

AIRWAYS  
INTERIM REPORT  
2024-2025

For the period ending  
31 December 2024

AIRWAYS



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## Chair and Chief Executive's Report

### Summary of performance

Airways' interim results for the half year ending 31 December 2024 reflect our unwavering commitment to delivering on our core purpose: facilitating safe and efficient operations for all airspace users.

Alongside achieving a positive financial result, we have made continuous progress in advancing our strategy to create the airspace environment of the future.

Through the first half of this year, we safely managed 242,538 flight movements across the 30 million square kilometres of airspace we control. Importantly, there were no WorkSafe notifiable events involving our people.

The Airways Group reported an after-tax profit of \$6.7 million for the half-year ending December 31, 2024, which is \$0.5 million above budget. This positive result is attributable to lower depreciation, equipment costs, and professional services expenses. However, these gains were partially offset by a decline in revenue for the interim period, due to fewer flights, largely caused by engine and other servicing issues faced by airlines.



**Denise Church QSO**  
Chair



**James Young**  
Chief Executive

While we expect headwinds to persist, we anticipate core revenue will recover through the second half of the year and we remain on track to achieve our budgeted Group profit for the full year. We will continue to manage costs appropriately.

For the period, we are reporting one air proximity event (category A), attributable to Airways, within controlled airspace. This occurred in the vicinity of Nelson Airport and was resolved without incident. The event has been reported to the Civil Aviation Authority, in line with reporting standards, and is being investigated internally.



## Safety

Safety is at the forefront of everything we do, both operationally for our customers and where the health and safety of our people is concerned.

The annual Airways Safety Forum was held in September. Around 120 people from across the aviation industry attended, the highest turnout to date. This year's theme was 'safety within the aviation industry' and was an opportunity for industry leaders to discuss shared challenges and workshop industry-wide solutions.

In November it was announced that Airways has been shortlisted for the CANSO Global Safety Achievement Award 2023, for our work on refreshing the Just Culture programme. Airways is one of three finalists to be shortlisted for the award. The winner will be announced at the CANSO Global Safety Conference in March.

Airways has been invited to host the conference. Around 120 safety representatives and leaders from the Global ANSP community are set to attend the conference in Christchurch.



## Investing in our people

Putting our people first is our strategic pillar focussed on building a diverse workforce where everyone feels safe, valued and rewarded. By focusing on attracting, developing and retaining our people, we will become an employer of choice in the aviation industry. As part of this commitment, in the first half of this year, we have continued to implement our new leadership development framework, successfully rolling out refreshed leadership development courses to better equip our leaders for the future. In addition, we are working to enhance our learning and development offerings, ensuring our people are set up to grow and thrive within Airways.

Airways is working towards receiving our Gender Tick accreditation by the end of FY25. This will sit alongside our Rainbow Tick and NQTick accreditations, helping to build Airways' reputation as an employer of choice. As a key part of this journey, we are committed to addressing the gender pay gap and ensuring pay equity. We are currently undertaking a bench-marking exercise in accordance with the Ministry for Women's recently released Gender Pay Gap Calculator, guidance and toolkit. The outcomes of this work will be reported in the 2024/25 Annual Report.

Other key initiatives underway as we work towards receiving our Gender Tick include the development of a menopause transition toolkit, and work to enhance the experience of employees on parental leave both while they are away from work and as they transition back.

## Supporting sustainable aviation

Sustainability is firmly integrated into Airways' longterm strategy. Our current focus is on developing and implementing a comprehensive sustainability roadmap that incorporates carbon neutrality goals, gaining key environmental accreditations and collaborating on industry wide decarbonisation efforts.

Following the completion of Airways' first externally audited carbon footprint, we have been conducting a materiality assessment to identify the sustainability areas that matter most to our people, customers and stakeholders, and where we have the opportunity to make the most impact. The insights from this materiality work will guide the creation of our sustainability roadmap, ensuring it reflects our most pressing priorities.

We have continued to implement our new leadership development framework, successfully rolling out refreshed leadership development courses to better equip our leaders for the future.

## Serving all airspace users

Our strategic pillar serve all airspace users is central to our core business operations. and ensuring a safe, flexible and accessible customer experience at a fair price, using technology and innovation.

In November, we launched our voice of customer survey to gather insights that will help us refine and strengthen our customer and stakeholder relationships. A key focus of Airways' strategy is to renew connections with our customers and stakeholders, ensuring we take a customer-centric approach in everything we do. To achieve this, it is important that we understand how our customers and stakeholders feel about the services that they are receiving and what they would like to see more of.

