



**INTERIM
FINANCIAL
REPORT**

2023



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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 period¹.

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 e hāra
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.

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-Covid² 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.

Kia Mau

Our Kia Mau strategy is focused on 3 clear drivers of value creation, executed through excellence and innovation across 4 key business enablers.

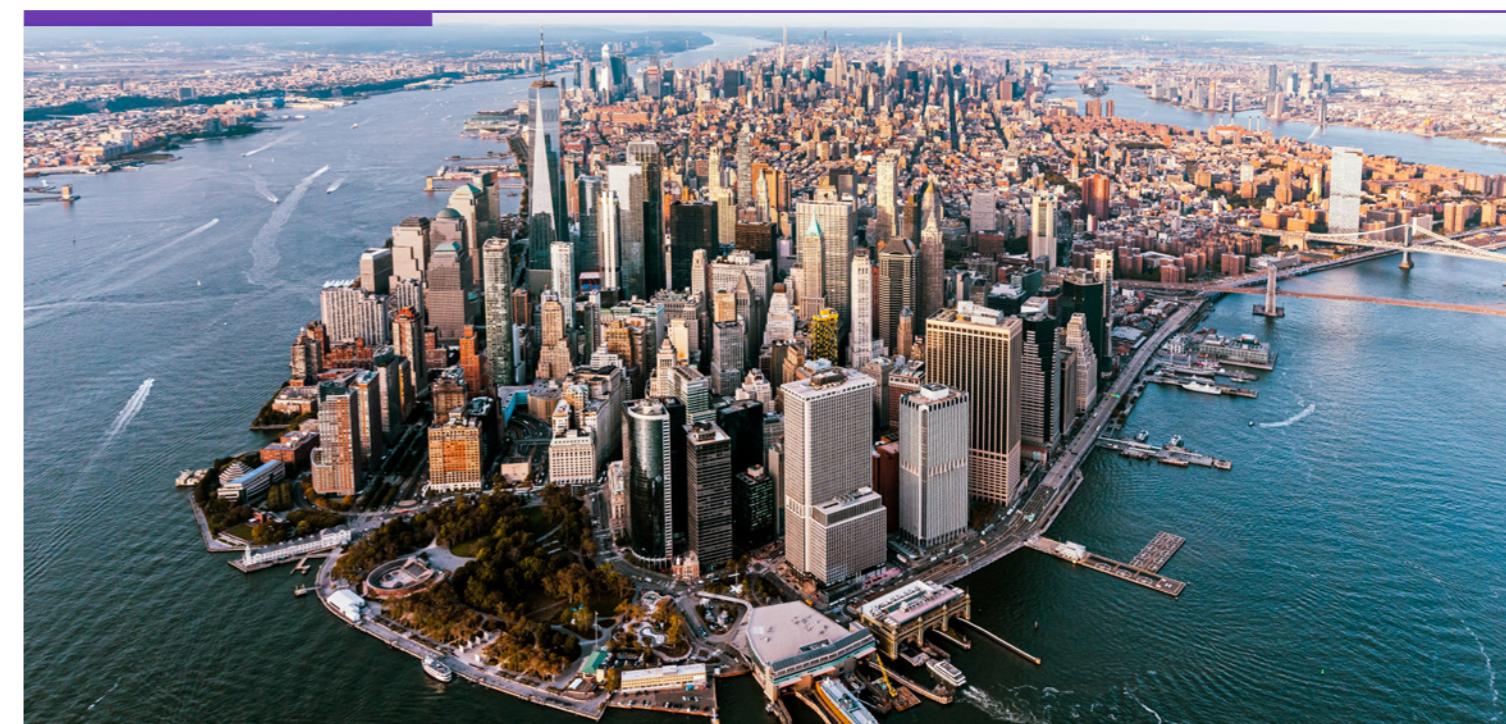
Profit drivers

- Grow Domestic**
Profitably grow and enhance our iconic domestic offering, providing New Zealanders with even more choice as the best-connected country in the world
- Optimise International**
Connecting New Zealanders and our exports to the world through an optimal international network and premium leisure product
- Lift Loyalty**
Increase products and benefits members value from our Airpoints™ programme, supercharging the loyalty ecosystem for the airline

