements for the 2025 Group Annual Report. The Group expects to adopt the Climate Standards for the year ended 30 June 2024. Voluntary Climate-related Disclosures are currently prepared that follow the principles outlined in the international Task Force on Climate-related Financial Disclosures (TCFD). The Group has commenced work to build upon the TCFD disclosures to ensure full compliance with the new Climate Standards.

Impact of Covid-19 on business performance

During the Covid-19 pandemic the Group significantly reduced its network as demand declined following border closures and international travel restrictions. In response to the impact, the Group took a number of actions resulting in a reduction in flight capacity and labour, being awarded grants for providing international airfreight services and received wage subsidies. The Government relaxed travel restrictions into New Zealand from March 2022. Following the removal of these restrictions, along with other international border relaxations, the airline experienced increased bookings which has resulted in stronger net cash inflows from customer activity compared to the first six months of the 2022 financial year, and a significant improvement in operating performance.

2. GENERAL DISCLOSURES

Group composition

(a) 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 was $18 million (31 December 2021: $12 million).

Government grants, subsidies and other related party transactions

(b) The Group was awarded grants to supply international airfreight services by the New Zealand Government through the Ministry of Transport as part of its efforts to ensure the supply of critical imports and maintain economic benefits of high value New Zealand exports during the Covid-19 pandemic. The arrangements were for a period from 30 April 2020 through to 31 March 2023. The awards were negotiated on an arm's length basis using standard commercial terms. The Group was awarded from August 2020 to June 2022 contracts to provide international freight services on certain ports from Australia to the United States under the Australian Government International Freight Assistance Mechanism (IFAM). IFAM was intended to restore critical supply chains due to the impact of the global pandemic. Conditions attached to the grants recognised in the Statement of Financial Performance have been satisfied as at balance date.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

As at and for the six months to 31 December 2022

2. GENERAL DISCLOSURES (CONTINUED)

	6 MONTHS TO 31 DEC 2022 $M	6 MONTHS TO 31 DEC 2021 $M
Amounts recognised in Cargo revenue for government grants and assistance:		
- New Zealand	83	182
- Other regions	-	12
Total cargo grants and assistance	83	194

Given the significant impact that Covid-19 has had on the New Zealand economy the New Zealand Government through the Ministry of Social Development provided wage subsidies for periods where there was alert level restrictions and businesses could demonstrate a decline in revenues as a result of the pandemic. Additional subsidies were received from other governments in the prior year related to offshore offices including the United States of America, Singapore and the Cook Islands. The wage subsidies were recognised within Labour expenses as an offset to the underlying labour cost. Conditions attached to the government subsidies which have been recognised in the Statement of Financial Performance have been satisfied.

	6 MONTHS TO 31 DEC 2022 $M	6 MONTHS TO 31 DEC 2021 $M
Government grants and subsidies recognised in Operating Expenditure include wage subsidies (recognised within 'Labour'):		
- New Zealand	1	46
- Other regions	-	1
Total wage subsidies	1	47

Financing costs of $8 million were recognised during the six months ended 31 December 2022 in relation to distributions on redeemable shares and commitment fees on a Government provided standby loan facility (CSF2 Loan Facility). Interest and commitment fees of $14 million were recognised on a Government provided standby loan facility for the period ended 31 December 2021 (CSF1 Loan Facility).

Interest-bearing assets

(c) Non-current "Other assets" include interest-bearing assets of $430 million (30 June 2022: $360 million). 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 2022 was $432 million (30 June 2022: $373 million) and are subject to fixed and floating interest rates. Fixed interest rates in the six months to 31 December 2022 ranged from 0.6% per annum to 4.6% per annum (six months to 31 December 2021: 0.04% per annum to 3.6% per annum).

Deferred taxation

(d) The Group recognised a deferred tax asset as at 31 December 2022 of $91 million (30 June 2022: $164 million). Cash flow projections used to model the Group's anticipated recovery timeframe were used to inform judgement around the recognition and recoverability of the net deferred tax asset relating to income tax losses.