The aviation industry is an integrated system and its evolution relies on all industry players working together. We are working closely with the CAA on a number of initiatives to support our future workforce planning, improve current service delivery and implement the required regulatory framework for our future services.

## Digital aerodrome services

A key focus of the Future Services Programme in FY24 was to progress Airways' approach to developing digital aerodrome services. In early 2024, Airways engaged Think Research, an independent air traffic management consultancy, to help shape this approach. This research included workshops with the wider industry to help form a recommendation.

The preferred option we are currently investigating, which has a 15-year implementation timeline, is to establish two regional hubs providing digital air traffic control to regional airports, supported by four physical towers in Auckland, Wellington, Christchurch and Queenstown. However, looking at the entire Future Services Programme, we recognised that completing several other initiatives first would better inform the programme.

Developing digital aerodrome services is a significant project that requires detailed consideration, research and due diligence. Our key priority is to develop a solution that is right for New Zealand and we are committed to taking the necessary time upfront to ensure we have considered all factors before moving to the next phase.

In support of the development of future aerodrome services, we are currently progressing three key initiatives that, while focused on longer-term outcomes, will also deliver benefits in the near term. These include further standardising air traffic control, developing a remote aerodrome advisory service and reviewing our airspace architecture.

Our standardisation work aims to ensure the consistent application of approved air traffic control procedures, uniform delivery of training aligned with agreed standards, and the seamless deployment, implementation and utilisation of operational equipment across all air traffic control units nationwide.



### Remote aerodrome advisory services for Milford Aerodrome

In November, we commenced a project to develop a remote aerodrome advisory service (RAAS) for Milford Aerodrome. The remote and isolated nature of the aerodrome presents significant challenges staffing a flight information service on site. Extensive efforts have been made to ensure continuity of service at Milford for a number of years and a RAAS provided remotely will alleviate a number of these ongoing obstacles.

Flight information services (FIS) are provided at airports that do not require a full air traffic control service. Rather than being actively directed by air traffic controllers, FIS provides information to pilots to enable them to safely operate in and around an aerodrome, including weather, traffic and hazard updates.

The introduction of a RAAS aims to ensure the continuity of safe service at Milford Aerodrome while addressing staffing challenges in this remote location. Our people currently face extensive travel in difficult conditions to reach Milford Tower and spend over half the year living in isolated conditions.

RAAS, a globally established safe service model, would enable FIS to be provided from a remote location – initially Queenstown. Alongside providing greater assurance around the continuity of service for Milford, RAAS provides enhancements that will support greater safety. New surveillance tools not currently used as part of the Milford FIS, including automatic dependent surveillance – broadcast (ADS-B), may be introduced to enhance the safety and efficiency of the service provided.

The target is to implement RAAS for Milford by early 2026, pending the development of a safety case, concept of operations, prototype trials and Civil Aviation Authority approval.

### Airspace architecture review

A review of Airways' domestic surveillance airspace architecture is underway. This initiative aims to modernise New Zealand's airspace design to enhance operational efficiency, safety, service delivery and sustainability. By improving standardisation and the quality of services delivered, the project will enable greater flexibility and resilience in operations, reducing delays, providing more efficient flight paths and increasing the potential capacity of our airspace.

The current airspace architecture has evolved incrementally over the years, shaped by the technologies available at the time, without a holistic, system-wide approach. As the aviation industry evolves and new technologies and entrants emerge, there is a pressing need to ensure the airspace serves all users effectively into the future.

Focusing on domestic surveillance services (Area, Approach, and Area FIS), the project will span six years, with the first three years dedicated to completing the requirements, concepts and validation process. The goal is to establish a more flexible and efficient upper airspace management system, supported by two resilient surveillance centres and a standardised, consistent surveillance approach service. This will provide a foundation for future growth in air traffic volumes, the integration of emerging aviation technologies and the adoption of more sustainable aviation practices.

This latest optimisation programme builds off Airways' many years of work to reduce the impact of aviation on our environment, including reducing fuel aircraft fuel burn and carbon emissions. Key initiatives have included the introduction and use of Performance Based Navigation procedures (PBN).

### Auckland tower replacement consultation

We initially consulted on a tower replacement in 2022 and at that time we were looking towards a hybrid solution with a digital contingency. Following significant work and further due diligence, we are reconsidering the approach to what was proposed in 2022.

As a result, in November 2024 we commenced an industry consultation on the replacement options for our Auckland International Airport air traffic control tower. The updated consultation proposed the construction of a new 45-metre conventional tower as it offers the most reliable, cost-effective and lowest risk solution for Auckland's current runway operations. Submissions on the consultation were due by 6 December, and we have subsequently engaged with the industry on their feedback, with an outcome expected to be announced by March 2025.

