Monthly
investor update

5 March 2025

Contents

<u>January 2025 Commentary</u>

- Group capacity was down 3.1% in January compared to the same month last year. Long Haul ASK's decreased 5.5%, Domestic ASKs decreased 2.8%, while Short-haul international ASKs increased 1.2% compared to last year. Capacity reductions in both the month and YTD periods are driven by reduced aircraft availability from global additional engine maintenance requirements.
- Group YTD underlying RASK improved 0.5% compared to the prior year.
- Short-haul YTD RASK, which includes the Domestic, Tasman and Pacific islands networks declined 1.3% compared to last year, driven by lower Domestic demand.
- Long-haul YTD RASK improved slightly by 1.3% compared to last year.

Monthly
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January 2025 highlights

Group traffic summary	JANUARY			FINANCIAL YTD		
	FY25	FY24	% [1, 2]	2025	2024	% [1, 2]
Passengers carried (000)	1,239	1,255	(1.3%)	9,327	9,607	(2.0%)
Revenue Passenger Kilometres(m)	2,797	2,770	1.0%	19,829	20,238	(1.1%)
Available Seat Kilometres (m)	3,198	3,301	(3.1%)	23,652	24,705	(3.4%)
Passenger Load Factor (%)	87.5%	83.9%	3.6 pts	83.8%	81.9%	1.9 pts

Year-to-date RASK[3]	% change in reported RASK (incl. FX)	% change in reported RASK (excl. FX)	% change in reported RASK (excl. FX and Travel Credit Breakage) [4]
	vs 2024	vs 2024	vs 2024
Group	0.5%	0.5%	0.7%
Short Haul	(1.2%)	(1.3%)	(1.0%)
Long Haul	1.1%	1.3%	1.0%

[1] % change is based on numbers prior to rounding

[2] The percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2023 (30 days) compared with July 2024 (28 days) and June 2024 (35 days) compared with June 2025 (36 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.

[3] Reported RASK (unit passenger revenue per available seat kilometre) is inclusive of foreign currency impact, and underlying RASK excludes foreign currency impact.

[4] FY24 included $45m of Travel Credit Breakage while FY25 includes $10m.

Monthly
investor update

Operating statistics table

Group	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	1,239	1,255	(1.3%)	9,327	9,607	(2.0%)
Revenue Passenger Kilometres(m)	2,797	2,770	1.0%	19,829	20,238	(1.1%)
Available Seat Kilometres (m)	3,198	3,301	(3.1%)	23,652	24,705	(3.4%)
Passenger Load Factor (%)	87.5%	83.9%	3.6 pts	83.8%	81.9%	1.9 pts

Short Haul Total	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	1,083	1,105	(2.0%)	8,199	8,466	(2.2%)
Revenue Passenger Kilometres(m)	1,288	1,273	1.2%	9,053	9,003	1.5%
Available Seat Kilometres (m)	1,461	1,463	(0.1%)	10,560	10,714	(0.5%)
Passenger Load Factor (%)	88.2%	87.0%	1.2 pts	85.7%	84.0%	1.7 pts

Domestic	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	743	771	(3.6%)	5,917	6,230	(4.1%)
Revenue Passenger Kilometres(m)	402	416	(3.3%)	3,097	3,243	(3.6%)
Available Seat Kilometres (m)	472	486	(2.8%)	3,708	3,839	(2.5%)
Passenger Load Factor (%)	85.3%	85.7%	(0.4 pts)	83.6%	84.5%	(0.9 pts)

Tasman / Pacific	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	340	334	1.8%	2,282	2,236	3.0%
Revenue Passenger Kilometres(m)	886	857	3.4%	5,956	5,760	4.4%
Available Seat Kilometres (m)	989	977	1.2%	6,852	6,875	0.6%
Passenger Load Factor (%)	89.6%	87.7%	1.9 pts	86.9%	83.8%	3.1 pts

Long Haul Total	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	156	150	4.3%	1,128	1,141	(0.2%)
Revenue Passenger Kilometres(m)	1,509	1,497	0.8%	10,776	11,235	(3.2%)
Available Seat Kilometres (m)	1,737	1,838	(5.5%)	13,092	13,991	(5.5%)
Passenger Load Factor (%)	86.9%	81.5%	5.4 pts	82.3%	80.3%	2.0 pts

Asia	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	88	74	18.8%	637	598	7.5%
Revenue Passenger Kilometres(m)	772	664	16.2%	5,465	5,249	5.1%
Available Seat Kilometres (m)	878	780	12.5%	6,584	6,283	5.8%
Passenger Load Factor (%)	88.0%	85.2%	2.8 pts	83.0%	83.5%	(0.5 pts)