Interest-bearing liabilities

(e) Interest-bearing liabilities of $1,741 million (30 June 2022: $1,843 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 2022 is $1,791 million (30 June 2022: $1,852 million).

Interest-bearing liabilities include unsecured bonds of $101 million (30 June 2022: $50 million), secured borrowings of $1,075 million which are secured over aircraft assets (30 June 2022: $1,185 million) and unsecured Australian Medium Term Notes of $565 million (30 June 2022: $608 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 2022 (six months to 31 December 2021: 1.0% to 4.4% per annum). Australian Medium Term Notes were issued on 25 May 2022 and have a fixed coupon between 5.7% and 6.5% per annum payable semi-annually (six months to 31 December 2021: Nil).

On 27 October 2022, the Group issued $100 million of unsecured, unsubordinated fixed rate bonds with a maturity date of 27 April 2028 and an interest rate of 6.61% per annum payable semi-annually. The Group entered into an interest rate swap to manage the interest rate risk in relation to the bond which was designated in a fair value hedge relationship. The hedging instrument (interest rate swap) and the hedged item (bond) are recognised at fair value with changes in the fair value of both items offset in the Statement of Financial Performance to the extent the hedging relationship is effective.

The Group repaid $50 million of five year unsecured unsubordinated fixed rate bonds at the maturity date of 28 October 2022. The bonds had a fixed interest rate of 4.25% per annum which was payable semi-annually.

On 30 March 2022 an unsecured committed revolving standby loan facility (CSF2 Loan Facility) was entered into with the New Zealand Government for up to $400 million for a period through to 30 January 2026 for the purpose of providing additional liquidity, if required, as the airline recovered from the effects of the pandemic. No amounts have been drawn down under the facility.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

As at and for the six months to 31 December 2022

2. GENERAL DISCLOSURES (CONTINUED)

Redeemable shares

(f) On 28 November 2022 the Group redeemed $200 million of redeemable shares to the New Zealand Government. No outstanding amounts remain on issue and no further issues can be made under the subscription agreement.

Share capital

(g) During the six months ended 31 December 2022 the Group funded the purchase on-market of 2,016,383 shares for $2 million (31 December 2021: 2,279,412 shares for $4 million). The shares were used to settle obligations under staff share award schemes. The total cost of the purchase including transaction costs has been deducted from Share Capital.

Hedge reserves

(h) As at 31 December 2022, $62 million of losses (30 June 2022: $38 million of losses) were held in the cash flow hedge reserve and $14 million of losses (30 June 2022: $4 million of losses) in the costs of hedging reserve. These reserves are combined within the Statement of Changes in Equity as "Hedge reserves".

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.

Geographical

An analysis of revenue by geographical region of original sale is provided below.

	6 MONTHS TO 31 DEC 2022 $M	6 MONTHS TO 31 DEC 2021 $M
Analysis of revenue by geographical region of original sale		
New Zealand	**2,019**	867
Australia and Pacific Islands	**412**	66
Asia, United Kingdom and Europe	**288**	103
Americas	**359**	89
Total Operating Revenue	**3,078**	1,125

The principal non-current asset of the Group is 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. OTHER SIGNIFICANT ITEMS

Other significant items are items of revenue or expenditure which due to their size or nature warrant separate disclosure to assist with the understanding of the underlying financial performance of the Group.

	6 MONTHS TO 31 DEC 2022 $M	6 MONTHS TO 31 DEC 2021 $M
Foreign exchange losses on uncovered interest-bearing liabilities and lease liabilities	**(12)**	(6)
Reversal of aircraft impairment / (aircraft impairment)	**12**	(3)
	-	(9)

Foreign exchange losses on uncovered interest-bearing liabilities and lease liabilities

Group policy is to manage foreign currency exposures arising from foreign currency denominated liabilities. Due to a significant decline in forecast foreign currency revenue as a result of Covid-19, the Group was required to de-designate revenue hedges in the 2020 financial year which resulted in certain foreign currency debt and lease obligations becoming unhedged. Foreign currency translation gains/losses arising on these obligations were recognised in the Statement of Financial Performance.

