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ASX Market Announcements Office
Australian Securities Exchange Limited

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Qantas Group FY24 Appendix 4E and Preliminary Final Report

Qantas Airways Limited attaches the following documents relating to its results for the full year ended 30 June 2024:

- Appendix 4E; and
- Preliminary Final Report.

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Authorised for release by the Qantas Board of Directors.



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QANTAS AIRWAYS LIMITED AND ITS CONTROLLED ENTITIES

APPENDIX 4E AND
PRELIMINARY FINAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2024

ABN: 16 009 661 901

ASX CODE: QAN



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Results for Announcement to the Market

Qantas Airways Limited (Qantas) and its controlled entities (the Qantas Group or Group) Results for Announcement to the Market are detailed below.

	June 2024 \$M	June 2023 \$M	Change \$M	Change %
Revenue and other income	21,939	19,815	2,124	10.7%
Statutory profit before tax	1,884	2,472	(588)	(23.8%)
Statutory profit after tax	1,251	1,744	(493)	(28.3%)
Statutory profit after tax attributable to members of Qantas	1,255	1,746	(491)	(28.1%)
Underlying profit before tax ¹	2,078	2,465	(387)	(15.7%)

DIVIDENDS AND OTHER SHAREHOLDER DISTRIBUTIONS

(A) Dividends disclosed and paid

During the year ended 30 June 2024, the Group did not declare or pay any dividends.

(B) Other shareholder distributions

During the year ended 30 June 2024, the Group completed on-market buy-backs totalling \$869 million of the \$500 million share buy-back that was announced in August 2023 and an additional \$400 million announced in February 2024. The Group purchased 156 million ordinary shares on issue at the average price of \$5.57.

In August 2024, the Directors announced that the Group expects to complete the remaining \$31 million of the total \$900 million buy-back in the first half of financial year 2024/25. In addition, the Directors announced a further on-market share buy-back of up to \$400 million.

EXPLANATION OF RESULTS

Please refer to the Review of Operations for an explanation of the results.

This report should also be read in conjunction with any public announcements made by Qantas in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* (Cth) and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

Other Information

		June 2024	June 2023
Net assets per ordinary share	\$	0.19	0.01
Net tangible assets per ordinary share ²	\$	(0.22)	(0.39)

		June 2024	June 2023
Statutory Earnings Per Share ³	cents	75.9	96.0
Diluted Earnings Per Share ⁴	cents	75.1	93.0

¹ Underlying Profit Before Tax (PBT) is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies (CODM), being the Chief Executive Officer, Group Leadership Team and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. Refer to Note 2(B).

² Net tangible assets is calculated as net assets adjusted for intangible assets.

³ Based on the weighted average number of shares outstanding during the period excluding unallocated treasury shares.

⁴ Weighted average number of shares used in the diluted Earnings Per Share calculation excludes unallocated treasury shares and is adjusted for the effects of all dilutive potential ordinary shares.

Other Information continued**ENTITIES OVER WHICH CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE WAS GAINED OR LOST DURING THE PERIOD**

The Qantas Group incorporated the following entities during the year:

- 100 per cent of Qantas SAFFA Pty Limited on 11 January 2024
- 100 per cent of Qantas Freight Terminals Pty Limited on 18 April 2024

	June 2024	June 2023
OWNERSHIP INTEREST IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	%	%
Airport Co-ordination Australia Pty Ltd	41	41
Fiji Resorts Pte Limited	21	21
Hallmark Aviation Services L.P.	49	49
HT & T Travel Philippines, Inc.	28	28
Holiday Tours and Travel (Thailand) Ltd.	37	37
Holiday Tours and Travel Vietnam Co. Ltd.	37	37
Holiday Tours and Travel (GSA) Ltd.	37	37
Jetstar Japan Co. Ltd.	33	33
PT Holiday Tours & Travel	37	37

ASIC GUIDANCE

To comply with Regulatory Guide 230 issued by ASIC in December 2011, Qantas is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards.

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. This document should be read in conjunction with any public announcements made during the year by Qantas in accordance with continuous disclosure requirements of the *Corporations Act 2001* (Cth) and ASX Listing Rules.

The Annual Financial Report is being audited and is expected to be made available in September 2024.

2024 ANNUAL GENERAL MEETING

Qantas advises under ASX Listing Rule 3.13.1 that it will hold its 2024 Annual General Meeting (AGM) on Friday 25 October 2024, commencing at 11:00am (AEDT). This will be a hybrid meeting at the Crowne Plaza Hobart, 110 Liverpool Street, Hobart 7000 and online via an online meeting platform, which will give all shareholders a reasonable opportunity to participate in and attend the AGM.

Shareholders will be provided further details regarding the AGM in the 2024 Notice of Meeting. The Notice of Meeting will be available on the ASX Company Announcements Platform and Qantas' Investor website at <https://investor.qantas.com/investors/?page=annual-general-meeting>.

The closing date for receipt of nominations from persons wishing to be considered for election as directors under ASX Listing Rule 14.3 is Thursday 5 September 2024.

Review of Operations

For the year ended 30 June 2024

RESULTS HIGHLIGHTS

Underlying Profit/(Loss) Before Tax	Statutory Profit/(Loss) After Tax	Statutory Earnings Per Share																														
2,078 \$M	1,251 \$M	75.9 cents																														
<table border="1"> <tr><td>FY24</td><td>2,078</td></tr> <tr><td>FY23</td><td>2,465</td></tr> <tr><td>FY22</td><td>(1,859)</td></tr> <tr><td>FY21</td><td>(1,774)</td></tr> <tr><td>FY20</td><td>124</td></tr> </table>	FY24	2,078	FY23	2,465	FY22	(1,859)	FY21	(1,774)	FY20	124	<table border="1"> <tr><td>FY24</td><td>1,251</td></tr> <tr><td>FY23</td><td>1,744</td></tr> <tr><td>FY22</td><td>(860)</td></tr> <tr><td>FY21</td><td>(1,692)</td></tr> <tr><td>FY20</td><td>(1,964)</td></tr> </table>	FY24	1,251	FY23	1,744	FY22	(860)	FY21	(1,692)	FY20	(1,964)	<table border="1"> <tr><td>FY24</td><td>75.9</td></tr> <tr><td>FY23</td><td>96.0</td></tr> <tr><td>FY22</td><td>(45.6)</td></tr> <tr><td>FY21</td><td>(89.9)</td></tr> <tr><td>FY20</td><td>(129.6)</td></tr> </table>	FY24	75.9	FY23	96.0	FY22	(45.6)	FY21	(89.9)	FY20	(129.6)
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The Qantas Group (referred to as the Qantas Group or the Group) reported Underlying Profit Before Tax¹ (Underlying PBT) of \$2,078 million for financial year 2023/24, a \$387 million reduction compared to financial year 2022/23. The Group's Statutory Profit Before Tax was \$1,884 million, a reduction of \$588 million compared to financial year 2022/23. Statutory Profit After Tax was \$1,251 million and included the impact of the ACCC² settlement and associated costs, the additional provision in relation to the ground handling outsourcing Federal Court case and Perth Airport related asset disposals that were not included in Underlying PBT.

Other key financial metrics:

- Statutory Earnings Per Share of 75.9 cents per share
- Group operating margin³ of 10 per cent
- Operating cash flow of \$3,441 million
- Net capital expenditure⁴ of \$3,148 million

The result included the continued restoration of international flying capacity, with total Group ASKs⁵ at 93 per cent of pre-COVID levels for financial year 2023/24, an increase of 21 per cent compared to financial year 2022/23.

Ongoing strength in travel demand supported performance with Group Domestic Underlying EBIT of \$1,361 million and Group International Underlying EBIT of \$755 million. Qantas Loyalty maintained its positive momentum, achieving \$511 million Underlying EBIT and included the impact of customer investment in Classic Plus Flight Rewards (Classic Plus), a new flight rewards product. Freight performance was challenged in the first half of 2023/24, as yields moderated with performance improved in the second half.

Group Unit Revenue⁶ fell 9 per cent, predominantly driven by Group International, with ongoing moderation in yields as market capacity returned. Unit cost excluding fuel⁷ fell 6 per cent due to the benefits of returning capacity and the removal of temporary costs from financial year 2022/23 offset by incremental customer investment.

The Group's fleet renewal program continued with the delivery of 16 aircraft, including five new A321LRs, one new 787-9, two new A220-300s, three mid-life A319-100s, three mid-life A321-200 freighters and two mid-life A320-200s. In addition, the Group added two A330s and eight E190s through wet-lease arrangements with Finnair and Alliance Airlines. With 13 next-generation A321LRs now in the fleet, Jetstar is seeing fuel and scale efficiencies, reduced emissions and increased customer and employee sentiment from this new technology. Alongside the growth in new aircraft deliveries, the Group has delivered significant upgrades to enhance the customer flying experience, including improvements to food and beverage offerings on Qantas and the launch of Apple Pay on Jetstar. The Group has also announced plans for a cabin refresh and the rollout of Wi-Fi for select Qantas international fleet which is expected to launch by the end of the first half of financial year 2024/25.

For Group Domestic operations, the dual brand strategy continued to be core to the Group's strategic proposition, with leading offerings maintained across all key segments of the market. The Group Domestic Underlying EBIT margin⁸ for the financial year 2023/24 was 14 per cent. Qantas Domestic delivered an Underlying EBIT of \$1,063 million, achieving an EBIT margin of 15 per cent. Performance was driven by strength in corporate and small and medium-sized enterprises (SME) markets offset by continued investments in customer and operations, transitional costs related to delays in exit of 717 fleet and entry into service costs associated with the A220 fleet. These investments in customer and operations have improved on-time performance and NPS⁹. Jetstar's domestic network delivered an Underlying EBIT of \$298 million, and an EBIT margin of 11 per cent. Performance was supported by stable leisure demand and continued strength in ancillary revenue.

¹ Underlying Profit Before Tax (Underlying PBT) is the primary reporting measure used by the Qantas Group's Chief Operating Decision-Making bodies (CODM), being the Chief Executive Officer, Group Leadership Team and the Board of Directors, for the purpose of assessing the performance of the Group. The primary reporting measure of the Qantas Domestic, Qantas International, Jetstar Group and Qantas Loyalty operating segments is Underlying Earnings Before Net Finance Costs and Income Tax Expense (Underlying EBIT). The primary reporting measure of the corporate segment is Underlying PBT as net finance costs are managed centrally. Refer to the reconciliation of Underlying PBT to Statutory Profit Before Tax on page 13.

² Australian Competition and Consumer Commission.

³ Operating Margin is Group Underlying EBIT divided by Group total revenue.

⁴ Net capital expenditure is equal to net investing cash flows in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft.

⁵ Available Seat Kilometres – total number of seats available for passengers, multiplied by the number of kilometres flown.

⁶ Unit Revenue (RASK) is calculated as ticketed passenger revenue divided by Available Seat Kilometres (ASK).

⁷ Underlying PBT less ticketed passenger revenue and fuel per ASK.

⁸ Underlying EBIT divided by Total Revenue, also referred to as operating margin.

⁹ Net Promoter Score. Customer advocacy measure.

Review of Operations continued

For the year ended 30 June 2024

RESULTS HIGHLIGHTS (CONTINUED)

The Group's international airline operations performed well despite unit revenue moderating with the restoration of capacity. Qantas International (including Freight) reported an Underlying EBIT of \$556 million. The network continued to evolve with the commencement of new routes such as Sydney to New York (via Auckland) and increased deployment of ultra long-haul point-to-point services. The consistent delivery of revenue premium from Perth to London and Perth to Rome supported confidence for Project Sunrise, with the first delivery of the A350-1000 ULR aircraft expected from mid 2026. Jetstar's international network reported an Underlying EBIT of \$199 million with a strong increase in profitability driven by ongoing leisure demand strength and the launch of routes, including Sydney to Osaka and Brisbane to Seoul. Unit revenue in Group International decreased by 11 per cent compared to financial year 2022/23, which included the impact of incremental capacity growth into lower unit revenue markets and lower premium mix on aircraft returning to service. The Group International (including Freight) operating margin for financial year 2023/24 was 7 per cent.

Qantas Loyalty continued its strong performance, delivering an Underlying EBIT of \$511 million with 202 billion points earned and 171 billion points redeemed.¹⁰ The result demonstrates the program's unrivalled proposition, with the strength of the program reflected by a 14 per cent growth in active members, with 46 per cent of members engaging with the program through two or more products. Cash performance was maintained at strong levels, with over \$2 billion in gross cash receipts in financial year 2023/24. Drivers include strong growth across financial services products and diversified portfolio earnings, with the launch of the new Classic Plus expected to drive further acceleration of the Qantas Loyalty earn and burn flywheel¹¹.

The Group's Financial Framework remained core to the Group's strategy, driving sustainable financial strength to support investment and shareholder returns whilst maintaining flexibility to deal with changes in external factors. As at 30 June 2024, Net Debt¹² under the Financial Framework was \$4.1 billion, within the lower half of the Group's target range of \$3.9 billion to \$4.9 billion for financial year 2023/24. Management have reviewed the settings of the Financial Framework and confirmed that they continue to be appropriate.