### Uncrewed air traffic management (UAM)

Through the period, Airways continued supporting uncrewed aircraft operations in New Zealand including by deploying the AirShare system at Tāwhaki National Aerospace Centre and Tekapo Aerodrome. The Tekapo installation is part of an airspace integration trial involving unattended aerodromes and large landowners. Participants will gain visibility of drone flights within their airspace and can easily authorise flights as needed.

AirShare platform enhancements continued during the period, improving the experience for Airways air traffic controllers and drone pilots and enhancing situational awareness. For example, new functionality now in place for a number of air traffic control towers allows drone pilots to request authorisation digitally via AirShare to fly within a control zone. This avoids a phone call to the control tower to request authorisation, streamlining the process and reducing air traffic controller workload.

New Zealand and Airways were early movers in the management of uncrewed aircraft management (UAM). The Airways' created AirShare platform is a core part of the Uncrewed Aircraft System (UAS) within New Zealand, which contributes significantly to safety and efficiency.

Airways' UAM efforts have matured, responding to commercial opportunities as they arise and the growth and interest in the local and global sectors. However, with this growth, we recognise the need for a proactive, strategic and system-wide approach to UAM integration. This strategy will position New Zealand to harness the commercial, economic and environmental benefits of UAM while mitigating the risks of integrating new aircraft into existing airspace.

Alongside Think Research, Airways held workshops with the domestic aviation sector. These workshops were focused on developing UAM for both new and established aviation users, proposing a shift from the current segregated approach, towards a future fully integrated airspace with traditional aircraft.

The UAV industry favoured a solution that ensures equitable airspace access for all users. In response, Airways plans to develop a national Flight Information Management System (FIMS) based on open architecture. This system will benefit existing airspace users, new entrants and innovative software companies that can create new solutions using this platform. Customers and stakeholders have been involved in this concept, which aligns with international UAM approaches.

By leveraging our expertise and innovative solutions, Airways is well-positioned to create new commercial opportunities both locally and globally.

### Delivering innovative services to the world

In July, Airways International completed delivery of a TotalControl simulator for Croatia Control, installed for air traffic control training at its headquarters. As part of the installation, ten custom aerodromes have been developed simulating Croatian airports where air traffic controllers operate. There are now more than 70 TotalControl simulators in use across the world.

In November 2023, Airways International and Airservices Australia formed a landmark training partnership. In August 2024, the first cohort of Airservices Australia students graduated from Airways International's air traffic control training programme.

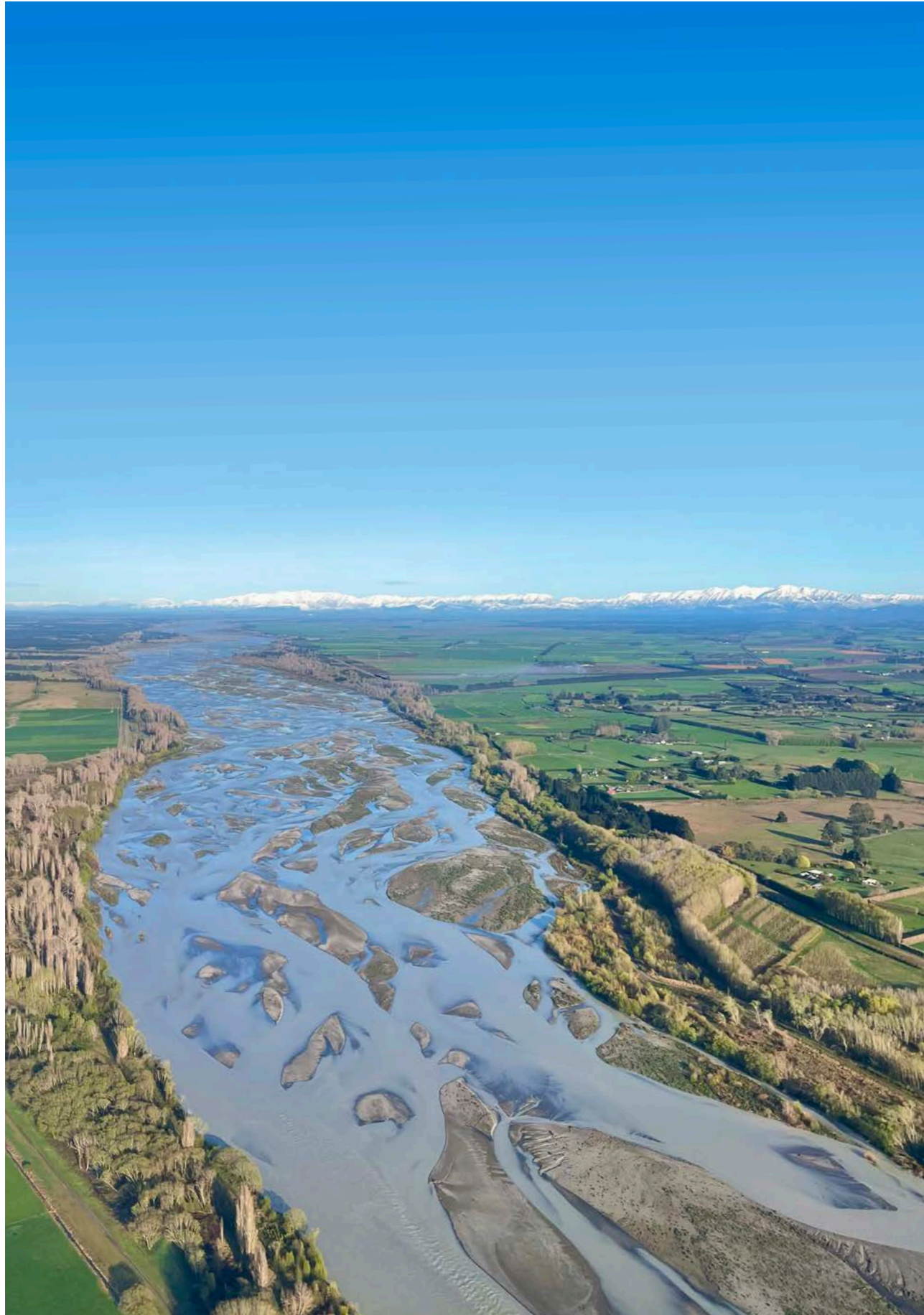
In August, Airways and Airservices also signed a three-year contract for air traffic control simulation services, including the lease of a mobile TotalControl simulator, remote simulation piloting, and related support services.