Following the phased reopening of borders into New Zealand and other overseas ports, and recovery of international passenger demand, in November 2022 the Group established new USD and EUR forecast foreign currency revenue hedges. From the date of designation of the hedges, the translation gains/losses arising on the obligations were recognised in Other Comprehensive Income and accumulated within the cash flow hedge reserve. These amounts will be released to Earnings at the time of the respective interest-bearing liabilities and lease liabilities repayments. The Group expects to designate JPY hedges in the latter half of the 2023 financial year. Following this time no further amounts will be recognised within Other Significant Items.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

As at and for the six months to 31 December 2022

4. OTHER SIGNIFICANT ITEMS (CONTINUED)

Aircraft impairment and reversal

As a result of Covid-19 the Group significantly reduced its network capacity following border closures and international travel restrictions. Due to the severe impact that the pandemic had on global demand for international air travel in prior years, the Boeing 777-200ER fleet and one Boeing 777-300ER aircraft were grounded for an indefinite period into the future. The Group has since reactivated the Boeing 777-300ER aircraft and the impairment provision held in relation to this aircraft was reversed as at 30 June 2022. Four Boeing 777-200ER aircraft were disposed in the six months to 31 December 2022 with the remaining assets expected to be disposed by March 2023. In the comparative financial period the fair values were determined based on expressions of interest from third-parties. An impairment reversal of $12 million was recognised in the Statement of Financial Performance in relation to these assets (31 December 2021: Nil).

In prior years the Group exited from service the ATR72-500 fleet following a scheduled replacement. As at 31 December 2021 two aircraft were classified as held for resale and were carried at the lower of their previous book value at the date of transfer or fair value less costs to sell. During the six months ended 31 December 2021 an impairment expense of $3 million was recognised in the Statement of Financial Performance. The aircraft were disposed in the 2022 financial year.

5. COMMITMENTS

	31 DEC 2022 $M	30 JUN 2022 $M
Capital commitments		
Aircraft and engines	**2,665**	2,815
Other assets	**127**	18
	2,792	2,833

In December 2022, the Group was advised of a delay in the delivery of one Airbus A321neo aircraft from the 2023 to the 2024 financial year. In February 2023, the delivery dates of eight Boeing 787 aircraft were deferred from the 2024 to 2028 financial years to the 2025 to 2028 financial years which is reflected in the table above.

Capital commitments as at reporting date include eight Boeing 787 aircraft (contractual delivery from 2025 to 2028 financial years) and five Airbus A321neos (delivery from second half of the 2023 financial year to 2027 financial years).

6. CONTINGENT LIABILITIES

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

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

Outstanding letters of credit total $24 million (30 June 2022: $20 million).

The Group has a partnership agreement with Pratt and Whitney in which it holds a 49% interest in the CEC. By the nature of the agreement, joint and several liability exists between the two parties. Total liabilities of the CEC are $110 million (30 June 2022: $154 million).

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

For the six months ended 31 December 2022

The Auditor-General is the auditor of Air New Zealand Limited ('the Company') and its subsidiaries ('the Group'). The Auditor-General has appointed me, Melissa Collier, 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 13 to 21, which comprise the Statement of Financial Position as at 31 December 2022, and the Statement of Financial Performance, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the six months ended on that date, and condensed notes to the interim financial statements.

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 2022, 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 greenhouse gas emissions inventory and compliance with student fee protection rules. In addition we provide non-assurance services to the Corporate Taxpayers Group of which the Group is a member. 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 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.

M Collier

Melissa Collier
Partner

for Deloitte Limited
On behalf of the Auditor-General

23 February 2023
Auckland, New Zealand

SHAREHOLDER ENQUIRIES

Shareholder Communication

Air New Zealand's investor website **www.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 **www.airnzinvestor.co.nz** or email Investor Relations directly on **investor@airnz.co.nz**

Share Registrar

Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street, Auckland, 1010, New Zealand
PO Box 91976, Auckland 1142, New Zealand

Phone: (64 9) 375 5998 (New Zealand)
(61) 1300 554 474 (Australia)
Fax: (64 9) 375 5990
Email: enquiries@linkmarketservices.co.nz