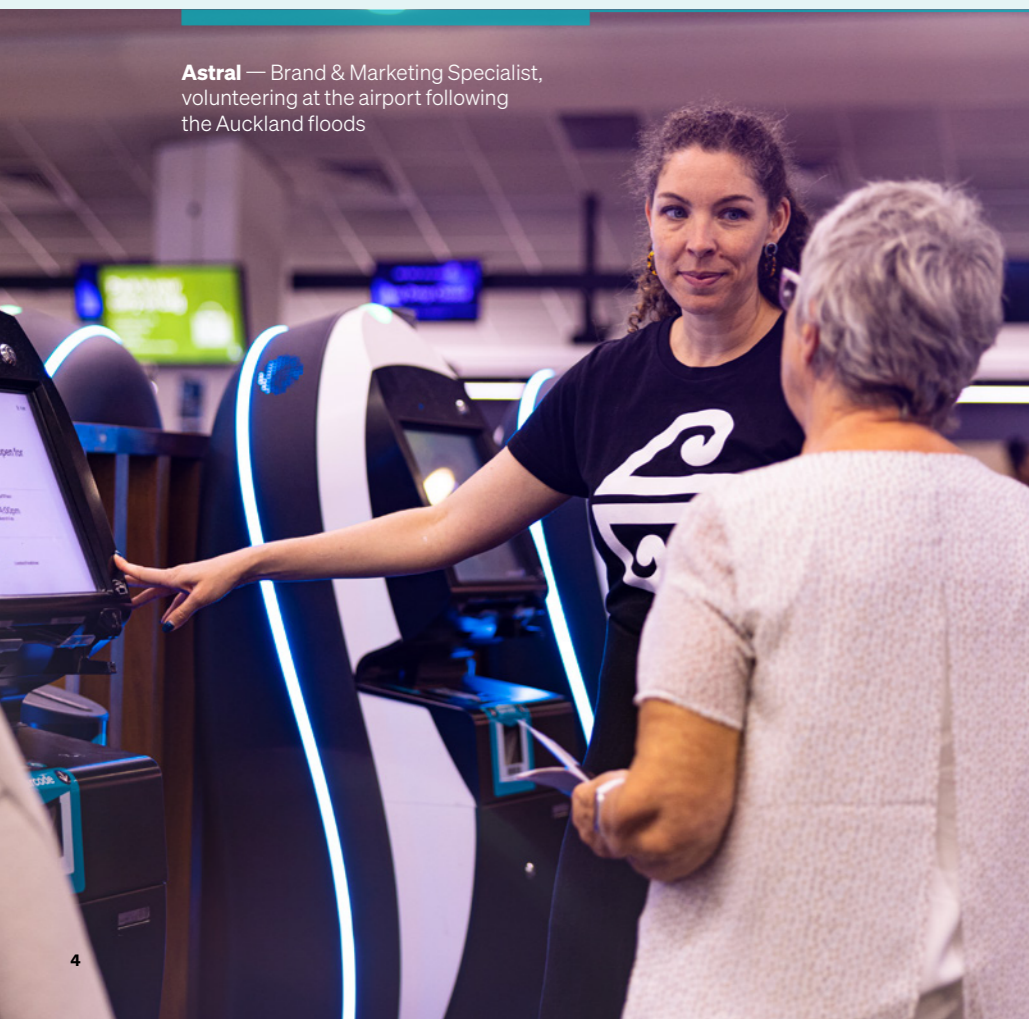
Enabled by strong culture and focused investment

- Brilliant Basics**
Operational excellence that provides a seamless travel experience for our customers – do it right, first time, every time
- Serious about Sustainability**
Committed to meaningful action to reduce our carbon impact
- Digital Dexterity**
Technology focused on delivering a world-class experience for our people and customers while driving efficiencies
- Prioritising People & Safety**
Putting people, health and safety first

This is our plan for Air New Zealand to thrive.



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.



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



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

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.

Cargo revenue of
\$378 million

Liquidity at
\$2.6 billion

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 financial 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 million¹. 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.

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.

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.



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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Receipt of higher wage subsidies in the prior period as a result of regional lockdowns and national Covid-19 restrictions.
Fuel	-\$484m	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Higher costs related to an increase in flying activity and recommencement of international routes.
Sales and marketing and other expenses	-\$131m	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Increase in earnings from Christchurch Engine Centre driven by hedging gains and foreign exchange movements.
Other significant items	\$9m	<ul style="list-style-type: none"> - 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)

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

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.

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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

For and on behalf of the Board, 23 February 2023

Alison Gerry
DIRECTOR

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.



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

Deloitte.

The Auditor-General is the auditor of Air New Zealand Limited ('the Company') and its subsidiaries ('the Group'). The Auditor-General has appointed me, 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.

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

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AIR NEW ZEALAND 