This simulation-as-a-service contract, delivered via the cloud, is a first for Airways International, which has traditionally provided simulation hardware solutions globally. Airservices Australia will trial the TotalControl simulation solution for its control towers, with the option to use Airways International's remote piloting service during exercises.

### Board and Executive Leadership Team

In November, Louise Edwards joined the Airways Board, replacing Lisa Jacobs whose term had concluded. Airways thanks Lisa for her strong contribution to governance and wishes her all the best in her future initiatives.





# 1. Interim Financial Statements

## 1.1 Interim statement of profit or loss and other comprehensive income

FOR THE PERIOD ENDED 31 DECEMBER	GROUP		NOTES
	2024 Unaudited (\$'000s)	2023 Unaudited (\$'000s)	
<b>Operating activities</b>			
REVENUE			
Air traffic management revenue	126,424	127,011	
Other revenue	9,133	9,030	
<b>Total revenue</b>	<b>135,557</b>	<b>136,041</b>	
EXPENSES			
Employee remuneration	81,110	75,400	
Employee-related costs	4,303	3,698	
Depreciation	13,607	12,693	
Amortisation	3,505	2,165	
Impairment	971	-	1.5.11
Other operating costs	20,100	22,187	
Rental expense on operating leases	1,166	1,156	
<b>Total expenses</b>	<b>124,762</b>	<b>117,299</b>	
Finance Income	141	1,258	
Finance Expense	(1,579)	(1,376)	
<b>Net Finance Cost</b>	<b>(1,438)</b>	<b>(118)</b>	1.5.3
<b>Net profit before taxation</b>	<b>9,357</b>	<b>18,624</b>	
Taxation expense	(2,633)	5,220	
<b>Net profit after taxation attributable to equity shareholders</b>	<b>6,724</b>	<b>13,404</b>	
<b>Other comprehensive income</b>			
That will be reclassified to profit or loss when conditions are met:			
Movement in cash flow hedge reserve	(651)	(323)	
Tax on other comprehensive income	182	90	
<b>Total other comprehensive income</b>	<b>(469)</b>	<b>(233)</b>	
<b>Total comprehensive income for the year attributable to equity shareholders</b>	<b>6,255</b>	<b>13,171</b>	