During financial year 2023/24, the Group completed \$869 million of the \$900 million on-market share buy-back announced in financial year 2023/24 at an average price of \$5.57 per share. The remaining \$31 million is expected to be completed in the first half of financial year 2024/25. In addition, the Board has resolved to announce an on-market share buy-back of up to \$400 million to distribute surplus capital given all pillars of the Financial Framework have been met.

The Qantas Group experienced a number of management changes and accelerated the transition to a new CEO in financial year 2023/24. The new leadership team has prioritised listening to and supporting frontline staff, with the establishment of Customer Champion Councils to help identify improvement opportunities and refreshed policies and toolkits to empower frontline employees to recover customers during disruption. Support for staff was also provided through the implementation of roster improvement programs, the launch of development programs for frontline leaders and increased parental leave for primary and secondary carers.

The new leadership team also accelerated investment in customer initiatives to address customer pain points. These initiatives aim to provide an exceptional flying experience, seamless digital interactions, faster recovery when things don't go to plan and unrivalled rewards for customer loyalty. Investments in operational reliability have resulted in significant improvements in on-time performance and reduced disruptions. The enhancements to food and beverage offerings, upgrades to the Qantas App with flight status and baggage tracking and the introduction of Group Boarding have all contributed to the improvement in NPS in financial year 2023/24.

In August 2024, the Board released the Qantas Governance Review Report. It documented the steps taken by the Board to scrutinise the decision-making and governance processes that led to the loss of trust amongst stakeholders. The Board and the management team are committed to implementing actions to address all recommendations, with many actions already completed or underway. The Group remains focused on re-building trust of all stakeholders and restoring pride in Qantas as Australia's national carrier.

In May 2024, the Group announced an agreement with the ACCC to resolve court proceedings in relation to flight cancellation processes. Under the agreed settlement, Qantas has commenced a projected \$20 million remediation program for impacted passengers and subject to approval of the Federal Court of Australia, will pay a \$100 million civil penalty. These costs, along with associated costs of implementation, were recognised outside of underlying earnings in financial year 2023/24.

In September 2023, the High Court dismissed the Group's appeal from the lower court's decisions regarding the outsourcing of Qantas' ground handling function in 2020. A compensation hearing was held in March 2024, with closing submissions in May 2024. The decision in relation to this compensation hearing has not yet been handed down. The penalties hearing for affected ex-employees has not yet been held and will be listed as a later date. A provision is held within the Consolidated Balance Sheet at 30 June 2024 for the best estimate of these remedies, with an increase in the provision of \$70 million since the half year ended 31 December 2023 recognised outside of underlying earnings in financial year 2023/24.

¹⁰ Net points redeemed.

¹¹ Qantas Loyalty performance is a function of points volume earned and redeemed, and member growth.

¹² Under the Group's Financial Framework, includes net on balance sheet debt and capitalised aircraft lease liabilities.

Review of Operations continued

For the year ended 30 June 2024

FINANCIAL FRAMEWORK ALIGNED WITH SHAREHOLDER OBJECTIVES

The Group's Financial Framework aligns objectives with shareholders with the aim of achieving top quartile shareholder returns by targeting maintainable Earnings Per Share (EPS) growth over the cycle with industry-leading ESG¹³ credentials. The Financial Framework is built on three clear priorities and associated long-term targets:

<p>1. Maintaining an optimal capital structure</p> <p>Minimise cost of capital by targeting a Net Debt range of 2.0x - 2.5x EBITDA where ROIC is 10 per cent</p> <p>Deliver against Climate Action Plan Targets</p>	<p>2. ROIC > WACC¹⁴ through the cycle</p> <p>Deliver ROIC > 10 per cent¹⁵</p> <p>ESG included in business decisions</p>	<p>3. Disciplined allocation of capital</p> <p>Grow Invested Capital with disciplined investment and return surplus capital</p> <p>Prioritise projects that exceed both ESG and ROIC targets</p>
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MAINTAINABLE EPS GROWTH OVER THE CYCLE



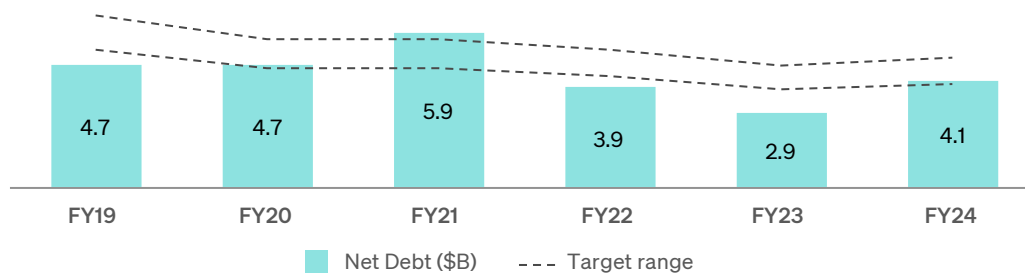
TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE

Maintaining an Optimal Capital Structure

The Group's Financial Framework targets an optimal capital structure to achieve the lowest cost of capital. The range is based on a Net Debt to EBITDA range of 2.0-2.5 times where Return on Invested Capital (ROIC) is fixed at 10 per cent. This capital structure optimises the Group's cost of capital and preserves financial strength with the objective of enhancing long-term shareholder value. The Group's optimal capital structure is consistent with investment grade credit metrics and provides flexibility while protecting the Group's investment grade Baa2 rating with Moody's Investor Services.

At 30 June 2024, Net Debt was \$4.1 billion, which is in the lower half of the Net Debt Target Range.

Net Debt Profile FY17 to FY24 (\$ billion)



Debt Analysis	June 2024	June 2023	Change	Change
	\$M	\$M	\$M	%
Net on balance sheet debt ¹⁶	3,311	1,998	1,313	66
Capitalised operating lease liabilities ¹⁷	795	887	(92)	(10)
Net Debt	4,106	2,885	1,221	42

¹³ Environmental, Social and Governance.

¹⁴ Weighted Average Cost of Capital, calculated on a pre-tax basis.

¹⁵ 10 per cent ROIC allows ROIC to be greater than pre-tax WACC through the cycle.

¹⁶ Net on balance sheet debt includes cash and cash equivalents, interest-bearing liabilities and fair value hedge of debt.

¹⁷ Capitalised aircraft lease liabilities are measured at fair value at the lease commencement date and remeasured over lease term on a principal and interest basis. Residual value of capitalised aircraft lease liabilities denominated in foreign currency are translated at a long-term exchange rate.

Review of Operations continued

For the year ended 30 June 2024

FINANCIAL FRAMEWORK ALIGNED WITH SHAREHOLDER OBJECTIVES (CONTINUED)

ROIC > WACC Through the Cycle

ROIC for the 12 months to 30 June 2024 was 57.9 per cent. This ROIC was based on an average Invested Capital of \$3.9 billion which is significantly lower than pre-COVID levels.

Calculated on a 12-month rolling basis, ROIC has declined 46 percentage points from 103.6 per cent as at 30 June 2023 to 57.9 per cent as at 30 June 2024. Invested Capital was materially impacted by COVID-19 as assets continued to depreciate or were impaired, while capital expenditure was reduced to preserve cash during the crisis. As a result, the Group's current level of Invested Capital is unusually low and the reported ROIC unsustainably high. Group ROIC is expected to decline in the near term as it has in financial year 2023/24 and revert to more sustainable levels as Invested Capital grows.

Disciplined Allocation of Capital

The Qantas Group takes a disciplined approach to allocating capital, with the aim to grow Invested Capital and return surplus capital to shareholders. Net Capital Expenditure totalled \$3,148 million during financial year 2023/24. The Group completed \$869 million¹⁸ of on-market share buy-backs which resulted in a 5 per cent reduction in shares on issue since 1 July 2023.

Upon considering the forward outlook for the business under its Financial Framework, the Board has resolved to announce an on-market share buy-back of up to \$400 million. It is also expected that the Group will complete the remaining \$31 million of the \$900 million on-market share buy-back announced in financial year 2023/24.

Maintainable EPS Growth Over the Cycle

Statutory Earnings Per Share (EPS) was 75.9 cents per share for financial year 2023/24. The decrease from financial year 2022/23 was driven by a decrease in Statutory Profit After Tax, partially offset with the EPS accretion from capital distributed via prior on-market share buy-backs.

GROUP PERFORMANCE

The Qantas Group reported an Underlying Profit Before Tax of \$2,078 million for financial year 2023/24, a decline of \$387 million from the Underlying Profit Before Tax of \$2,465 million reported in financial year 2022/23.

Net passenger revenue increased by 12 per cent, predominantly from growth in international operations. Net freight revenue decreased, primarily due to weaker yields from increased international competition across belly space and freighters. Other revenue increased with the continued business momentum of Qantas Loyalty.

Operating expenses grew primarily due to increased flying activity and price increases driven by CPI.¹⁹ Fuel also increased as a result of flying activity as well as higher SAF²⁰ and carbon-offsetting program expenses. Share of net profit/(loss) of investments was favourable compared to financial year 2022/23, underpinned by the improved profitability in Jetstar Japan and stronger performance across the Group's other investments.

	June 2024	June 2023
	\$M	\$M
Group Underlying Income Statement Summary²¹		
Net passenger revenue	18,903	16,923
Net freight revenue	1,211	1,380
Other	1,825	1,512
Revenue	21,939	19,815
Operating expenses (excluding fuel)	(12,575)	(10,771)
Fuel	(5,316)	(4,555)
Impairment	-	(1)
Depreciation and amortisation	(1,773)	(1,762)
Share of net profit/(loss) of investments accounted for under the equity method	4	(44)
Total underlying expenditure	(19,660)	(17,133)
Underlying EBIT	2,279	2,682
Net finance costs	(201)	(217)
Underlying PBT	2,078	2,465

¹⁸ This includes \$852 million of on-market share buy-backs settled and \$17 million executed and payable in July due to T+2 settlement.

¹⁹ Consumer Price Index.

²⁰ Sustainable Aviation Fuel.

²¹ Underlying expenses differ from equivalent statutory expenses due to items excluded from Underlying PBT such as those items identified by Management as not representing the underlying performance of the business. Refer to the reconciliation on page 13.

Review of Operations continued

For the year ended 30 June 2024

GROUP PERFORMANCE (CONTINUED)

Operating Statistics		June 2024	June 2023
Available Seat Kilometres (ASK) ²²	M	141,357	117,258
Revenue Passenger Kilometres (RPK) ²³	M	116,895	97,693
Passengers carried	000	51,798	45,725
Seat Factor ²⁴	%	82.7	83.3
Operating Margin ²⁵	%	10.4	13.5
Unit Revenue (RASK) ²⁶	c/ASK	11.20	12.29
Total Unit Cost ²⁷	c/ASK	(9.73)	(10.19)

Group capacity for the year (ASK) increased 21 per cent with the return of international operations. Revenue Passenger Kilometres increased 20 per cent as the Group's Seat Factor broadly held at 83 per cent. Group Unit Revenue decreased 9 per cent to 11.20 c/ASK as fares moderated and capacity returned.

Total Unit Cost decreased to 9.73 c/ASK with the removal of temporary disruption costs and the restoration of international capacity offset by increased customer investments and industry cost growth.

CASH GENERATION

Cash Flow Summary	June 2024 \$M	June 2023 \$M	Change \$M	Change %
Operating cash flows	3,441	5,085	(1,644)	(32)
Investing cash flows	(2,887)	(2,625)	(262)	(10)
Net Free Cash Flow	554	2,460	(1,906)	(77)
Financing cash flows	(2,010)	(2,628)	618	24
Cash at beginning of year	3,171	3,343	(172)	(5)
Effect of foreign exchange on cash	3	(4)	7	>100
Cash at end of the period	1,718	3,171	(1,453)	(46)

Operating cash inflows for financial year 2023/24 were \$3,441 million. These were lower than the prior corresponding period primarily due to the rebuild of Revenue Received in Advance impacting the prior period, a reduction in earnings and one-off impacts in the current period from realisation of provisions from the buyout of operating leases.

Investing cash outflows for financial year 2023/24 were (\$2,887) million. Net capital expenditure²⁸ was \$3,148 million, which included 16 aircraft deliveries, pre-delivery payments, acquisition costs of TripADeal and the balance primarily directed to capitalised maintenance.

Net financing cash outflows of (\$2,010) million included \$1,176 million debt repayments partially offset by \$1,011 million drawdown of debt, \$698 million in net aircraft and non-aircraft lease repayments, including lease buyouts, and an on-market share buy-back of \$852 million.

The Group continues to retain significant flexibility in its financial position, funding strategies and fleet plan to ensure that it can respond to changes in market conditions and earnings scenarios.

²² ASK – total number of seats available for passengers, multiplied by the number of kilometres flown.

²³ RPK – total number of passengers carried, multiplied by the number of kilometres flown.

²⁴ Seat Factor – RPKs divided by ASKs. Also known as load factor or load.

²⁵ Operating Margin is Group Underlying EBIT divided by Group Total Revenue.

²⁶ Unit Revenue (RASK) is calculated as ticketed passenger revenue divided by Available Seat Kilometres (ASK).

²⁷ Total Unit Cost is Underlying PBT less ticketed passenger revenue per ASK.

