23 February 2023

ASX Market Announcements Office
Australian Securities Exchange Limited

**Lodged electronically via ASX Online**

**Qantas Group HY23 Appendix 4D and Interim Financial Report**

Qantas Airways Limited attaches the following documents relating to its results for the half-year ended 31 December 2022:

- Appendix 4D; and
- Interim Financial Report.

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**Authorised for release by the Qantas Board of Directors.**

# QANTAS AIRWAYS LIMITED

# AND ITS CONTROLLED ENTITIES

APPENDIX 4D AND

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2022

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.

| | December 2022 $M | December 2021 $M | Change $M | Change % |
|---|---|---|---|---|
| Revenue and other income | 9,909 | 3,074 | 6,835 | >100% |
| Statutory profit/(loss) after tax | 1,001 | (456) | 1,457 | >100% |
| Statutory profit/(loss) after tax attributable to members of Qantas | 1,003 | (456) | 1,459 | >100% |
| Underlying profit/(loss) before tax[1] | 1,428 | (1,277) | 2,705 | >100% |

**DIVIDENDS AND OTHER SHAREHOLDER DISTRIBUTIONS**

(A) Dividends disclosed and paid

No interim dividend will be paid in relation to the half-year ended 31 December 2022.

(B) Other shareholder distributions

During the half-year ended 31 December 2022, the Group completed an on-market share buy-back of $400 million, which was announced in August 2022. The Group purchased 69.2 million ordinary shares on issue at the average price of $5.78.

In February 2023, the Directors announced an on-market share buy-back of up to $500 million.

**EXPLANATION OF RESULTS**

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

This information should be read in conjunction with the Consolidated Annual Financial Report of the Qantas Group for the year ended 30 June 2022. 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 4.2A.

# Other Information

| | | December 2022 | June 2022 |
|---|---|---|---|
| Net assets per ordinary share | $ | 0.01 | (0.10) |
| Net tangible assets per ordinary share[2] | $ | (0.39) | (0.51) |

| | | December 2022 | December 2021 |
|---|---|---|---|
| Basic statutory earnings/(loss) per share[3] | cents | 53.9 | (24.2) |
| Diluted statutory earnings/(loss) per share[3,4] | cents | 52.7 | (24.2) |

1 Underlying PBT/LBT is a non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Management Committee 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 for the half-year ended 31 December 2022 excludes unallocated treasury shares and includes the effect of share rights expected to vest (using the treasury stock method). Weighted average number of shares for the half-year ended 31 December 2021 used in the diluted Earnings Per Share calculation is the same as used in basic Earnings Per Share calculation as the effect of share rights expected to vest are anti-dilutive and excluded from the calculation.

# Other Information continued

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

The Qantas Group disposed of/deregistered the following entities during the period:

- 75 per cent effective interest in Holiday Tours & Travel Limited (Hong Kong) on 9 September 2022;
- 12 per cent interest in Helloworld Travel Limited on 9 November 2022.

**OWNERSHIP INTEREST IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD**

| | December 2022 | June 2022 |
|---|---|---|
| | % | % |
| 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 |
| Helloworld Travel Limited | – | 12 |
| Jetstar Japan Co. Ltd. | 33 | 33 |
| PT Holiday Tours & Travel | 37 | 37 |

**FOREIGN OWNERSHIP**

As at 1 December 2022, Qantas Airways Limited's foreign ownership level was 24.37 per cent.[1]

[1] On the basis of its most recent foreign ownership reconciliation, as at 1 December 2022 foreign persons potentially held relevant interests of 24.37 per cent in the issued share capital of Qantas.

The Directors present their report together with the Consolidated Interim Financial Report for the half-year ended 31 December 2022 and the Independent Auditor's Review Report thereon.