Americas	JANUARY FY25	JANUARY FY24	% [1, 2]	FINANCIAL YTD 2025	FINANCIAL YTD 2024	% [1, 2]
Passengers carried (000)	68	76	(9.8%)	491	543	(8.7%)
Revenue Passenger Kilometres(m)	737	833	(11.5%)	5,311	5,986	(10.4%)
Available Seat Kilometres (m)	859	1,058	(18.8%)	6,508	7,708	(14.8%)
Passenger Load Factor (%)	85.7%	78.7%	7.0 pts	81.6%	77.7%	3.9 pts

[1] % change is based on numbers prior to rounding

[2] The percentage movements have been adjusted on a daily weighted average basis. The adjustment takes into account the difference in days for the accounting month of July 2023 (30 days) compared with July 2024 (28 days) and June 2024 (35 days) compared with June 2025 (36 days). This is because Air New Zealand operates on a 4,4,5 accounting calendar but closes the annual accounts on 30 June.

Air New Zealand operates primarily 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. The following operational data and statistics is additional supplementary information

Market announcements

(during the period 5 February 2025 to 4 March 2025)

Air New Zealand delivers solid interim result, announces share buy-back — 20 February 2025

Summary

- Earnings before taxation of $155 million
- Net profit after taxation of $106 million
- Network capacity down 4 percent, with up to 5 narrowbody and 3 widebody jets grounded due to additional global engine maintenance requirements
- Unimputed interim ordinary dividend of 1.25 cents per share declared
- Share buy-back of up to $100 million announced

Air New Zealand has today announced earnings before taxation of $155 million for the first half of the 2025 financial year, achieving a result at the upper end of the guidance range provided to the market in November 2024. Net profit after taxation was $106 million.

Chair Dame Therese Walsh said the result highlights the airline's resilience and adaptability, amid a continuation of significant operational and economic headwinds that have persisted since the second half of the 2024 financial year.

"This is a strong result when you consider the headwinds we have been navigating for almost a year now. It reflects the hard mahi and dedication of our 11,600-strong Air New Zealand whānau and the effectiveness of the actions we have taken, and continue to take, to mitigate these challenges and position the airline for future success."

Dame Therese went on to say that based on the airline's balance sheet strength and the result announced today, shareholders will receive an unimputed interim ordinary dividend of 1.25 cents per share. The dividend will be paid on 19 March 2025, to shareholders on record as at 7 March 2025.

She also noted that the Board was pleased to announce the commencement of a share buy-back of up to $100 million, reflecting confidence in the airline's long-term outlook.

"Air New Zealand's strong balance sheet, liquidity and financial discipline provides us with the flexibility to successfully manage the short-term challenges we face, while also continuing to invest in our future and return capital to our shareholders.

"The share buy-back programme we have announced today reflects our confidence in the strength of Air New Zealand's fundamentals and our commitment to delivering value to our shareholders, while ensuring we remain well-positioned for the future."

On the financial performance for the half, Chief Executive Officer Greg Foran praised his team, noting the significant challenges they faced, including aircraft groundings associated with additional engine maintenance requirements impacting Pratt & Whitney and Rolls-Royce customers globally.

"Investment in modern, fuel-efficient aircraft is an important part of Air New Zealand's fleet strategy. But with over $1 billion worth of our newest, most efficient aircraft grounded at times, it's been a tough year so far. Delivering the performance we have and maintaining such a strong balance sheet, is a real credit to our people and I'm proud of what we have achieved."

Passenger revenue decreased five percent to $2.9 billion, driven by a four percent reduction in capacity due to fleet constraints and lower domestic demand, particularly in the corporate and government segments. Also included within passenger revenue for the half is $10 million of credit breakage for unused customer credits considered highly unlikely to be redeemed. This compares to $45 million of credit breakage recognised in the same period last year.

Cost control remained a key focus throughout the period, as the airline navigated aircraft groundings caused by global additional engine maintenance requirements. Despite receiving $94 million in compensation from engine manufacturers, the airline estimates that first-half earnings would have been approximately $40 million higher had it been able to operate aircraft as intended. This financial impact reflects the adverse economics of suboptimal deployment of aircraft, significant overhead costs associated with managing disrupts and resiliency measures taken to protect market share.

Mr Foran said that while the airline is pleased to have received some compensation, it is frustrating to still be in this position.

“While compensation has played an important role in offsetting some of the financial impact of the delays, it falls well short of making the airline whole for the operational and economic losses sustained.

“We strive to deliver a reliable experience for our customers, however with four percent less capacity available largely due to the engine maintenance delays, this has been a real challenge for the airline.”

Average jet fuel prices were 16 percent lower overall for the period, and total fuel costs were also down around 15 percent or $133 million. This was primarily driven by reduced capacity due to fleet constraints, as well as lower Singapore jet fuel prices.