²⁸ Net capital expenditure is equal to net investing cash flows in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/acquisitions of leased aircraft.

Review of Operations continued

For the year ended 30 June 2024

FLEET

The Group's strategic priorities for fleet planning are centred on three key principles: the right aircraft for the right route, maintaining flexibility and maintaining competitiveness. The determination of the optimal fleet plan, including the availability of new technology, balances the level of capacity growth required in the markets, the competitive landscape and whether the investment is earnings accretive. At all times, the Group retains significant flexibility in its fleet to respond to changes in market conditions through fleet redeployment, refurbishment, lease extension or return and retirement.

At 30 June 2024, the Qantas Group fleet²⁹ totalled 347 aircraft.

Fleet Summary (Number of Aircraft)	June 2023	Additions: Deliveries	Additions: Wet Leases	Transfers	Exits	June 2024
737-800	75	-	-	-	-	75
787-9	13	1	-	-	-	14
A380-800 ³⁰	10	-	-	-	-	10
A330-200 ³¹	18	-	-	(2)	-	16
A330-300 ³²	10	-	2	-	-	12
Total Qantas	126	1	2	(2)	-	127
A220-300	-	2	-	-	-	2
717-200 ³³	20	-	-	-	(11)	9
E190 ³⁴	18	-	8	-	-	26
Q200/Q300	19	-	-	-	-	19
Q400	31	-	-	-	-	31
F100	18	-	-	-	(1)	17
A319-100	-	3	-	-	-	3
A320-200	13	-	-	2	-	15
Total QantasLink	119	5	8	2	(12)	122
A320-200	56	2	-	(2)	-	56
A321-200	6	-	-	-	-	6
A321LR	8	5	-	-	-	13
787-8	11	-	-	-	-	11
Total Jetstar	81	7	-	(2)	-	86
737-300F/737-400F	4	-	-	-	(3)	1
767-300F	1	-	-	-	-	1
A321-200F	3	3	-	-	-	6
A330-200F ³⁵	-	-	-	2	-	2
747-400F ³⁶	2	-	-	-	-	2
Total Qantas Freight	10	3	-	2	(3)	12
Total Group	336	16	10	-	(15)	347

²⁹ Includes Qantas Airways, Jetstar Australia and New Zealand, Jetstar Asia (Singapore), Qantas Freight and QantasLink and excludes aircraft operated by Jetstar Japan and capacity hire aircraft to Jetstar Australia, from Jetstar Japan.

³⁰ Eight A380-800 aircraft in operation as at 30 June 2024.

³¹ Two A330-200 converted to freighters in the first half of 2023/24.

³² Two A330-300 wet-lease from Finnair.

³³ Exit of 11 717-200 during 2023/24 in accordance with the fleet retirement program.

³⁴ 26 E190 wet-lease from Alliance Airlines.

³⁵ Second A330-220F was delivered on 31 December 2023 and entered into service in January 2024.

³⁶ Two 747-400F wet-leased from Atlas.

Review of Operations continued

For the year ended 30 June 2024

SEGMENT PERFORMANCE

	June 2024 \$M	June 2023 \$M
Segment Performance Summary		
Qantas Domestic	1,063	1,270
Qantas International	556	906
Jetstar Group	497	404
Qantas Loyalty	511	451
Corporate	(263)	(212)
Unallocated/Eliminations	(85)	(137)
Underlying EBIT	2,279	2,682
Net Finance Costs	(201)	(217)
Underlying PBT	2,078	2,465

QANTAS DOMESTIC

Revenue	Underlying EBIT	Operating Margin																														
7,241 \$M	1,063 \$M	14.7 %																														
<table border="1"> <tr><td>7,241</td><td>FY24 7,241</td></tr> <tr><td>6,980</td><td>FY23 6,980</td></tr> <tr><td>3,448</td><td>FY22 3,448</td></tr> <tr><td>2,745</td><td>FY21 2,745</td></tr> <tr><td>4,672</td><td>FY20 4,672</td></tr> </table>	7,241	FY24 7,241	6,980	FY23 6,980	3,448	FY22 3,448	2,745	FY21 2,745	4,672	FY20 4,672	<table border="1"> <tr><td>1,063</td><td>FY24 1,063</td></tr> <tr><td>1,270</td><td>FY23 1,270</td></tr> <tr><td>(765)</td><td>FY22 (765)</td></tr> <tr><td>(575)</td><td>FY21 (575)</td></tr> <tr><td>173</td><td>FY20 173</td></tr> </table>	1,063	FY24 1,063	1,270	FY23 1,270	(765)	FY22 (765)	(575)	FY21 (575)	173	FY20 173	<table border="1"> <tr><td>14.7%</td><td>FY24 14.7%</td></tr> <tr><td>18.2%</td><td>FY23 18.2%</td></tr> <tr><td>(22.2%)</td><td>FY22 (22.2%)</td></tr> <tr><td>(20.9%)</td><td>FY21 (20.9%)</td></tr> <tr><td>3.7%</td><td>FY20 3.7%</td></tr> </table>	14.7%	FY24 14.7%	18.2%	FY23 18.2%	(22.2%)	FY22 (22.2%)	(20.9%)	FY21 (20.9%)	3.7%	FY20 3.7%
7,241	FY24 7,241																															
6,980	FY23 6,980																															
3,448	FY22 3,448																															
2,745	FY21 2,745																															
4,672	FY20 4,672																															
1,063	FY24 1,063																															
1,270	FY23 1,270																															
(765)	FY22 (765)																															
(575)	FY21 (575)																															
173	FY20 173																															
14.7%	FY24 14.7%																															
18.2%	FY23 18.2%																															
(22.2%)	FY22 (22.2%)																															
(20.9%)	FY21 (20.9%)																															
3.7%	FY20 3.7%																															

Metrics		June 2024	June 2023
ASKs	M	32,950	32,513
Seat Factor	%	76.0	76.2

Qantas Domestic reported an Underlying EBIT of \$1,063 million, a decline of 16 per cent from financial year 2022/23. The result delivered a lower operating margin of 14.7 per cent impacted by the moderation of premium leisure demand with some substitution to international travel, new fleet entry-into-service costs and continued customer investment.

On-time performance improved to 80 per cent in the fourth quarter of financial year 2023/24, an increase of 10 points from the second quarter of financial year 2023/24, reflecting the impact of investment in operational resilience and fleet health. Qantas Domestic outperformed its major competitor in on-time performance 11 out of 12 months for financial year 2023/24 and has reduced mishandled bags by 33 per cent from financial year 2022/23. Recent initiatives such as Group Boarding are expected to further improve customer outcomes and operational performance.

Qantas Domestic saw continued strength in the resources segment and maintained leading positions in both corporate and SME segments. Domestic leisure demand moderated slightly with the return of international capacity, seeing some substitution of leisure customers onto the international network. Strength in SME demand persists while non-resource corporate demand gradually recovers to pre-COVID levels as same day travel continues to improve.

The Qantas Domestic fleet renewal program is underway, with two next-generation QantasLink A220 aircraft delivered in financial year 2023/24 and a further five QantasLink A220 aircraft expected in financial year 2024/25. Three mid-life QantasLink A319 aircraft have also been introduced to support the expansion of capacity for resource customers in Western Australia.

Review of Operations continued

For the year ended 30 June 2024

QANTAS INTERNATIONAL (INCLUDING FREIGHT)

Revenue	Underlying EBIT	Operating Margin																														
8,666 \$M	556 \$M	6.4 %																														
<table border="1"> <tr><td>8,666</td><td>FY24 8,666</td></tr> <tr><td>7,749</td><td>FY23 7,749</td></tr> <tr><td>3,706</td><td>FY22 3,706</td></tr> <tr><td>1,598</td><td>FY21 1,598</td></tr> <tr><td>6,077</td><td>FY20 6,077</td></tr> </table>	8,666	FY24 8,666	7,749	FY23 7,749	3,706	FY22 3,706	1,598	FY21 1,598	6,077	FY20 6,077	<table border="1"> <tr><td>556</td><td>FY24 556</td></tr> <tr><td>906</td><td>FY23 906</td></tr> <tr><td>(238)</td><td>FY22 (238)</td></tr> <tr><td>(548)</td><td>FY21 (548)</td></tr> <tr><td>56</td><td>FY20 56</td></tr> </table>	556	FY24 556	906	FY23 906	(238)	FY22 (238)	(548)	FY21 (548)	56	FY20 56	<table border="1"> <tr><td>6.4%</td><td>FY24 6.4%</td></tr> <tr><td>11.7%</td><td>FY23 11.7%</td></tr> <tr><td>(6.4%)</td><td>FY22 (6.4%)</td></tr> <tr><td>(34.3%)</td><td>FY21 (34.3%)</td></tr> <tr><td>0.9%</td><td>FY20 0.9%</td></tr> </table>	6.4%	FY24 6.4%	11.7%	FY23 11.7%	(6.4%)	FY22 (6.4%)	(34.3%)	FY21 (34.3%)	0.9%	FY20 0.9%
8,666	FY24 8,666																															
7,749	FY23 7,749																															
3,706	FY22 3,706																															
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(6.4%)	FY22 (6.4%)																															
(34.3%)	FY21 (34.3%)																															
0.9%	FY20 0.9%																															
Metrics		June 2024	June 2023																													
ASKs		M	58,878	45,187																												
Seat factor		%	83.0	85.7																												

Qantas International (including Freight) reported an Underlying EBIT of \$556 million, a 39 per cent decline from financial year 2022/23. The result delivered a lower operating margin of 6 per cent, reflecting the moderating of unit revenue as global capacity restored and increased investment in customer, operations and technology.

NPS continues to improve due to investment in operational resilience, fleet health and customer experience, including disruption management, lounges and food and beverage. On-time performance³⁷ has also benefited, lifting by 5 percentage points in the second half of financial year 2023/24 from the first half of financial year 2023/24.

The restoration of flying continued in financial year 2023/24, with capacity for the year at 85 per cent of pre-COVID levels, compared to 65 per cent in financial year 2022/23. This resulted in a 5 per cent unit cost improvement as the benefit of returning capacity outweighed investment in customer, operations and technology. The international network has evolved with growth in the 787-9 fleet to 14 aircraft which supported the commencement of services such as Sydney to New York (via Auckland). Additional wet-leased aircraft from Finnair enabled services to Singapore and Bangkok and the eighth A380 return-to-service uplifted frequencies to Hong Kong and Los Angeles.

Freight earnings were challenged in the first half of financial year 2023/24, with some recovery in the second half as moderating yields stabilised and remain greater than 150 per cent above pre-COVID levels. Freight Revenue Tonne Kilometres increased by 11 per cent from financial year 2022/23 as international belly capacity returned. Qantas Freight accelerated its transformation program with the introduction of two A330 and three A321 freighters, improving efficiency and customer proposition.

JETSTAR GROUP

Revenue	Underlying EBIT	Operating Margin																														
4,922 \$M	497 \$M	10.1 %																														
<table border="1"> <tr><td>4,922</td><td>FY24 4,922</td></tr> <tr><td>4,235</td><td>FY23 4,235</td></tr> <tr><td>1,440</td><td>FY22 1,440</td></tr> <tr><td>1,140</td><td>FY21 1,140</td></tr> <tr><td>3,006</td><td>FY20 3,006</td></tr> </table>	4,922	FY24 4,922	4,235	FY23 4,235	1,440	FY22 1,440	1,140	FY21 1,140	3,006	FY20 3,006	<table border="1"> <tr><td>497</td><td>FY24 497</td></tr> <tr><td>404</td><td>FY23 404</td></tr> <tr><td>(796)</td><td>FY22 (796)</td></tr> <tr><td>(541)</td><td>FY21 (541)</td></tr> <tr><td>(26)</td><td>FY20 (26)</td></tr> </table>	497	FY24 497	404	FY23 404	(796)	FY22 (796)	(541)	FY21 (541)	(26)	FY20 (26)	<table border="1"> <tr><td>10.1%</td><td>FY24 10.1%</td></tr> <tr><td>9.5%</td><td>FY23 9.5%</td></tr> <tr><td>(55.3%)</td><td>FY22 (55.3%)</td></tr> <tr><td>(47.5%)</td><td>FY21 (47.5%)</td></tr> <tr><td>(0.9%)</td><td>FY20 (0.9%)</td></tr> </table>	10.1%	FY24 10.1%	9.5%	FY23 9.5%	(55.3%)	FY22 (55.3%)	(47.5%)	FY21 (47.5%)	(0.9%)	FY20 (0.9%)
4,922	FY24 4,922																															
4,235	FY23 4,235																															
1,440	FY22 1,440																															
1,140	FY21 1,140																															
3,006	FY20 3,006																															
497	FY24 497																															
404	FY23 404																															
(796)	FY22 (796)																															
(541)	FY21 (541)																															
(26)	FY20 (26)																															
10.1%	FY24 10.1%																															
9.5%	FY23 9.5%																															
(55.3%)	FY22 (55.3%)																															
(47.5%)	FY21 (47.5%)																															
(0.9%)	FY20 (0.9%)																															
Metrics		June 2024	June 2023																													
ASKs		M	49,529	39,558																												
Seat factor		%	86.8	86.4																												

The Jetstar Group reported an Underlying EBIT of \$497 million, reflecting an uplift in earnings compared to financial year 2022/23 driven by growth in flying. Jetstar grew capacity by 25 per cent as key international markets returned and price-sensitive leisure demand remained stable, with seat factor holding at 87 per cent.