## 1.2 Interim statement of changes in equity

FOR THE PERIOD ENDED 31 DECEMBER	GROUP				NOTES
	Attributable to equity shareholders				
	CONTRIBUTED EQUITY (\$'000s)	HEDGE RESERVE (\$'000s)	RETAINED EARNINGS (\$'000s)	TOTAL (\$'000s)	
<b>Balance as at 1 July 2023</b>	<b>171,100</b>	<b>1,083</b>	<b>40,077</b>	<b>212,260</b>	
<b>Comprehensive income</b>					
Net loss after taxation	-	-	13,404	13,404	
<b>OTHER COMPREHENSIVE INCOME</b>					
Movements in hedge contracts	-	(323)	-	(323)	
Tax on other comprehensive income	-	90	-	90	
<b>Total other comprehensive income</b>	<b>-</b>	<b>(233)</b>	<b>-</b>	<b>(233)</b>	
<b>Total comprehensive income</b>	<b>-</b>	<b>(233)</b>	<b>13,404</b>	<b>13,171</b>	
<b>Transactions with owners</b>					
Issue of share capital	-	-	-	-	
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Balance at 31 December 2023</b>	<b>171,100</b>	<b>850</b>	<b>53,481</b>	<b>225,431</b>	
<b>Balance at 1 July 2024</b>	<b>151,700</b>	<b>535</b>	<b>34,536</b>	<b>186,771</b>	
<b>Comprehensive income</b>					
Net surplus after taxation	-	-	6,724	6,724	
<b>Other comprehensive income</b>					
Movements in hedge contracts	-	(651)	-	(651)	
Tax on other comprehensive income	-	182	-	182	
<b>Total other comprehensive income</b>	<b>-</b>	<b>(469)</b>	<b>-</b>	<b>(469)</b>	
<b>Total comprehensive income</b>	<b>-</b>	<b>(469)</b>	<b>6,724</b>	<b>6,255</b>	
<b>Balance at 31 December 2024 (unaudited)</b>	<b>151,700</b>	<b>66</b>	<b>41,260</b>	<b>193,026</b>	

## 1.3 Interim balance sheet

FOR THE PERIOD ENDED	GROUP			NOTES
	Dec 2024 unaudited (\$000s)	Jun 2024 audited (\$000s)	Dec 2023 unaudited (\$000s)	
<b>Assets</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	8,909	8,637	55,274	
Trade and other receivables	32,560	25,052	31,309	
Assets held for sale	2,265	224	-	1.5.11
Prepayments	8,626	6,137	7,749	
Derivative financial instruments	324	109	280	
<b>Total current assets</b>	<b>52,684</b>	<b>40,159</b>	<b>94,612</b>	
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	201,776	187,837	182,682	1.5.6
Right-of-use assets	67,077	66,104	63,265	
Intangibles	60,645	64,625	63,717	1.5.6
Inventories	2,410	2,252	2,135	
Deferred tax asset	-	-	8,145	
Derivative financial instruments	31	942	1,154	
<b>Total non-current assets</b>	<b>331,939</b>	<b>321,796</b>	<b>321,097</b>	
<b>TOTAL ASSETS</b>	<b>384,623</b>	<b>361,955</b>	<b>415,709</b>	

1.3 Interim balance sheet CONTINUED

FOR THE PERIOD ENDED	GROUP			NOTES
	Dec 2024 unaudited (\$000s)	Jun 2024 audited (\$000s)	Dec 2023 unaudited (\$000s)	
<b>Liabilities</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	17,934	16,511	26,162	
Provisions	2,623	4,175	-	
Lease liabilities	7,433	7,091	6,594	
Employee entitlements	26,525	30,401	30,097	1.5.5
Derivative financial instruments	154	138	165	
<b>Total current liabilities</b>	<b>54,669</b>	<b>58,316</b>	<b>63,018</b>	
<b>NON-CURRENT LIABILITIES</b>				
Loan facility - unsecured	55,000	40,000	54,000	
Lease liabilities	68,764	67,528	64,651	
Employee entitlements	10,354	8,887	8,521	1.5.5
Deferred Tax Liability	2,724	289	-	
Derivative financial instruments	86	166	89	
<b>Total non-current liabilities</b>	<b>136,928</b>	<b>116,867</b>	<b>127,261</b>	
<b>Total liabilities</b>	<b>191,597</b>	<b>175,183</b>	<b>190,279</b>	
<b>Net assets</b>	<b>193,026</b>	<b>186,772</b>	<b>225,430</b>	
<b>Equity</b>				
Share Capital	151,100	151,100	171,100	1.5.7
Reserves	66	535	850	
Retained earnings	41,260	34,537	54,919	
<b>Total equity</b>	<b>193,026</b>	<b>186,772</b>	<b>225,430</b>	