Investor Relations

Private Bag 92007
Auckland 1142, New Zealand

Phone: 0800 22 22 18 (New Zealand)
(64 9) 336 2607 (Overseas)
Fax: (64 9) 336 2664
Email: investor@airnz.co.nz
Website: www.airnzinvestor.com

Sam and Kiri — Flight Attendants

AIR NEW ZEALAND

A STAR ALLIANCE MEMBER

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Air New Zealand	
Reporting Period	6 months to 31 December 2022	
Previous Reporting Period	6 months to 31 December 2021	
Currency	New Zealand Dollars	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	3,124,000	177.0%
Total Revenue	3,124,000	177.0%
Net profit from continuing operations	213,000	178.3%
Total net profit	213,000	178.3%
Interim Dividend (NZ$)		
Amount per Quoted Equity Security	No interim dividend will be paid	
Imputed amount per sec Quoted Equity Security	N/A	
Record Date	N/A	
Dividend Payment Date	N/A	
NZ$ Amount	**Reporting Period**	**Prior Comparative Period**
Net tangible assets per Quoted Equity Security	0.46	0.48
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to media release.	
Authority for this announcement		
Name of person authorised to make this announcement	Jennifer Page, General Counsel and Company Secretary	
Contact person for this announcement	Leila Peters, General Manager Corporate Finance	
Contact phone number	+64 9 336 2607	
Contact email address	investor@airnz.co.nz	
Date of release through MAP	23 February 2023	

Unaudited interim financial statements accompany this announcement.

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

AIR NEW ZEALAND LIMITED

Half Year Ended 31 December 2022 (referred to in this report as the "current half year")

1 Information prescribed by NZX

Refer to Results for announcement to the market.

2 The following information, which may be presented in whatever way the Issuer considers is the most clear and helpful to users, e.g., combined with the body of the announcement, combined with notes to the financial statements, or set out separately.

(a) A Statement of Financial Performance

Refer to the Interim Financial Statements.

(b) A Statement of Financial Position

Refer to the Interim Financial Statements.

(c) A Statement of Cash Flows

Refer to the Interim Financial Statements.

(d) Details of individual and total dividends or distributions and dividend or distribution payments, which:
(i) have been declared, and
(ii) relate to the period (in the case of ordinary dividends or ordinary dividends and special dividends declared at the same time) or were declared within the period (in the case of special dividends).

No interim dividend is recognised in respect of the 2023 financial year or final dividend in relation to the 2022 financial year.

(e) A Statement of Movements in Equity

Refer to the Interim Financial Statements.

(f) Net tangible assets per security with the comparative figure for the previous corresponding period

(NZ Cents Per Share)	Current period	Prior comparable period
Ordinary Shares	46	48

(g) Commentary on the results

		Measurement	Current period	Prior comparable period
(i)	Basic and diluted earnings per share	NZ cents per share	6.3	(24.2)
(ii)	Returns to shareholders (see also section (d) above)	$NZ'm	-	-

(iii) Significant features of operating performance:

Refer to the media release.

(iv) Discussion of trends in performance:

Refer to the media release.

(v) The Issuer's dividend policy

Refer to Air New Zealand website - https://www.airnewzealand.co.nz/dividend-history

(vi) Any other factors which have or are likely to affect the results, including those where the effect could not be quantified:

Refer to the media release.

(h) Audit of financial statements

The annoucement is based on unaudited interim financial statements. The interim financial statements have been the subject of review by the external 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.

Basis of preparation

This report is compiled in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable financial reporting standards as appropriate to profit-oriented entities.

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT
AIR NEW ZEALAND LIMITED
Half Year Ended 31 December 2022 (referred to in this report as the "current half year")

Accounting policies

Refer to Note 1 of the Interim Financial Statements.

Changes in accounting policies

Refer to Note 1 of the Interim Financial Statements.

Audit Review Report

A copy of the review report is attached at the back of the Interim Financial Statements.

Additional information

Not applicable.

This half year report was approved by the Board of Directors on 23 February 2023.

Dame Therese Walsh

Chair