Jetstar's Australian domestic network delivered an Underlying EBIT of \$298 million, with capacity growth of 15 per cent relative to financial year 2022/23 in a stable demand environment. The operating margin of the domestic business was 11 per cent, supported by strong ancillary revenue performance and fleet transformation delivering incremental earnings.

³⁷ On-time arrival.

Review of Operations continued

For the year ended 30 June 2024

JETSTAR GROUP (CONTINUED)

Jetstar's international network reported an Underlying EBIT of \$199 million, with strong performance in key markets. Capacity grew by 34 per cent relative to financial year 2022/23 as new fleet deliveries and redeployment of existing 787-8 fleet supported profitable growth. Jetstar's Australian international business delivered an 11 per cent margin, with ongoing leisure demand strength supporting the launch of new routes such as Sydney to Osaka and Brisbane to Seoul.

On-time performance and cancellation rates significantly improved across financial year 2023/24, supporting the unwind of disruption costs incurred in financial year 2022/23.

Jetstar Asia (Singapore) maintained profitability in financial year 2023/24. Significant growth is expected following the recent entry into service of two additional A320 aircraft and return of two A320 aircraft from Jetstar Australia and New Zealand in financial year 2023/24. Jetstar Group's share of Jetstar Japan's statutory results substantially improved from a loss of (\$54) million in financial year 2022/23 to a loss of (\$16) million in financial year 2023/24.

Jetstar Group received six A321LR aircraft in financial year 2023/24 (five to Jetstar Australia and New Zealand and one to Jetstar Japan), delivering an estimated 12 per cent unit cost advantage on a replacement basis. Jetstar Australia has 13 A321LRs, with approximately \$7 million per aircraft in realised EBIT benefits across financial year 2023/24 from fuel and scale efficiencies.

Affordable travel remained a key focus for the Jetstar Group, with 11 million fares³⁸ sold below \$100 in financial year 2023/24.

QANTAS LOYALTY

Revenue	Underlying EBIT	Operating Margin															
2,573 \$M	511 \$M	19.9 %															
<table border="1"> <tr><td>2,573</td></tr> <tr><td>2,189</td></tr> <tr><td>1,334</td></tr> <tr><td>984</td></tr> <tr><td>1,224</td></tr> </table>	2,573	2,189	1,334	984	1,224	<table border="1"> <tr><td>511</td></tr> <tr><td>451</td></tr> <tr><td>292</td></tr> <tr><td>272</td></tr> <tr><td>341</td></tr> </table>	511	451	292	272	341	<table border="1"> <tr><td>19.9%</td></tr> <tr><td>20.6%</td></tr> <tr><td>21.9%</td></tr> <tr><td>27.6%</td></tr> <tr><td>27.9%</td></tr> </table>	19.9%	20.6%	21.9%	27.6%	27.9%
2,573																	
2,189																	
1,334																	
984																	
1,224																	
511																	
451																	
292																	
272																	
341																	
19.9%																	
20.6%																	
21.9%																	
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<table border="1"> <tr><td>FY24 2,573</td></tr> <tr><td>FY23 2,189</td></tr> <tr><td>FY22 1,334</td></tr> <tr><td>FY21 984</td></tr> <tr><td>FY20 1,224</td></tr> </table>	FY24 2,573	FY23 2,189	FY22 1,334	FY21 984	FY20 1,224	<table border="1"> <tr><td>FY24 511</td></tr> <tr><td>FY23 451</td></tr> <tr><td>FY22 292</td></tr> <tr><td>FY21 272</td></tr> <tr><td>FY20 341</td></tr> </table>	FY24 511	FY23 451	FY22 292	FY21 272	FY20 341	<table border="1"> <tr><td>FY24 19.9%</td></tr> <tr><td>FY23 20.6%</td></tr> <tr><td>FY22 21.9%</td></tr> <tr><td>FY21 27.6%</td></tr> <tr><td>FY20 27.9%</td></tr> </table>	FY24 19.9%	FY23 20.6%	FY22 21.9%	FY21 27.6%	FY20 27.9%
FY24 2,573																	
FY23 2,189																	
FY22 1,334																	
FY21 984																	
FY20 1,224																	
FY24 511																	
FY23 451																	
FY22 292																	
FY21 272																	
FY20 341																	
FY24 19.9%																	
FY23 20.6%																	
FY22 21.9%																	
FY21 27.6%																	
FY20 27.9%																	

Metrics		June 2024	June 2023
QFF members	M	16.4	15.2
Points earned	B	202	175
Points redeemed ³⁹	B	171	155

Qantas Loyalty reported an Underlying EBIT of \$511 million for financial year 2023/24. The result was underpinned by a growing active membership base, which increased 14 per cent relative to financial year 2022/23. The launch of Classic Plus for the international network in the second half of financial year 2023/24 provided wider availability for members to redeem on flights compared to Classic Rewards⁴⁰ alone. Demand for flight rewards remained strong with total flights booked using points increasing by 13 per cent compared to financial year 2022/23.

Membership continued to grow by more than 1 million new members in the last 12 months, up 8 per cent from financial year 2022/23. Ninety thousand new members joined Qantas Business Rewards (QBR), with total membership now exceeding 500,000.⁴¹ During the fourth quarter, new Financial Service products launched with both ANZ and NAB. QBR captures one in five Australian small and medium-sized enterprises and five major banks have now joined the program.

Qantas Loyalty continued its focus on engaging its member base through broader and deeper program offerings. The acquisition of the remaining 49 per cent of TripADeal reflected this commitment as it accelerated the business' expansion into Holiday packages. Hotels, Holidays and Tours bookings were up 12 per cent from financial year 2022/23. Other highlights include home and car insurance selling almost double the number of policies compared to financial year 2022/23, the re-launch of the new Qantas App and the successful new partnership with Ticketek.

The acceleration of the Qantas Loyalty flywheel was reflected in a 15 per cent uplift in points earned in financial year 2023/24. Demand for Qantas Points-earning credit cards continued to grow, with approximately 300,000 new cards acquired, which is up 21 per cent compared to financial year 2022/23 and Qantas Points-earning credit cards maintaining over 35 per cent share of all consumer credit card spend.

³⁸ Base Fare. International fares sold are across all carriers in Jetstar Group.

³⁹ Net points redeemed.

⁴⁰ Classic Rewards flight reward.

⁴¹ Qantas Business Rewards members at 540,000 as of 30 June 2024.

Review of Operations continued

For the year ended 30 June 2024

RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT BEFORE TAX

The Statutory Profit Before Tax was \$1,884 million for the financial year ended 30 June 2024.

Underlying PBT

Underlying PBT is a non-statutory measure and is the primary reporting measure used by the CODM bodies for the purpose of assessing the performance of the Group. The objective of measuring and reporting Underlying PBT is to provide a meaningful and consistent representation of the underlying performance of each operating segment and the Qantas Group.

Items which are identified by Management and reported to the CODM bodies as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period.

Items not included in Underlying PBT primarily result from revenues or expenses outside the ordinary course of business relating to business activities in other reporting periods, Recovery Plan restructuring costs, transactions involving investments, gains/losses on sale and/or impairments of assets and other transactions.

	June 2024	June 2023
	\$M	\$M
RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT BEFORE TAX		
Underlying PBT	2,078	2,465
<i>Items not included in Underlying PBT</i>		
– Legal provisions and related costs	(198)	–
– Recovery Plan restructuring costs	–	5
– Net gain on disposal of assets	4	2
Total items not included in Underlying PBT	(194)	7
Statutory Profit Before Income Tax Expense	1,884	2,472

In the 2023/24 financial year, items outside of Underlying PBT included:

Item Outside of Underlying PBT	Description
Legal provisions and related costs	(\$128) million for the announced ACCC settlement (compensation and penalties) and related costs and (\$70) million for an increase in provisions in relation to the ground handling outsourcing Federal Court case (refer to Note 13(B)), recognised in Other Expenditure.
Net gain on disposal of assets	The net gain on disposal of assets of \$4 million arose from the disposal of Perth Airport assets.

In the 2022/23 financial year, items outside of Underlying PBT included:

Item Outside of Underlying PBT	Description
Recovery Plan restructuring costs	\$5 million primarily relates to the reversal of a redundancy provision previously recognised.
Net gain on disposal of assets	The net gain on disposal of assets of \$2 million arose from the sale of the Group's investment in Helloworld Travel Ltd (ASX: HLO).

Refer to Note 2(B) of the Financial Report for details of items not included in Underlying PBT.

Review of Operations continued

For the year ended 30 June 2024

MATERIAL BUSINESS RISKS

The aviation industry is subject to inherent risks that can impact operations if left untreated. These include, but are not limited to, shifts in customer behaviour and in market demand, exposure to economic uncertainty and geopolitical instability, changes in government regulations, volatility in fuel prices and foreign exchange rates, and other external events such as aviation incidents, natural disasters, climate change, international conflicts or an epidemic. In rare circumstances, 'black swan' events can materialise, resulting in unexpected consequences such as those that the aviation industry experienced due to the COVID-19 pandemic. The Group continues to plan for a wide range of scenarios to ensure the Group maintains its strong position to support financial targets, operational outcomes and meet travel demand and customer expectations.

The Group is subject to material business risks which may impact the achievement of the Group's strategy and financial prospects. The Group's focus is on continuously improving the controls to manage or mitigate these risks.

Operational and people safety: While there are inherent safety risks in aviation, the Qantas Group's 'safety first' approach ensures that there is a consistent focus on and continuous improvement in the systems and processes that seek to identify and treat current and emerging safety risks to our people and customers, both in the air and on the ground. All Group airlines have regulatory approved systems, including aircraft airworthiness and maintenance as well as operational activities, procedures and training programs utilising qualified (licensed) personnel, approved manuals, and a robust safety and reporting culture. Comprehensive operational and workplace audit and assurance programs seek to confirm that key processes and controls are operating as intended and that the Group continues to meet its regulatory compliance obligations.

Physical security of people and assets: The Group is committed to protecting our people, customers, aircraft and other assets from physical security threats and interference. A comprehensive threat and operational risk assessment program is in place which is supported by extensive collaboration with key Australian and international government agencies and security partners. Security measures applied to passengers, baggage, cargo, catering and stores throughout the network, in line with regulatory requirements. Extensive controls are in place to protect the operational safety of flight systems, including access controls to aircraft flight decks and physical security of aircraft at ports.

Liquidity and fuel price volatility (including foreign exchange): The Qantas Group's ability to maintain sufficient liquidity is inherent in providing for its operating needs. Maintaining access to a variety of funding sources, targeting minimum liquidity levels, and continued vigilance on costs through ongoing focus on further transformation opportunities are embedded to ensure adequate coverage of liquidity requirements, taking into consideration a range of adverse scenarios, including flexibility in capacity settings to respond promptly to sudden changes in demand and shift in customer preferences. The Qantas Group remains focused on delivering its strategic priorities while continuing to protect its liquidity position through the ongoing application of its Financial Framework.

The Qantas Group is subject to fuel price and foreign exchange risks which are an inherent part of the operations of an airline and as such, are industry-wide risks. For the Qantas Group, the size of the Group's fuel and foreign exchange risk will vary with operational capacity, the routes the Group operates as well as the size of fleet investment capital expenditure. Recent tensions and unrest, especially in the Middle East, have increased fuel price volatility, which is expected to persist into financial year 2024/25 and financial year 2025/26. Additionally, global political instability has impacted foreign exchange rates, affecting the Group's foreign currency-denominated cash outflows.

The Qantas Group manages its fuel and foreign exchange risks through a comprehensive hedging program (aligned to the Group's Treasury Risk Management Policy) which provides time for the business to ultimately adjust capacity to reflect the new operating environment or change its cost base. Qantas will continue to hedge its fuel and foreign exchange risks in line with this program. The Group normally uses a mix of fuel derivative collars and outright options to cover underlying fuel price risk and is actively managed for changes in capacity. In addition, the Group has an established investment prioritisation framework that informs capital expenditure prioritisation and continues to invest in new aircraft with a focus on fuel efficiency and conservation.

Competition: The markets in which the Qantas Group operates are highly competitive, and growth in market capacity ahead of underlying demand can impact upon industry profitability. Competitors include both domestic airlines and major foreign airlines (including government-owned or controlled airlines), some with more financial resources and/or lower cost structures than Qantas. This competition may increase with the expansion of existing airlines, the consolidation of existing airlines and/or the creation of alliances between airlines, changes to existing alliances, or new airlines entering the market.

Australia's aviation policies favour a highly competitive environment, including more liberal rights of entry into Australian domestic and international markets, compared to other jurisdictions. These policies have attracted offshore competitors (predominantly state-sponsored airlines) to the Australian international aviation market, which has further increased competition for passengers on international routes. Additionally, the Qantas Group ordinarily faces high levels of price competition in the markets in which it operates and aggressive pricing by competitors seeking to gain market share can adversely affect the Qantas Group's revenues and yield performance. The financial impact of fare discounts, as a result of competitive pressures is exacerbated by the high fixed costs that characterise the aviation industry.