## 1.4 Interim statement of cash flows

FOR THE PERIOD ENDED 31 DECEMBER	GROUP		NOTES
	2024 Unaudited (\$000s)	2023 Unaudited (\$000s)	
<b>Cash flows from/(used in) operating activities</b>			
CASH WAS PROVIDED FROM:			
Receipts from customers	131,234	134,522	
Interest received	141	1,311	
CASH WAS APPLIED TO:			
Payments to suppliers	(29,589)	(21,551)	
Payments to employees	(85,559)	(75,457)	
Interest paid	(1,429)	(2,574)	1.5.3
Income tax paid	(13)	(62)	
<b>Net cash flows from operating activities</b>	<b>14,785</b>	<b>36,189</b>	1.5.10
<b>Cash flows from/(used in) investing activities</b>			
CASH WAS PROVIDED FROM:			
Sale of property, plant and equipment	1,664	691	
CASH WAS APPLIED TO:			
Purchase of property, plant and equipment	(27,313)	(24,076)	
Purchase of intangible assets	(1,391)	(3,269)	
<b>Net cash flows used in investing activities</b>	<b>(27,040)</b>	<b>(26,654)</b>	
<b>Cash flows from/(used in) financing activities</b>			
CASH WAS APPLIED TO:			
Drawdown/(Repayment) of loan	15,000	(4,000)	
Principle elements of lease payments	(2,473)	(2,321)	
<b>Net cash from/(used in) financing activities</b>	<b>12,527</b>	<b>(6,321)</b>	
<b>Net increase in cash held</b>	<b>272</b>	<b>3,214</b>	
Cash at the beginning of the period	8,637	52,060	
<b>Cash at the end of the period</b>	<b>8,909</b>	<b>55,274</b>	

## 1.5 Notes to the interim financial statements

### 1.5.1 BASIS OF PREPARATION

These interim financial statements as at and for the six months ended 31 December 2024 are for the consolidated group (Airways), consisting of Airways Corporation of New Zealand Limited and its subsidiaries: Airways International Limited, Aeropath Limited, Airways Training Limited and Airshare Limited. They have been prepared in accordance with:

- Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and NZ IAS 34, Interim Financial Reporting. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Integrated Report of the group for the year ended 30 June 2024; and
- The requirements of the Financial Reporting Act 2013, Companies Act 1993 and the State-Owned Enterprises Act 1986.

The interim financial statements were authorised for issue by the directors on 19 February 2025.

The interim financial statements have been prepared on the historical cost basis as modified by the revaluation of derivative financial instruments and are presented in New Zealand dollars, which is Airways' presentation currency and the functional currency of all entities within the group. All values are rounded to the nearest thousand dollars (\$000s) unless otherwise stated.

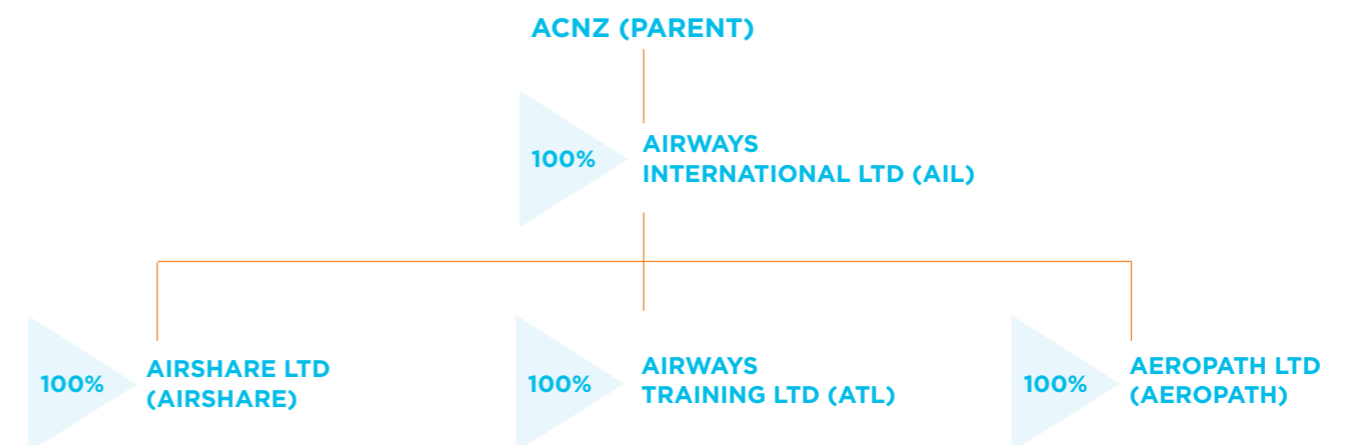
All components in the primary statements have been stated net of GST, with the exception of receivables and payables which include any GST invoiced.