Non-fuel operating cost inflation of approximately $100 million for the half continues to weigh heavily on the airline’s financial performance. With landing charges, labour and engineering materials leading the increases, the non-fuel operating cost uplift of 5 percent for the period brings the cumulative impact of inflation across the past five years to 25 to 30 percent.

The airline’s transformation initiatives are starting to deliver measurable benefits, and the airline expects to achieve the 2025 financial year contribution targets outlined at its recent investor day.

Looking ahead to the remainder of the financial year, Mr Foran acknowledged that 2025 is set to be particularly challenging financially, as the airline navigates its first full 12-month period with up to 11 jets (six narrowbody and five widebody) out of service at any time.

“This is a significant volume of aircraft to have on the ground, but we continue to take steps to build resilience into our operations through schedule adjustments, leasing additional engines, and prioritising customer experience improvements. Despite these challenging times, there is much to look forward to in the coming months.”

By this time next year, Air New Zealand expects to have more than half of its Boeing 787 Dreamliner fleet modernised with completely new cabin interiors, including the latest Business Premier Luxe™ seats.

Additional leased engines are expected to arrive shortly to bolster network resilience, and a new uniform will be revealed in the coming months. The airline also plans to trial innovations such as digital bag tags and onboard domestic Wi-Fi, alongside the arrival of an all-electric demonstrator aircraft mid-calendar year.

“The road ahead is not without obstacles, but our balance sheet strength, our clear strategic priorities, and the skill and commitment of our team position us well to navigate the year ahead,” said Mr Foran.

Outlook

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

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

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

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

Air NZ announces commencement of share buy-back programme 20 February 2025

Air New Zealand advises that it will commence a buy-back programme of its shares from 7 March 2025. The share buy-back programme will be for a maximum aggregate of NZ$100 million in purchase price and up to a maximum of 343,720,838 of Air New Zealand's ordinary shares.

The share buy-back programme will comprise:

(a) an on-market buy-back component under which Air New Zealand will acquire its shares through the NZX Main Board and ASX at the prevailing market price from time to time during a 12-month period from today; and

(b) an off-market buy-back component under which Air New Zealand will, following any on-market acquisitions, acquire a corresponding number of shares held by the Crown, in order to maintain the Crown's shareholding in Air New Zealand. The off-market acquisitions will be made in compliance with the Crown Participation Agreement between Air New Zealand and the Crown whereby the price per share (in New Zealand dollars) will be equal to the volume weighted average price of shares acquired by Air New Zealand on-market on the relevant on-market acquisition date.

The on-market buy-back will be conducted in accordance with section 65 of the Companies Act, such that the maximum number of shares that may be acquired under the on-market buy-back will not exceed 5% of the Company's shares on issue 12 months prior to the commencement of the buy-back. The off-market buy-back will be conducted in accordance with section 60(1)(b)(ii) and section 61 of the Companies Act and NZX Listing Rule 4.14.1(b)(ii), such that the maximum number of shares that may be acquired from the Crown will not exceed 15% of the Company's shares on issue 12 months prior to the commencement of the buy-back. A disclosure document relating to the off-market buy-back has today been sent to shareholders.

The number of shares purchased under the share buy-back programme from time to time will be notified to the NZX and ASX on the business day following the date on which those shares are bought back. Shares bought back will be cancelled upon acquisition, so the number of shares on issue will reduce accordingly.

The buy-back programme will not run during any "blackout" periods (as defined in Air New Zealand's Securities Trading Policy). This includes, in respect of Air New Zealand's 2025 full-year financial results, the period from 30 June 2025 until the first trading day after the full-year results are released and a similar period for its interim reporting period from 31 December 2025 until the first trading day after the release of its half-year results in February 2026.

Throughout the share buy-back period, Air New Zealand will continue to assess market conditions, its prevailing share price, and all other relevant considerations. Air New Zealand reserves the right to suspend without notice or terminate the share buy-back programme at any time.

Air New Zealand Announces Director Appointment — 19 February 2025

Air New Zealand has today announced that Neal Barclay will join the Board as a Non-Executive Director from 1 May 2025. Mr Barclay brings extensive commercial, sustainability and leadership experience having served most recently as the Chief Executive Officer of Meridian Energy, New Zealand's largest electricity generator and retailer.

At Meridian Mr Barclay held several senior leadership roles including as Chief Financial Officer, General Manager of Wholesale and Generation, and General Manager of Retail. In these roles, he has led large scale cultural change, championed a customer first approach to business and driven substantial renewable energy growth.

He also spent 13 years with Telecom New Zealand, holding a variety of senior finance leadership positions. He is also a non-executive director of Chorus in New Zealand.