Review of Operations continued

For the year ended 30 June 2024

MATERIAL BUSINESS RISKS (CONTINUED)

The combined effect of these factors may have a materially adverse effect on the revenue and financial position of the Group. The Group continues to leverage its dual brand strategy and established governance processes to optimise network and fleet plans to enhance the Group's competitive position, and reacts appropriately to emerging issues on pricing, network and capacity. The Group also continues to focus on enhancing operational performance and execution of clear strategies to maintain leadership in key customer segments, enabled by strong relationship management, investment in customer and loyalty programs, and technology-enabled solutions.

Market demand: Demand for travel largely drives the Qantas Group's planning as it deploys capacity based on market demand. Unforeseen and/or sustained change in market demand and/or change in capacity settings could result in a capacity/demand imbalance impacting on the Group's ability to maximise its position in the market. The Qantas Group optimises network and fleet plans through its dual brand strategy and fleet renewal program (next generation aircraft), ensuring there is flexibility to adjust capacity settings across the network to be able to respond to changes in demand. Active monitoring of early warning indicators of changes to markets is performed to mitigate exposures and pursue opportunities across the dual brands.

Industrial relations: The Qantas Group operates in a highly regulated employment market and a large proportion of the Qantas Group's employees are represented by unions and are party to collective bargaining arrangements. The Australian Government's legislative reforms to the *Fair Work Act (Cth)* could have significant implications for the Group. The Group continues to have oversight of the internal and external industrial landscape and monitors the emerging risks associated with the legislative reforms, including the potential implications to the Group.

Any significant enterprise bargaining dispute between the Qantas Group and its employees could also lead employees to take industrial action, including work stoppages. This could disrupt the Qantas Group's day-to-day operations and adversely affect business performance, potentially leading to reputational damage. The Group has developed business continuity plans, including testing and rehearsal (to the extent possible), to provide continuity of operations in the event of industrial action.

Customer risk: The ongoing success of the Qantas Group depends to a large degree on customer satisfaction and loyalty, particularly considering the significant competition for passengers that characterises the aviation industry. Operational challenges such as frequent cancellations, poor on-time performance, and mishandled baggage could continue to negatively impact customer satisfaction and harm the Qantas Group's reputation. Addressing these issues is crucial for maintaining our brand's strength and attracting future customers as we continue to build and enhance our reputation.

The Group recently announced significant investments to improve the customer experience, including enhanced Frequent Flyer rewards program and improved customer experience (in-flight experience, including WiFi capabilities, upgrading apps with baggage tracking features and live notification functionalities, introducing a smoother boarding experience through group boarding and improved food and beverages offerings).

The Group also continues to design and implement mechanisms to cover customer journey disruptions, including efficient and compassionate complaint resolution, delays and cancellations, easy and proactive reimbursement and product and service quality issues.

The Qantas Group is vulnerable to long-term changes in consumer preferences in relation to its service offerings, the markets in which it operates, and consumer and business sentiment towards travel, including environmental considerations and digital expectations. Any failure by the Qantas Group to predict or respond to such changes in a timely and cost-effective manner may adversely impact the Qantas Group's future operating and financial performance. The Group is focused on embedding a continuous improvement culture in core business units to ensure an integrated and consistent Group approach in managing customer concerns and complaints. As customer preferences shift, the Group continues to transform the customer experience through a multi-year program aimed at adapting to new customer journey requirements, market learnings and business need, to ensure the Group's strong market position is maintained.

Climate change: The Group recognises that human-induced climate change is a significant issue for the aviation industry and is committed to supporting the aims of the Paris Climate Agreement to limit warming to well below two degrees Celsius above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5 degrees Celsius above pre-industrial levels. Climate-related risks include both physical risks (such as increased extreme weather events) and transition risks (including development of alternative fuel and changes to government policy, law and regulation). The Group manages these risks through mechanisms including, but not limited to, emission reduction targets; scenario analysis to inform the Group's strategy; robust governance; fleet transformation activities; investing in modern aircraft technology; supporting a competitive sustainable aviation fuel industry in Australia; operational and market-based controls; carbon offset programs; and monitoring government policy. The Qantas Group's current emission reduction plan, as outlined in the March 2022 Climate Action Plan, includes: a 25 per cent reduction in net emissions from 2019 levels by 2030; 10 per cent sustainable aviation fuel in fuel mix by 2030; and net zero emissions by 2050. The Qantas Group is working actively in order to respond to the increased demand for transparency on identification and management of climate-related risks by aligning its corporate disclosures with the Taskforce on Climate-related Financial Disclosures (TCFD) and the Australian Accounting Standards Board's Australian Sustainability Reporting Standards - Disclosure of Climate-related Financial Information.

Review of Operations continued

For the year ended 30 June 2024

MATERIAL BUSINESS RISKS (CONTINUED)

Cyber security and data loss: The heightened cyber threat environment continues to evolve, with increased cyber-criminal activities targeting organisations capable of paying ransoms. Additionally, cyberattacks continue to represent a consequence of geopolitical risks, growing in scale, complexity and persistence. The Group remains focused on tracking these geopolitical developments that could potentially impact the Group's operations. The Group also continues to enhance its cyber defence, including heightened monitoring and assessment of technology and data environments, further enhancing cyber security, privacy and data governance controls; embedding them into business processes, taking a security and privacy by design approach; and creating a cyber-safe and privacy-orientated culture that builds on an established safety culture and the Three Lines risk management model.

The Group's Data Governance Framework now includes mechanisms to ensure that ethical and commercial data risks are managed in addition to data protection and privacy risks. Qantas has a defined risk and control framework, aligned with industry standards, which is designed to protect the confidentiality, integrity and availability of data and to maintain compliance with regulatory requirements. The Group's cyber and data privacy risks are continuously monitored by the Group's Cyber and Information Management Committees and are subject to independent assurance. In addition, the Qantas Group has a close working relationship and engagement with government and industry peers to enable the Group to effectively manage cyber and privacy risks as they evolve.

Supply chain: The Qantas Group is dependent on third-party providers for the expansion and replacement of its aircraft fleet, including availability of slots for aircraft maintenance, supply of aircraft parts, and other critical business processes. The failure of these providers to deliver and/or adequately perform their service obligations or other unexpected interruptions of services, such as the recent CrowdStrike incident, may cause significant disruption to the Group's operations and have an adverse impact on financial performance. The Group continuously builds resilience in flight schedules across the network, analyses and monitors the global and local supply market to provide early insights to support assessments of the Group's supply chain exposure; proactively manages and invests in high risk items; uses its business continuity plans to manage the risk of supply failures; and has contingency plans in place to respond to key supplier interruptions.

Policy or regulatory change: Given the highly regulated business environment the Group operates in, any major policy or regulatory changes, such as those in relation to competition and consumer legislation, rights of entry, climate change policy, industrial relations reforms, and airport infrastructure, can significantly impact the Group's operations, demand or competition. The Group continues to proactively engage with regulators and policy makers to demonstrate and inform the potential implications of proposed changes and contribute to improved policy outcomes. The Group also participates in industry bodies in Australia and internationally to proactively work with stakeholders with shared interests and drive policy outcomes which consider industry-wide challenges and implications.

New business models: As more large customer brands aim for a seamless customer journey, the threat of further airline disintermediation, the rapid rise of digitisation and new technology and business models continue to evolve. The Group continues to enhance its distribution strategy and digital capability, expand its coalition business through innovative new business models, new partners and member experience, and invest in technological platforms and processes to enable a significantly improved end-to-end customer journey.

An overview of the Group Risk Management Framework is contained in the Qantas Group Business Practices Document available at www.qantas.com.

Consolidated Income Statement

For the year ended 30 June 2024

	Notes	2024 \$M	2023 \$M
REVENUE AND OTHER INCOME			
Net passenger revenue		18,903	16,923
Net freight revenue		1,211	1,380
Other revenue and income	4(B)	1,825	1,512
Revenue and other income		21,939	19,815
EXPENDITURE			
Salaries, wages and other benefits		4,777	4,261
Aircraft operating variable		4,839	3,996
Fuel		5,316	4,555
Depreciation and amortisation	5	1,773	1,762
Share of net (profit)/loss of investments accounted for under the equity method		(4)	44
Net gain on disposal of assets		(18)	(4)
Other	6	3,171	2,512
Expenditure		19,854	17,126
Statutory profit before income tax expense and net finance costs		2,085	2,689
Finance income		117	138
Finance costs		(318)	(355)
Net finance costs		(201)	(217)
Statutory profit before income tax expense		1,884	2,472
Income tax expense	7(B)	(633)	(728)
Statutory profit for the year		1,251	1,744
Attributable to:			
Members of Qantas		1,255	1,746
Non-controlling interests		(4)	(2)
Statutory profit for the year		1,251	1,744
EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF QANTAS			
Statutory Earnings Per Share (cents)	3	75.9	96.0
Diluted Earnings Per Share (cents)	3	75.1	93.0

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	2024	2023
	\$M	\$M
Statutory profit for the year	1,251	1,744
Items that were or may be subsequently reclassified to profit or loss		
Effective portion of changes in fair value of cash flow hedges, net of tax	84	(79)
Transfer of effective hedging gains from hedge reserve to the Consolidated Income Statement, net of tax ¹	(76)	(232)
Net changes in hedge reserve for time value of options, net of tax	60	(111)
Foreign currency translation of controlled entities	(3)	(17)
Foreign currency translation of investments accounted for under the equity method	15	5
Items that will not subsequently be reclassified to profit or loss		
Defined benefit actuarial losses, net of tax	(61)	(103)
Fair value gains/(losses) on investments, net of tax	3	(12)
Other comprehensive income/(loss) for the year	22	(549)
Total comprehensive income for the year	1,273	1,195
Attributable to:		
Members of Qantas	1,277	1,197
Non-controlling interests	(4)	(2)
Total comprehensive income for the year	1,273	1,195

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

¹ These amounts were allocated to revenue of \$24 million (June 2023: \$17 million), fuel expenditure of (\$133) million (June 2023: (\$348) million) and income tax expense of \$33 million (June 2023: \$99 million) in the Consolidated Income Statement.

Consolidated Balance Sheet

As at 30 June 2024

	Notes	2024 \$M	2023 \$M
CURRENT ASSETS			
Cash and cash equivalents	11(A)	1,718	3,171
Receivables		1,124	1,046
Lease receivables		10	10
Other financial assets		261	222
Inventories		343	290
Assets classified as held for sale		45	38
Income tax receivables		21	-
Other		457	328
Total current assets		3,979	5,105
NON-CURRENT ASSETS			
Receivables		11	5
Lease receivables		48	52
Other financial assets		192	151
Investments accounted for under the equity method		39	25
Property, plant and equipment		13,558	11,849
Right of use assets		1,315	1,303
Intangible assets		638	687
Deferred tax assets		-	367
Other		784	810
Total non-current assets		16,585	15,249
Total assets		20,564	20,354
CURRENT LIABILITIES			
Payables		2,908	2,732
Revenue received in advance	10	6,722	6,662
Interest-bearing liabilities	11(B)	208	799
Lease liabilities		392	581
Other financial liabilities		41	51
Provisions		1,473	1,272
Total current liabilities		11,744	12,097
NON-CURRENT LIABILITIES			
Revenue received in advance	10	1,879	2,010
Interest-bearing liabilities	11(B)	4,827	4,370
Lease liabilities		1,164	976
Other financial liabilities		33	311
Provisions		424	580
Deferred tax liabilities		199	-
Total non-current liabilities		8,526	8,247
Total liabilities		20,270	20,344
Net assets		294	10
EQUITY			
Issued capital	9	1,317	2,186
Treasury shares		(62)	(106)
Reserves		324	200
Accumulated losses		(1,290)	(2,275)
Equity attributable to members of Qantas		289	5
Non-controlling interests		5	5
Total equity		294	10

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

30 June 2024 \$M	Issued Capital	Treasury Shares	Employee Compensation Reserve	Hedge Reserve	Foreign Currency Translation Reserve	Other Reserves ¹	Accumulated Losses	Non- controlling Interests	Total Equity
Balance as at 1 July 2023	2,186	(106)	259	(50)	3	(12)	(2,275)	5	10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR									
Statutory profit for the year	-	-	-	-	-	-	1,255	(4)	1,251
Other comprehensive income/(loss)									
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	84	-	-	-	-	84
Transfer of effective hedging gains from hedge reserve to the Consolidated Income Statement, net of tax	-	-	-	(76)	-	-	-	-	(76)
Net changes in hedge reserve for time value of options, net of tax	-	-	-	60	-	-	-	-	60
Foreign currency translation of controlled entities	-	-	-	-	(3)	-	-	-	(3)
Foreign currency translation of investments accounted for under the equity method	-	-	-	-	15	-	-	-	15
Defined benefit actuarial losses, net of tax	-	-	-	-	-	(61)	-	-	(61)
Fair value gains on investments, net of tax	-	-	-	-	-	3	-	-	3
Total other comprehensive income for the year	-	-	-	68	12	(58)	-	-	22
Total comprehensive income for the year	-	-	-	68	12	(58)	1,255	(4)	1,273
Recognition of effective cash flow hedges on capitalised assets, net of tax	-	-	-	(9)	-	-	-	-	(9)
Transactions with owners in their capacity as owners									
On-market share buy-back	(869)	-	-	-	-	-	-	-	(869)
Revaluation of put option over non-controlling interest	-	-	-	-	-	69	-	-	69
Purchase of non-controlling interest in controlled entity	-	-	-	-	-	211	(205)	4	10
Treasury shares acquired	-	(288)	-	-	-	-	-	-	(288)
Share-based payments expense	-	-	69	-	-	-	-	-	69
Shares vested and transferred to employees/ Rights unvested and lapsed	-	332	(238)	-	-	-	(65)	-	29
Total transactions with owners in their capacity as owners	(869)	44	(169)	-	-	280	(270)	4	(980)
Balance as at 30 June 2024	1,317	(62)	90	9	15	210	(1,290)	5	294

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

¹ Other Reserves as at 30 June 2024 includes the defined benefit reserve of \$217 million and the fair value reserve of (\$7) million.