### 1.5.2 GROUP STRUCTURE

Airways Corporation of New Zealand Limited is a limited liability company incorporated and domiciled in New Zealand. It is also a State-Owned Enterprise established under the State-Owned Enterprises Act 1986 with shares held in equal numbers by the Minister for State-Owned Enterprises and the Minister of Finance, on behalf of the Crown.

Airways' principal business is the provision of air traffic management services; however, it is also involved in a number of related revenue generating activities, including consulting and training.

The group structure is shown in the diagram below. The percentages indicate ownership.



#### ENTITY

- AIRWAYS CORPORATION OF NEW ZEALAND LIMITED (ACNZ)
- AIRWAYS INTERNATIONAL LTD
- AIRWAYS TRAINING LTD
- AEROPATH LTD
- AIRSHARE LTD

#### PRINCIPAL ACTIVITY

- PROVISION OF AIR TRAFFIC MANAGEMENT SERVICES
- REVENUE MANAGEMENT, RECRUITMENT AND TRAINING, AND AIR NAVIGATION SERVICES AND MAINTENANCE OF SYSTEMS
- NOT TRADING
- AERONAUTICAL INFORMATION MANAGEMENT, PROCEDURAL DESIGN AND DEVELOPMENT SERVICES
- DELIVERY OF UNMANNED AERIAL VEHICLE (UAV) AND DRONE TRAFFIC MANAGEMENT SERVICES



## 1.5 Notes to the interim financial statements CONTINUED

### 1.5.3 FINANCE EXPENSE

Net finance expense of \$1.4 million (2023: \$0.1 million net) includes interest expense from unwinding lease liabilities of \$1.5 million, interest expense from bank loans of \$1 million and other financing expense of \$0.4 million, offset by capitalised interest of \$1.3 million).

### 1.5.4 DIVIDENDS PAID

No interim dividend was declared and paid to the shareholders (2023: nil).

### 1.5.5 EMPLOYEE ENTITLEMENTS

Employee entitlements (current and non-current) are largely made up of accrued salary costs, annual leave, long service leave and retiring leave liabilities.

### 1.5.6 CAPITAL COMMITMENTS

Airways had total capital commitments of \$30.7 million as at 31 December 2024 (2023: \$23.8 million). This programme will be funded through operating cash flow and increased debt, while remaining within current loan facilities and covenants.

Property, plant and equipment of \$203 million (2023: \$184.4 million) includes \$65 million of work-in-progress (2023: \$39.9 million). Intangible assets of \$60.6 million (2023: \$63.7 million) include \$1.7 million of work-in-progress (2023: \$1.8 million).

### 1.5.7 SHARE CAPITAL

Airways has capital of \$151.1 million (2023: \$171.1 million) issued ordinary shares which confer on the holders the right to vote at any general meeting of shareholders. This consists of 151,100,000 (2023: 171,100,000) authorised ordinary shares.

Airways has a share subscription agreement with the Crown which allows Airways to call on the Crown for payment for unissued shares. There are 20,000,000 unpaid shares as at 31 December 2024 with an issue price of \$1 per share. Management expect to make withdrawals under this agreement during the second half of the 2025 financial year.

### 1.5.8 CONTINGENT LIABILITIES

Airways has contingent liabilities of \$1 million for performance bonds (2023: \$0.8 million).

In the normal course of business, Airways is exposed to claims and legal proceedings that may in some cases result in costs. As at 31 December 2024, no current claims and proceedings have progressed sufficiently that a likely outcome is known.

## 1.5 Notes to the interim financial statements CONTINUED

### 1.5.9 RECONCILIATION OF THE NET CASHFLOW FROM OPERATING ACTIVITIES TO REPORTED SURPLUS

FOR THE PERIOD ENDED 31 DECEMBER	2024 (\$000s)	2023 (\$000s)
NET SURPLUS AFTER TAXATION	6,724	13,404
ADD NON-CASH ITEMS		
Accounting (gain)/loss on sale of assets	(100)	(397)
Amortisation	3,505	2,165
Impairment	971	-
Depreciation	13,607	12,693
<b>Total adjustments for items in surplus not impacting cash flow</b>	<b>24,707</b>	<b>27,865</b>
ADD MOVEMENTS IN WORKING CAPITAL ITEMS		
Decrease in payables	255	15,436
Increase in receivables	(10,177)	(7,112)
<b>Total adjustments for items not in surplus impacting cash flow</b>	<b>(9,922)</b>	<b>8,324</b>
<b>Net cash inflow from operating activities</b>	<b>14,785</b>	<b>36,189</b>

### 1.5.10 ASSETS AND LIABILITIES HELD FOR SALE

Airways is committed to a plan to sell its Airfield Power and Lighting Equipment (APLE) across all locations. At the balance date, efforts to sell the APLE assets in one of the locations has progressed to the extent that these assets are presented as a disposal group held for sale and the associated asset and liabilities were remeasured to their fair value.