Air New Zealand Chair Dame Therese Walsh says Mr Barclay’s deep commercial and infrastructure experience will be of immense value to the Board.

"Neal is a highly regarded business leader within New Zealand and his extensive commercial and financial skills, alongside his infrastructure sector expertise will further strengthen the Board. While still navigating some challenges, the airline is moving into a very exciting period in its history, and we’re thrilled to have Neal on the journey which is to deliver value to our stakeholders and ensure long term strong governance."

Mr Barclay remarked, "Air New Zealand has always been a company I deeply admire as it’s critically important to New Zealand’s prosperity. Its unwavering commitment to connecting New Zealanders with the world, coupled with an innovative spirit, is truly commendable. As the airline celebrates its 85th anniversary this year, I feel privileged to join the Board at such a significant moment in its history. I look forward to working alongside a strong Board and becoming part of the Air New Zealand whānau."

Mr. Barclay holds a Bachelor of Commerce and Administration from Victoria University of Wellington and was made a Fellow of Chartered Accountants Australia and New Zealand in 2023.

Media Releases

(during the period 5 February 2025 to 4 March 2025)

From the supermarket to the stock market – Sharesies joins the Air New Zealand Airpoints™ Programme

24 February 2025

For the first time, New Zealanders can now turn their investments into adventures, thanks to a new partnership between Sharesies and the Air New Zealand Airpoints™ programme.

Sharesies is the airline's first partner in the wealth management category giving Airpoints members a fresh way to grow their Airpoints Dollars while investing in their future.

Air New Zealand General Manager Loyalty, Georgie Borowczyk, says Sharesies is a perfect fit for the airline's loyalty programme.

"Sharesies is an innovative, homegrown brand passionate about supporting New Zealanders to build long-term wealth, and we're thrilled to welcome them as our first partner in this space.

"We know our 4.8 million Airpoints customers value having access to a range of partners and ways to earn. We love that this partnership lets our customers invest in both their future and their next trip. Whether you're saving up for your first overseas adventure or your retirement, why not earn Airpoints Dollars along the way?"

Sharesies General Manager of Invest & Save, Scott Nixon says many Sharesies customers are keen travellers and the ability to earn Airpoints will be popular.

"It means Airpoints Dollars can now be earned at the supermarket and on the stock market.

"We're very excited about what we can achieve with Air New Zealand. While it's early days, there's lots of scope to earn Airpoints and be rewarded for building your long-term wealth at the same time."

To celebrate the launch of the partnership, Sharesies customers can go in the prize draw to win a share of 20,000 Airpoints Dollars for every $5 they invest, auto-save or save before 31 March 2025. From today, Sharesies customers can also regularly earn Airpoints based on their Sharesies activity; one Airpoint Dollar for every $1000 they bring into Sharesies (minus withdrawals or transfers out) through a $7 or $15 monthly plan, and one Airpoint Dollar for every $100 paid in Sharesies car insurance premiums. ***Terms, conditions and fees (if any) apply. Investing involves risk.***

For more information, you can visit **www.airnewzealand.co.nz/airpoints-sharesies** or **https://sharesies.nz/airpoints.**

Air New Zealand seasonal service to Seoul will not return for October 2025

5 February 2025

Air New Zealand has announced that it will not be returning to Seoul for its previously scheduled seasonal flights from October 2025. The update is due to ongoing engine availability challenges across its fleet.

The airline's final seasonal flight from Incheon (ICN) to Auckland (AKL) will take place on 29 March 2025, marking the conclusion of this route's seasonal service.

Air New Zealand Chief Commercial Officer Jeremy O'Brien acknowledged the disappointment this may cause.

"We understand this will be disappointing for some customers, and we sincerely apologise for the impact. Due to the ongoing challenges with engine availability, we have reviewed our network to ensure we are set up to operate our schedule effectively and best deliver for our customers' needs."

The small number of customers affected by this change will be proactively contacted by Air New Zealand with rebooking options on alternative services, which include stop-overs and connections with the airline's partner carriers. Customers may also choose to place their fare into credit or receive a full refund.

While non-stop flights to Seoul will no longer be available after 29 March 2025, Air New Zealand customers can still travel to South Korea with a stopover in one of the airline's other Asian destinations, such as Singapore, Taipei, or Hong Kong, before connecting to Seoul with partner airlines.

"We remain committed to providing seamless travel experiences for our customers and will work closely with our partners to ensure connectivity to Seoul remains accessible. We would like to thank customers for their patience and understanding while we work through this change as well as our wider fleet constraint challenges.

"We are always reviewing demand and assessing our flying schedule. As aircraft and engines become available, we will review our network and make decisions based on customer demand."