Consolidated Statement of Changes in Equity continued

For the year ended 30 June 2024

30 June 2023										
\$M	Issued Capital	Treasury Shares	Employee Compensation Reserve	Hedge Reserve	Foreign Currency Translation Reserve	Other Reserves ¹	Accumulated Losses	Non-controlling Interests	Total Equity	
Balance as at 1 July 2022	3,186	(8)	81	394	15	159	(4,024)	7	(190)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR										
Statutory profit for the year	-	-	-	-	-	-	1,746	(2)	1,744	
Other comprehensive (loss)/income										
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(79)	-	-	-	-	(79)	
Transfer of effective hedging gains from hedge reserve to the Consolidated Income Statement, net of tax	-	-	-	(232)	-	-	-	-	(232)	
Net changes in hedge reserve for time value of options, net of tax	-	-	-	(111)	-	-	-	-	(111)	
Foreign currency translation of controlled entities	-	-	-	-	(17)	-	-	-	(17)	
Foreign currency translation of investments accounted for under the equity method	-	-	-	-	5	-	-	-	5	
Defined benefit actuarial losses, net of tax	-	-	-	-	-	(103)	-	-	(103)	
Fair value losses on investments, net of tax	-	-	-	-	-	(12)	-	-	(12)	
Total other comprehensive loss for the year	-	-	-	(422)	(12)	(115)	-	-	(549)	
Total comprehensive income for the year	-	-	-	(422)	(12)	(115)	1,746	(2)	1,195	
Recognition of effective cash flow hedges on capitalised assets, net of tax	-	-	-	(22)	-	-	-	-	(22)	
Transactions with owners in their capacity as owners										
On-market share buy-back	(1,000)	-	-	-	-	-	-	-	(1,000)	
Revaluation of put option over non-controlling interest	-	-	-	-	-	(56)	-	-	(56)	
Treasury shares acquired	-	(104)	-	-	-	-	-	-	(104)	
Share-based payments expense	-	-	188	-	-	-	-	-	188	
Shares vested and transferred to employees/ Rights unvested and lapsed	-	6	(10)	-	-	-	3	-	(1)	
Total transactions with owners in their capacity as owners	(1,000)	(98)	178	-	-	(56)	3	-	(973)	
Balance as at 30 June 2023	2,186	(106)	259	(50)	3	(12)	(2,275)	5	10	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

¹ Other Reserves as at 30 June 2023 includes the defined benefit reserve of \$278 million, the put option reserve of (\$280) million and the fair value reserve of (\$10) million.

Consolidated Cash Flow Statement

For the year ended 30 June 2024

	2024	2023
	\$M	\$M
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	23,153	21,555
Cash payments to suppliers and employees	(19,549)	(16,356)
Interest received	116	128
Interest paid (interest-bearing liabilities)	(158)	(186)
Interest paid (lease liabilities)	(77)	(65)
Dividends received from investments accounted for under the equity method	5	12
Australian income taxes paid	(45)	-
Foreign income taxes paid	(4)	(3)
Net cash inflow from operating activities	3,441	5,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment and intangible assets	(2,673)	(2,563)
Interest paid and capitalised on qualifying assets	(88)	(31)
Payments for investments held at fair value	(5)	-
Proceeds from disposal of property, plant and equipment, net of costs	90	11
Payments for acquisition of non-controlling interest in subsidiary	(211)	-
Proceeds from disposal of shares in investments accounted for under the equity method	-	33
Payments for investments accounted for under the equity method	-	(75)
Net cash outflow from investing activities	(2,887)	(2,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for share buy-back	(852)	(1,000)
Payments for treasury shares	(292)	(103)
Proceeds from interest-bearing liabilities, net of costs	1,011	826
Repayments of interest-bearing liabilities	(1,176)	(1,669)
Repayments of lease liabilities	(708)	(690)
Proceeds from lease receivables	10	8
Payments for aircraft security deposits	(3)	-
Net cash outflow from financing activities	(2,010)	(2,628)
Net decrease in cash and cash equivalents held	(1,456)	(168)
Cash and cash equivalents at the beginning of the year	3,171	3,343
Effects of exchange rate changes on cash and cash equivalents	3	(4)
Cash and cash equivalents at the end of the year	1,718	3,171

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Condensed Notes to the Preliminary Final Report

For the year ended 30 June 2024

1 STATEMENT OF MATERIAL ACCOUNTING POLICIES

(A) REPORTING ENTITY

Qantas Airways Limited (Qantas) is a for-profit company limited by shares, incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX) and which is subject to the operation of the *Qantas Sale Act 1992* (Cth).

The Preliminary Final Report for the year ended 30 June 2024 comprises Qantas and its controlled entities (together referred to as the Qantas Group or the Group) and the Qantas Group's interest in investments accounted for under the equity method.

The Preliminary Final Report of Qantas for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 29 August 2024.

i. Statement of Compliance

The Preliminary Final Report has been prepared in accordance with the *Corporations Act 2001* (Cth) and the recognition and measurement requirements of the Australian Accounting Standards Board (AASB). The Preliminary Final Report also complies with the recognition and measurement requirements of International Financial Reporting Standards (IFRS), the International Financial Reporting Interpretations Committee (IFRIC) adopted by the International Accounting Standards Board (IASB).

The Annual Financial Report is in the process of being audited and is expected to be made available in September 2024. The Preliminary Final Report should also be read in conjunction with any public announcements made by Qantas during the year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* (Cth) and ASX Listing Rules.

ii. Basis of Preparation

The Preliminary Final Report has been prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due. The Preliminary Final Report is presented in Australian dollars, which is the functional and presentation currency of the Qantas Group, and has been prepared on the basis of historical cost except in accordance with relevant accounting policies where assets and liabilities are stated at their fair values in the following material items in the Consolidated Balance Sheet:

- Investments and derivatives at fair value through profit and loss, and investments at fair value through other comprehensive income are measured at fair value
- Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell
- Net defined benefit asset is measured at the fair value of plan assets less the present value of the defined benefit obligation
- Put option liability over relevant non-controlling interests is measured at the present value of the estimated redemption amount. Changes in the value of the put option liability are recognised in Other Reserves.

The Group is of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that Instrument, all financial information presented has been rounded to the nearest million dollars, unless otherwise stated.

(B) COMPARATIVES

Where applicable, comparative balances have been reclassified to align with current period presentation.

(C) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Preliminary Final Report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. It also requires the exercise of judgement in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis, as appropriate to the particular circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In preparing this report, areas of judgements made by Management in the application of Australian Accounting Standards that have a significant effect on the Preliminary Final Report and estimates with a significant risk of material adjustment in future periods include derivatives and hedging, revenue recognition, superannuation, contingent liabilities and provisions.

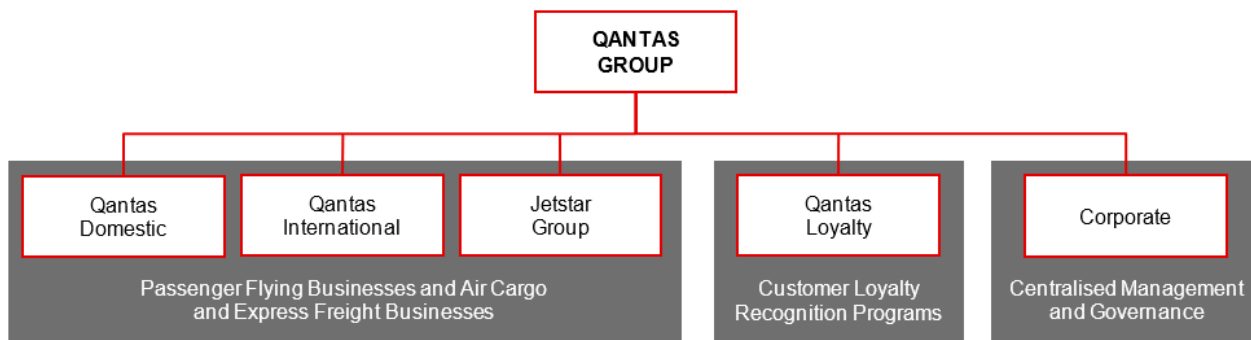
Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL

(A) OPERATING SEGMENTS

The Qantas Group comprises the following operating segments:



i. Underlying EBIT

Underlying EBIT is the primary reporting measure used by the Qantas Group's Chief Operating Decision-Making bodies (CODM), being the Chief Executive Officer, Group Leadership Team and the Board of Directors, for the purpose of assessing the performance of Qantas Domestic, Qantas International, Jetstar Group, and Qantas Loyalty operating segments. The primary reporting measure of the Corporate segment is Underlying PBT, as net finance costs are managed centrally and are not allocated to the Qantas Domestic, Qantas International, Jetstar Group or Qantas Loyalty operating segments. Underlying EBIT is calculated as Underlying PBT as outlined below (refer to Note 2(B)) but excluding the impact of net finance costs.

ii. Analysis by Operating Segment

2024 \$M	Qantas Domestic	Qantas International	Jetstar Group	Qantas Loyalty	Corporate	Unallocated/ Eliminations ¹	Consolidated
REVENUE AND OTHER INCOME							
External segment revenue and other income	6,831	8,205	4,776	2,455	12	(340)	21,939
Inter-segment revenue and other income	410	461	146	118	-	(1,135)	-
Total segment revenue and other income	7,241	8,666	4,922	2,573	12	(1,475)	21,939
Share of net profit/(loss) of investments accounted for under the equity method	10	10	(16)	-	-	-	4
Underlying EBITDA²	1,636	1,315	910	532	(256)	(85)	4,052
Depreciation and amortisation	(575)	(757)	(413)	(21)	(7)	-	(1,773)
Reversal of impairment/(impairment)	2	(2)	-	-	-	-	-
Underlying EBIT	1,063	556	497	511	(263)	(85)	2,279
Net finance costs					(201)		(201)
Underlying PBT					(464)		2,078
ROIC %³							57.9%

1 Unallocated/Eliminations represents unallocated businesses of the Qantas Group that are not considered to be reportable segments and consolidation elimination entries. It also includes the impact of discount rate changes on provisions (refer to Note 6), and changes in presentation of income/expenses where the determination of whether the Group is acting as principal or agent is made on consolidation. Unallocated/Eliminations also includes the recognition of the Recovery Boost bonus for EBA-covered employees announced in June 2022 and the Recovery Retention bonuses announced in February 2022 expensed in accordance with relevant Accounting Standards.

2 Underlying EBITDA represents underlying earnings before income tax expense, depreciation, amortisation, net finance costs and reversal of impairment/(impairment).

3 ROIC % represents Return on Invested Capital (ROIC) EBIT divided by Average Invested Capital. Refer to Note 2(C).

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL (CONTINUED)

(A) OPERATING SEGMENTS (CONTINUED)

ii. Analysis by Operating Segment (continued)

2023 \$M	Qantas Domestic	Qantas International	Jetstar Group	Qantas Loyalty	Corporate	Unallocated/ Eliminations ¹	Consolidated
REVENUE AND OTHER INCOME							
External segment revenue and other income	6,497	7,493	4,097	2,043	9	(324)	19,815
Inter-segment revenue and other income	483	256	138	146	-	(1,023)	-
Total segment revenue and other income	6,980	7,749	4,235	2,189	9	(1,347)	19,815
Share of net (loss)/profit of investments accounted for under the equity method	5	5	(54)	-	-	-	(44)
Underlying EBITDA²	1,936	1,592	759	500	(205)	(137)	4,445
Depreciation and amortisation	(665)	(686)	(355)	(49)	(7)	-	(1,762)
Impairment	(1)	-	-	-	-	-	(1)
Underlying EBIT	1,270	906	404	451	(212)	(137)	2,682
Net finance costs					(217)		(217)
Underlying PBT					(429)		2,465
ROIC %³							103.6%

1 Unallocated/Eliminations represents unallocated businesses of the Qantas Group that are not considered to be reportable segments and consolidation elimination entries. It also includes the impact of discount rate changes on provisions (refer to Note 6), and changes in presentation of income/expenses where the determination of whether the Group is acting as principal or agent is made on consolidation. Unallocated/Eliminations also includes the recognition of the Recovery Boost bonus for EBA-covered employees announced in June 2022 and the Recovery Retention bonuses announced in February 2022 expensed in accordance with relevant Accounting Standards.