#### Recognition and measurement

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit liabilities, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

#### Impairment losses relating to the disposal group

Impairment losses of \$1 million on remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell have been recognised as an impairment in the Statement of Profit or Loss and other Comprehensive Income for the period ended 31 December 2024 (2023: \$NIL).

## 1. Notes to the interim financial statements CONTINUED

### Assets and liabilities of the disposal group held for sale

As at 31 December 2024, the disposal group was stated at fair value less costs to sell. No liabilities were identified to be included in the disposal group. The assets held for sale are disclosed in the table below:

AS AT 31 DECEMBER	Dec 2024 (\$000s)	Dec 2023 (\$000s)
Property, plant and equipment	2,265	-
<b>Assets held for sale</b>	<b>2,265</b>	<b>-</b>

### Measurement of fair values

The non-recurring fair value measurement for the disposal group of \$2.3 million (2023: \$NIL) has been categorised as level 3 fair value based on the agreed sales price in the draft Sale and Purchase Agreement.

#### 1.5.11 EVENTS AFTER THE REPORTING PERIOD

In January 2025, the roof of a building that Airways leases in Wellington leaked due to an adverse weather event. This caused significant damage to assets located inside of the building. These assets were test equipment, computer equipment and other assets owned by Airways.

Airways' insurer has accepted the claim with an estimated loss of approximately \$2m, subject to final assessment, and anticipates that the insurance will cover the replacement costs of the damaged assets.

## 2. EVA key performance indicators

FOR THE PERIOD ENDED 31 DECEMBER	Parent Dec 2024 (\$000s)	Parent Dec 2023 (\$000s)
<b>DEBT AND EQUITY EMPLOYED</b>		
Debt employed	194,050	185,627
Equity employed	142,108	117,386
<b>Total debt and equity employed</b>	<b>336,158</b>	<b>303,011</b>
Charge on operating capital	11,790	13,680
Economic value added (EVA)	(4,110)	(1,460)
<b>SUMMARY OF PARAMETERS FOR COST OF CAPITAL</b>		
Risk free rate – three-year Government Stock	3.91%	5.22%
Market risk premium	7.50%	7.5%
Company tax rate	28%	28.0%
Business risk factor (asset beta)	0.60	0.60
Cost of capital	8.64%	9.62%

The economic value added (EVA) measures are calculated on the results of Airways Corporation of New Zealand Limited only.

EVA measures the extent to which a business is performing above or below expectations. A positive EVA means the business is adding value after allowing for a normal reward to the providers of capital.

The EVA reporting framework applied by Airways can be found at the following website:  
<https://www.airways.co.nz/about/financial-operational-and-safety-performance-reports/>

The cost of capital of 8.64% for the period ending December 2024 compares to a cost of capital of 8.03% used for determining 2023–2025 air navigation services pricing. The movement in the cost of capital is primarily due to changes in the leverage and risk-free rate.

The EVA for the period ended December 2024 is in line with expectations.

#### 2.1.1 RECONCILIATION OF EVA TO NET OPERATING PROFIT AFTER TAX

FOR THE PERIOD ENDED 31 DECEMBER	Parent Dec 2024 (\$000s)	Parent Dec 2023 (\$000s)
Profit/(loss) after tax	3,703	11,423
Deduct: charge on operating capital	(11,790)	(13,680)
Deduct: non-cash employee costs	1,946	420
Deduct: difference in depreciation	(89)	(52)
Add back: Non-cash tax charges	(208)	-
Add back: interest costs	919	60
Add back: Impairment reversal	971	-
Add back: depreciation on capitalised interest	438	369
<b>Economic value added (EVA)</b>	<b>(4,110)</b>	<b>(1,460)</b>

# Corporate Directory

## Registered office

Level 2  
6 Leonard Isitt Drive  
Auckland Airport  
PO Box 53093  
Auckland  
New Zealand

## Directors

Denise Church QSO  
Darin Cusack  
Gavin Fernandez  
John Holt  
Mark Hutchinson  
Lisa Jacobs (retired 31 October 2024)  
Louise Edwards (appointed 31 October 2024)  
Terry Paddy  
Danny Tuato'o

## Auditors

Christopher Ussher, with the assistance of  
PricewaterhouseCoopers on behalf of the  
Auditor-General

## Bankers

ANZ Bank New Zealand Limited  
Bank of New Zealand Limited