2 Underlying EBITDA represents underlying earnings before income tax expense, depreciation, amortisation, net finance costs and reversal of impairment/(impairment).

3 ROIC % represents Return on Invested Capital (ROIC) EBIT divided by Average Invested Capital. Refer to Note 2(C).

Passenger revenue primarily arises within the Qantas Domestic, Qantas International and Jetstar Group segments. Freight revenue primarily arises within Qantas International, except when belly space is utilised in Qantas Domestic and Jetstar Group.

Marketing revenue and redemption revenue in relation to the issuance and redemption of Qantas Points is recognised within the Qantas Loyalty segment. Marketing revenue on inter-segment Qantas Point issuances is eliminated on consolidation. Redemption revenue arising from Qantas Group flight redemptions is recognised within Net Passenger Revenue on consolidation. The inter-segment arrangements with Qantas Loyalty are designed not to derive a net profit from inter-segment Qantas Point issuances and redemptions.

Redemption revenue in relation to products provided by suppliers outside the Group, such as Qantas Marketplace redemptions and other carrier redemptions, is recognised within Revenue in the Consolidated Income Statement net of related costs, as the Group is an agent. For the purposes of segment reporting, the Qantas Loyalty segment reports these redemptions on a gross basis. Adjustments are made within consolidation eliminations to present these redemptions on a net basis at a Group level within Other Revenue and Income.

(B) UNDERLYING PROFIT BEFORE TAX (UNDERLYING PBT) AND RECONCILIATION TO STATUTORY PROFIT BEFORE TAX

Underlying PBT is a non-statutory measure and is the primary reporting measure used by the CODM bodies for the purpose of assessing the performance of the Group. The objective of measuring and reporting Underlying PBT is to provide a meaningful and consistent representation of the underlying performance of each operating segment and the Qantas Group.

Items which are identified by Management and reported to the CODM bodies as not representing the underlying performance of the business are not included in Underlying PBT. The determination of these items is made after consideration of their nature and materiality and is applied consistently from period to period.

Items not included in Underlying PBT primarily result from revenues or expenses outside the ordinary course of business relating to business activities in other reporting periods, Recovery Plan restructuring costs, transactions involving investments, gains/losses on sale and/or impairments of assets and other transactions.

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL (CONTINUED)

(B) UNDERLYING PROFIT BEFORE TAX (UNDERLYING PBT) AND RECONCILIATION TO STATUTORY PROFIT BEFORE TAX (CONTINUED)

	Note	2024 \$M	2023 \$M
RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT BEFORE TAX			
Underlying PBT		2,078	2,465
<i>Items not included in Underlying PBT</i>			
– Legal provisions and related costs	13(B)	(198)	–
– Recovery Plan restructuring costs		–	5
– Net gain on disposal of assets		4	2
Total items not included in Underlying PBT		(194)	7
Statutory Profit Before Income Tax Expense		1,884	2,472

In the 2023/24 financial year, items outside of Underlying PBT included:

Item outside of Underlying PBT	Description
Legal provisions and related costs	(\$128) million for the announced ACCC settlement (compensation and penalties) and related costs and (\$70) million for an increase in provisions in relation to the ground handling outsourcing Federal Court case (refer to Note 13(B)), recognised in Other Expenditure.
Net gain on disposal of assets	The net gain on disposal of assets of \$4 million arose from the disposal of Perth Airport assets.

The 2022/23 financial year included the following items:

Item outside of Underlying PBT	Description
Recovery Plan restructuring costs	\$5 million primarily relates to the reversal of a redundancy provision previously recognised.
Net gain on disposal of assets	The net gain on disposal of assets of \$2 million arose from the sale of the Group's investment in Helloworld Travel Ltd (ASX: HLO).

(C) RETURN ON INVESTED CAPITAL

Return on Invested Capital (ROIC %) is a non-statutory measure and is the primary financial return measure of the Group. ROIC % is calculated as Return on Invested Capital EBIT (ROIC EBIT) divided by Average Invested Capital.

i. ROIC EBIT and ROIC %

ROIC EBIT is derived by adjusting Underlying EBIT for the year to exclude leased aircraft depreciation under AASB 16 Leases (AASB 16) and to include notional depreciation for these aircraft to account for them as if they were owned.

In addition, for non-aircraft leases, ROIC EBIT is reduced for the full lease payments rather than depreciation under AASB 16 to account for these items as a service cost. The objective of these adjustments is to show an EBIT result which is indifferent to the financing or ownership structure of aircraft assets and that treats non-aircraft leases as a service cost rather than a debt repayment.

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

2 OPERATING SEGMENTS, UNDERLYING PROFIT BEFORE TAX AND RETURN ON INVESTED CAPITAL (CONTINUED)

(C) RETURN ON INVESTED CAPITAL (CONTINUED)

i. ROIC EBIT and ROIC % (Continued)

	2024	2023
	\$M	\$M
Underlying EBIT	2,279	2,682
Add back: Lease right of use depreciation under AASB 16	295	320
Less: Notional depreciation ¹	(91)	(131)
Less: Cash expenses for non-aircraft leases ²	(243)	(228)
ROIC EBIT	2,240	2,643
Average Invested Capital for the year ended 30 June	3,869	2,552
ROIC %³	57.9%	103.6%

¹ For calculating ROIC, capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing Aircraft Value Analysis Company (AVAC)) at the date of commencing operations at the prevailing AUD/USD rate. This value is depreciated notionally in accordance with the Group's accounting policies, with the calculated depreciation reported above as notional depreciation.

² Cash expenses for non-aircraft leases are net of rental income from subleases.

³ ROIC % represents Return on Invested Capital (ROIC) EBIT divided by Average Invested Capital. Refer to Note 2(C)ii.

ii. Average Invested Capital

The objective of the Group's Financial Framework is to show Invested Capital which is indifferent to financing or ownership structures of aircraft assets (leased versus owned). Invested Capital includes the net assets of the business other than cash, lease receivables, interest-bearing liabilities, other financial assets/liabilities and tax balances as well as lease liabilities and right of use assets (for leased aircraft, property and other assets) as measured under AASB 16.

To account for the capital invested in leased aircraft, Invested Capital includes an amount representing the capitalised value of leased aircraft assets as if they were owned. Invested Capital includes the full capital held in leased aircraft, which is a non-statutory adjustment, as in accordance with AASB 16 right of use assets are only measured with reference to the lease term.

Average Invested Capital is equal to the average of the monthly Invested Capital for the year.

	2024	2023
	\$M	\$M
Invested Capital		
Receivables (current and non-current)	1,135	1,051
Inventories	343	290
Other assets (current and non-current)	1,241	1,138
Investments accounted for under the equity method	39	25
Property, plant and equipment	13,558	11,849
Intangible assets	638	687
Assets classified as held for sale	45	38
Payables	(2,908)	(2,732)
Provisions (current and non-current)	(1,897)	(1,852)
Revenue received in advance (current and non-current)	(8,601)	(8,672)
Capitalised aircraft leased assets ¹	982	1,409
Invested Capital as at 30 June	4,575	3,231
Average Invested Capital for the year ended 30 June	3,869	2,552

¹ For calculating ROIC, all statutory aircraft lease balances and provisions related to leased aircraft are adjusted to represent the capitalised value of leased aircraft, as if they were owned. Capitalised leased aircraft are included in the Group's Invested Capital at the AUD market value (referencing Aircraft Value Analysis Company (AVAC)) at the date of commencing operations at the prevailing AUD/USD rate. This value is notionally depreciated in accordance with the Group's accounting policies, with the calculated depreciation reported in ROIC EBIT as notional depreciation. The carrying value of leased aircraft (AUD market value less accumulated notional depreciation) and an adjustment to exclude aircraft lease return provisions is reported within Invested Capital as capitalised aircraft leased assets.

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

3 EARNINGS PER SHARE

	2024	2023
	cents	cents
Statutory Earnings Per Share ¹	75.9	96.0
Diluted Earnings Per Share ²	75.1	93.0

1 Weighted average number of shares used in statutory Earnings Per Share calculation of 1,653 million (June 2023: 1,818 million) excludes unallocated treasury shares.

2 Weighted average number of shares used in diluted Earnings Per Share calculation of 1,670 million (June 2023: 1,877 million) excludes unallocated treasury shares and is adjusted for the effects of all dilutive potential ordinary shares.

	2024	2023
	\$M	\$M
Statutory profit attributable to members of Qantas	1,255	1,746

NUMBER OF SHARES	2024	2023
	Number	Number
	M	M
Issued shares as at 1 July	1,724	1,886
Shares bought back ¹	(156)	(162)
Issued shares as at 30 June	1,568	1,724
Weighted average number of shares for the year ¹	1,659	1,824

1 This includes 2.9 million shares (\$17 million) that were purchased during the 2023/24 financial year but not settled until July 2024.

4 REVENUE AND OTHER INCOME

(A) REVENUE AND OTHER INCOME BY GEOGRAPHIC AREA

	2024	2023
	\$M	\$M
Net passenger and freight revenue		
Australia	14,924	13,785
Overseas	5,190	4,518
Total net passenger and freight revenue	20,114	18,303
Other revenue and income	1,825	1,512
Total revenue and other income	21,939	19,815

Net passenger and freight revenue is attributed to a geographic region based on the point of sale, or where not directly available, on a pro-rata basis. Other revenue and income is not allocated to a geographic region as it is impractical to do so.

(B) OTHER REVENUE AND INCOME

	2024	2023
	\$M	\$M
Frequent Flyer marketing revenue and other Qantas Loyalty businesses ¹	1,122	868
Qantas Marketplace and other redemption revenue ^{1,2}	94	79
Third-party services revenue	286	271
Other revenue and income	323	294
Total other revenue and income	1,825	1,512

1 Where the Group acts as an agent for Qantas Loyalty redemptions, an adjustment is made within consolidation eliminations to present these redemptions on a net basis.

2 Qantas Marketplace and other redemption revenue excludes redemptions on Qantas Group flights, which are reported as net passenger revenue in the Consolidated Income Statement.

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

5 DEPRECIATION AND AMORTISATION

	2024	2023
	\$M	\$M
Property, plant and equipment	1,429	1,351
Right of use assets	295	320
Intangible assets	49	91
Total depreciation and amortisation	1,773	1,762

6 OTHER EXPENDITURE

	2024	2023
	\$M	\$M
Technology and digital	672	541
Commissions and other selling costs	608	577
Capacity hire (excluding lease components)	508	410
Hotel, holiday and tour related costs	277	138
Marketing and advertising	195	188
Property occupancy and utility expenses	140	127
Discretionary bonuses to non-executive employees	11	67
Impact of discount rate changes on provisions	3	(34)
Impairment of assets and related costs	-	1
Redundancy and related costs	7	4
ACCC settlement and related costs	128	-
Other	622	493
Total other expenditure	3,171	2,512

7 INCOME TAX

(A) INCOME TAX RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

	2024	2023
	\$M	\$M
Current income tax expense		
Current income tax – Australia	(24)	-
Current income tax – foreign	-	-
Total current income tax expense	(24)	-
Deferred income tax expense		
Origination and reversal of temporary differences	(132)	(121)
Net utilisation of tax losses	(472)	(485)
Utilisation of prepaid income tax instalments	-	(117)
Current year deferred income tax expense	(604)	(723)
Benefit of tax offsets	(5)	(5)
Total deferred income tax expense	(609)	(728)
Total income tax expense in the Consolidated Income Statement	(633)	(728)

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

7 INCOME TAX (CONTINUED)

(B) RECONCILIATION BETWEEN INCOME TAX EXPENSE AND STATUTORY PROFIT BEFORE INCOME TAX

	2024	2023
	\$M	\$M
Statutory profit before income tax expense	1,884	2,472
Income tax expense using the domestic corporate tax rate of 30 per cent	(565)	(742)
Adjusted for:		
Differences in income/(loss) from investments accounted for under the equity method	–	(16)
Utilisation of previously unrecognised tax losses for foreign branches	–	4
(Losses not recognised)/utilisation of previously unrecognised losses for controlled entities	(4)	7
Non-deductible ACCC penalty	(30)	–
Recognition of previously unrecognised losses for branches and controlled entities	8	22
Other net non-deductible items	(42)	(4)
Over provision from prior periods	–	1
Income tax expense	(633)	(728)

(C) INCOME TAX (EXPENSE)/BENEFIT RECOGNISED DIRECTLY IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2024	2023
	\$M	\$M
Income tax on:		
Cash flow hedges	(26)	190
Defined benefit actuarial losses	26	44
Fair value (gains)/losses on investments	(1)	4
Income tax (expense)/benefit recognised directly in the Consolidated Statement of Comprehensive Income	(1)	238

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

7 INCOME TAX (CONTINUED)

(D) RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX RECEIVABLE

	2024	2023
	\$M	\$M
Income tax expense	(633)	(728)
Adjusted for temporary differences:		
Receivables	(5)	(88)
Inventories	–	2
Investments accounted for under the equity method	–	(1)
Property, plant and equipment and intangible assets	99	75
Right of use assets	–	105
Payables	3	(2)
Revenue received in advance	(42)	(2)
Interest-bearing liabilities	(43)	64
Lease liabilities	(6)	(86)
Other financial assets/(liabilities)	2	(1)
Provisions	48	1
Other items	76	54
Temporary differences	132	121
Benefit of tax offsets	5	5
Tax on taxable income before utilisation of tax losses	(496)	(602)
Tax losses utilised against current taxable income	480	507
Tax losses recognised through the Consolidated Income Statement	(8)	(22)
Prepaid tax instalments utilised	–	117
Tax on taxable income after utilisation of tax losses and prepaid tax instalments	(24)	–
Tax instalments paid	45	–
Income tax receivables	21	–

(E) QANTAS GROUP CARRIED FORWARD TAX LOSSES

	2024	2023
	\$M	\$M
Total tax losses brought forward as at 1 July	(494)	(979)
Tax losses utilised against current taxable income ¹	480	507
Tax losses recognised through Equity ²	(10)	–
Tax losses recognised through the Consolidated Income Statement ³	(8)	(22)
Tax losses carried forward to be utilised in future years	(32)	(494)

1 For the 2023/24 financial year, tax losses utilised against current taxable income is comprised of \$472 million Australian tax losses and \$8 million New Zealand tax losses (2023: \$507 million Australian tax losses).

2 A deferred tax asset of \$10 million has been recognised for income tax losses not available to be used in the 2023/24 financial year, which is expected to be recovered in future periods, referable to the acquisition of a non-controlling interest of a controlled entity.

3 A deferred tax asset of \$8 million was recognised in the 2023/24 financial year, which is expected to be recovered in future periods, referable to New Zealand (2023: \$22 million deferred tax asset).

8 DIVIDENDS AND OTHER SHAREHOLDER DISTRIBUTIONS

(A) DIVIDENDS DECLARED AND PAID

During the year ended 30 June 2024, the Group did not declare or pay any dividends.

(B) OTHER SHAREHOLDER DISTRIBUTIONS

During the year ended 30 June 2024, the Group completed on-market buy-backs totalling \$869 million of the \$500 million share buy-back that was announced in August 2023 and an additional \$400 million announced in February 2024. The Group purchased 156 million ordinary shares on issue at the average price of \$5.57.

In August 2024, the Directors announced that the Group expects to complete the remaining \$31 million of the total \$900 million buy-back in the first half of financial year 2024/25. In addition, the Directors announced a further on-market share buy-back of up to \$400 million.

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

9 CAPITAL

	2024	2023
	\$M	\$M
Opening balance: 1,724,454,680 (1 July 2022: 1,886,044,698) ordinary shares, fully paid	2,186	3,186
Shares bought back during the year: 156,194,284 (June 2023: 161,590,018) ordinary shares ¹	(869)	(1,000)
Closing balance: 1,568,260,396 (2023: 1,724,454,680) ordinary shares	1,317	2,186

¹ This includes 2.9 million shares (\$17 million) that were purchased during the 2023/24 financial year but not settled until July 2024.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of wind-up, Qantas ordinary shareholders rank after all creditors and are fully entitled to any residual proceeds on liquidation.

10 REVENUE RECEIVED IN ADVANCE

	2024			2023		
	\$M			\$M		
	Current	Non-current	Total	Current	Non-current	Total
Unavailed passenger revenue ¹	4,637	–	4,637	4,992	–	4,992
Unredeemed Frequent Flyer revenue	1,599	1,729	3,328	1,311	1,869	3,180
Other revenue received in advance	486	150	636	359	141	500
Total revenue received in advance	6,722	1,879	8,601	6,662	2,010	8,672

¹ Unavailed passenger revenue relates to sales to passengers in advance of the date of passenger travel. The balance includes tickets with a travel date subsequent to year end and tickets which have been transferred to a travel credit (other than Qantas COVID credits). Qantas COVID credits that remained outstanding as at 30 June 2024 are recognised as Payables due to the change in terms and conditions announced in August 2023 effective from 31 December 2023.

11 CASH AND CASH EQUIVALENTS AND INTEREST-BEARING LIABILITIES

(A) CASH AND CASH EQUIVALENTS

	2024	2023
	\$M	\$M
Cash and cash at call balances	898	1,204
Short-term money market securities and term deposits	820	1,967
Total cash and cash equivalents	1,718	3,171

Cash and cash equivalents comprise cash balances, cash at call, short-term money market securities and term deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(B) INTEREST-BEARING LIABILITIES

	2024			2023		
	\$M			\$M		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans – secured	179	792	971	177	971	1,148
Bank loans – unsecured	–	402	402	–	402	402
Other loans – secured	29	1,965	1,994	373	1,330	1,703
Other loans – unsecured	–	1,668	1,668	249	1,667	1,916
Total interest-bearing liabilities	208	4,827	5,035	799	4,370	5,169

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

12 CAPITAL EXPENDITURE COMMITMENTS

The Group's capital expenditure commitments as at 30 June 2024 are \$21,494 million (2023: \$14,646 million). The Group has certain rights within its aircraft purchase contracts which can defer the capital expenditure commitments.

The Group's capital expenditure commitments are predominantly denominated in US dollars. Commitments reported above are translated to the Group's Australian dollar presentational currency at the 30 June 2024 closing exchange rate of \$0.67 (2023: \$0.68).

13 CONTINGENT LIABILITIES AND LEGAL PROVISIONS

Where a legal claim has been made against the Group, it is necessary to determine whether each claim either meets the recognition requirement of a provision, represents a contingent liability requiring disclosure or does not require recognition or disclosure in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137). Contingent liabilities are disclosed in the Preliminary Final Report unless the outflow is considered 'remote'.

AASB 137 distinguishes between:

- a. provisions – which are recognised as liabilities (unless a reliable estimate cannot be made) because they are present obligations and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations; and
- b. contingent liabilities – which are not recognised as liabilities because they are either:
 - i. possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits; or
 - ii. present obligations that do not meet the recognition criteria (because either it is not probable that an outflow of resources will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

Contingent liabilities may develop over time and in a way different from initial expectations and are therefore assessed continuously to determine whether any outflow of economic benefits has become probable or a sufficiently reliable estimate of the amount of the obligation can now be made. If it becomes probable that an outflow of economic benefits will be required or a sufficiently reliable estimate can be made, for an item previously determined to be a contingent liability, a provision is recognised in the Consolidated Financial Statements in the period in which the change occurs.

Under AASB 137, disclosure of certain information is not required where it may significantly prejudice the subject matter of a provision or a contingent liability.

(A) CONTINGENT LIABILITIES

From time to time, Qantas is subject to claims and litigation during the normal course of business. The Directors have given consideration to such matters, which are or may be subject to litigation at 30 June 2024, and subject to specific provisions raised, are of the opinion that no material contingent liabilities exists other than the matters listed below.

The following legal proceedings were filed during the period. In line with AASB 137, other than described below, further information is not disclosed on the grounds that it may significantly prejudice the outcome of the proceedings. For legal proceedings that were lodged after the balance sheet date, refer to Note 14.

Class action proceedings

In August 2023, a class action proceeding was filed in the Federal Court of Australia. The claim relates to flights scheduled to depart between 1 January 2020 and 1 November 2022, and includes allegations that Qantas breached its contractual obligations to customers with regards to refunds for cancelled flights, misled customers as to their rights following flight cancellations and that Qantas was unjustly enriched by holding customer funds.

On 26 October 2023, a further class action proceeding was filed with significant overlap with the original claim.

On 29 January 2024, Justice Murphy made orders that the first proceedings would progress (to be jointly run by the legal representatives of both claims), with a stay of the second proceedings. A further amended statement of claim was filed by the applicant on 14 February 2024. On 27 February 2024, Qantas filed its further amended defence, denying the additional allegations. The parties have been ordered to mediate which is expected to occur in the first half of the 2024/25 financial year.

Condensed Notes to the Preliminary Final Report continued

For the year ended 30 June 2024

13 CONTINGENT LIABILITIES AND LEGAL PROVISIONS (CONTINUED)

(B) LEGAL PROVISIONS

The following legal proceedings are continuing. In line with AASB 137, other than described below, further information is not disclosed on the grounds that it may significantly prejudice the outcome of the proceedings.

Australian Competition and Consumer Commission proceedings

On 31 August 2023, the Australian Competition and Consumer Commission (ACCC) commenced proceedings in the Federal Court of Australia alleging breaches of the Australian Consumer Law in respect of flights scheduled to depart between May-July 2022.

On 6 May 2024, Qantas announced an agreement with the ACCC to resolve the Federal Court proceedings. As part of the settlement, Qantas has commenced a \$20 million remediation program for impacted passengers. Subject to the approval of the Federal Court of Australia, Qantas will also pay a \$100 million civil penalty. A total provision of \$128 million (including legal and other costs of managing the remediation program) was recognised in the Consolidated Income Statement for the year ended 30 June 2024.

Ground handling outsourcing

In September 2023, the High Court dismissed an appeal by Qantas against a decision of the Full Federal Court of Australia in May 2022 that determined that Qantas had contravened the adverse action provisions of the *Fair Work Act* in outsourcing the remainder of Qantas' ground handling function in 2020.

A compensation hearing for three "test case" employees was held before Justice Lee of the Federal Court in March 2024, with closing submissions in late May 2024. The decision from this hearing will set out the formula by which individual compensation for affected employees will be calculated. The matter will then be assigned to a number of referees nominated across the affected ports to calculate the appropriate compensation for each employee applying the reasoning outlined and determined by Justice Lee based on the three test case employees. The decision in relation to the compensation hearing had not been handed down.

A hearing on pecuniary penalties has not yet been held and will be listed at a later date.

A provision is held within the Consolidated Balance Sheet at 30 June 2024 for the best estimate of these remedies with an increase in the provision of \$70 million recognised since the half-year ended 31 December 2023. Given the Federal Court has significant discretion to consider and attach weight to the matters that affect any award of compensation and/or any imposition of penalties, both the quantum and timing of economic outflows is uncertain and the final outcome may vary materially from the amount provided.

14 POST-BALANCE SHEET DATE EVENTS

On 21 August 2024, a class action proceeding was filed in the Federal Court of Australia against Jetstar Airways Pty Limited. The claim relates to flights scheduled to depart between 1 January 2020 and 1 November 2022 that were cancelled by Jetstar Airways Pty Limited, and includes allegations that Jetstar breached its contractual obligations to customers with regards to refunds for cancelled flights, misled customers as to their rights following flight cancellations and that Jetstar was unjustly enriched by holding customer funds. The next step is for the matter to be listed for a first case management hearing. The Group intends to file a defence challenging these allegations.

As at the date of this report, the class action proceeding is a contingent liability that is subject to the uncertain outcome of the legal proceedings which may, or may not, result in an obligation. The potential financial impact of any possible obligation, if any, is unable to be reliably measured.

Other than as disclosed above and as noted in Note 8 – Dividends and Other Shareholder Distributions, there has not arisen, in the interval between 30 June 2024 and the date of this report, any other event that would have a material impact on the Preliminary Final Report as at 30 June 2024.

Operational Statistics

For the year ended 30 June 2024

		June 2024	June 2023
TRAFFIC AND CAPACITY			
QANTAS DOMESTIC (INCLUDING QANTASLINK)			
Passengers carried	'000	20,927	20,195
Revenue Passenger Kilometres (RPKs)	M	25,058	24,779
Available Seat Kilometres (ASKs)	M	32,950	32,513
Revenue Seat Factor	%	76.0	76.2
JETSTAR DOMESTIC			
Passengers carried	'000	14,744	12,682
Revenue Passenger Kilometres (RPKs)	M	18,494	16,041
Available Seat Kilometres (ASKs)	M	21,106	18,339
Revenue Seat Factor	%	87.6	87.5
GROUP DOMESTIC			
Available Seat Kilometres (ASKs)	M	54,056	50,852
QANTAS INTERNATIONAL			
Passengers carried	'000	7,744	6,265
Revenue Passenger Kilometres (RPKs)	M	48,850	38,717
Available Seat Kilometres (ASKs)	M	58,878	45,187
Revenue Seat Factor	%	83.0	85.7
JETSTAR INTERNATIONAL			
Passengers carried	'000	6,349	4,862
Revenue Passenger Kilometres (RPKs)	M	21,674	16,076
Available Seat Kilometres (ASKs)	M	25,124	18,736
Revenue Seat Factor	%	86.3	85.8
JETSTAR ASIA			
Passengers carried	'000	2,034	1,721
Revenue Passenger Kilometres (RPKs)	M	2,819	2,080
Available Seat Kilometres (ASKs)	M	3,299	2,483
Revenue Seat Factor	%	85.5	83.8
GROUP INTERNATIONAL			
Available Seat Kilometres (ASKs)	M	87,301	66,406
QANTAS GROUP OPERATIONS			
Passengers carried	'000	51,798	45,725
Revenue Passenger Kilometres (RPKs)	M	116,895	97,693
Available Seat Kilometres (ASKs)	M	141,357	117,258
Revenue Seat Factor	%	82.7	83.3
Group Unit Revenue (RASK)	c/ASK	11.20	12.29
Aircraft at end of the year	#	347	336