# Directors

The Directors of Qantas Airways Limited at any time during or since the end of the half-year were as follows:

| Name | Period of Directorship |
|---|---|
| Richard Goyder, AO<br>*Chairman* | *Current, appointed 17 November 2017 – appointed Chairman 26 October 2018* |
| Alan Joyce, AC<br>*Chief Executive Officer* | *Current, appointed 28 July 2008 – appointed Chief Executive Officer 28 November 2008* |
| Maxine Brenner | *Current, appointed 29 August 2013* |
| Jacqueline Hey | *Current, appointed 29 August 2013* |
| Belinda Hutchinson, AC | *Current, appointed 12 April 2018* |
| Michael L'Estrange, AO | *Current, appointed 7 April 2016* |
| Antony Tyler | *Current, appointed 26 October 2018* |
| Todd Sampson | *Current, appointed 25 February 2015* |

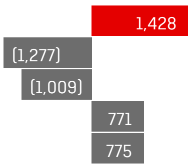
# Review of Operations

**For the half-year ended 31 December 2022**

## RESULTS HIGHLIGHT

**Underlying Profit/(Loss) Before Tax**

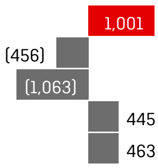
**1,428** $M




| **1H23** | **1,428** |
|---|---|
| 1H22 | (1,277) |
| 1H21 | (1,009) |
| 1H20 | 771 |
| 1H19 | 775 |

**Statutory Profit/(Loss) After Tax**

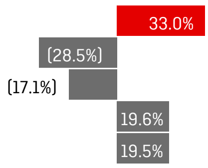
**1,001** $M




| **1H23** | **1,001** |
|---|---|
| 1H22 | (456) |
| 1H21 | (1,063) |
| 1H20 | 445 |
| 1H19 | 463 |

**Return on Invested Capital**

**33.0** %




| **1H23** | **33.0%** |
|---|---|
| 1H22 | (28.5%) |
| 1H21 | (17.1%) |
| 1H20 | 19.6% |
| 1H19 | 19.5% |

The Qantas Group reported record Underlying Profit Before Tax[1] (Underlying PBT) of $1,428 million for the first half 2022/23, a significant turnaround from the loss of ($1,277) million in the first half of 2021/22. This result was underpinned by strong travel demand with revenue strength offsetting record fuel prices (approximately 65 per cent higher than pre-COVID) in the period.

The post-COVID recovery in flying operations continued with Group Domestic ASKs[2] back to 94 per cent of pre-COVID levels and Group International ASKs at 60 per cent of pre-COVID levels. Whilst the health impacts of COVID-19 have abated, the industry experienced and is continuing to experience challenges which adversely affect operations. These include aircraft manufacturer delays, supply chain dislocations, labour availability and training, and limited heavy maintenance slots at MROs[3]. Significant investments were taken during the half to build up resilience against these factors, resulting in temporary cost inefficiencies.

The Group's Statutory Profit Before Tax was $1,435 million, improving by $2,057 million compared to the first half of financial year 2021/22, with the Statutory result including $7 million of net benefits, which were not included in Underlying PBT. Statutory Profit After Tax was $1,001 million.

Group Domestic operations saw an Underlying EBIT of $915 million for the half, led by strong leisure demand and recovery of business-purpose traffic to pre-COVID levels. The dual brand strategy is at the core of the Group's domestic strength, with leadership positions in each segment, the benefit of which was evident in the half.

The Group's International operations contributed an Underlying EBIT of $511 million for the half. Strong travel demand and a slow recovery in capacity resulted in strong unit revenue performance. This is expected to moderate in the second half as industry capacity continues to return, but remain substantially above pre-COVID levels, the contribution from Qantas Freight moderated as expected with the return of international passenger aircraft belly space capacity reducing freight yields.

Qantas Loyalty continued its strong recovery and performance with a record first half Underlying EBIT of $220 million, with points earned and redeemed exceeding pre-COVID levels. The size of the loyalty coalition continued to expand with approximately one million new members joining in the last 12 months and the program across Qantas Frequent Flyer and Qantas Business Rewards now exceeding 700 partners.

Underpinning the business segment performance, the $1 billion Recovery Plan has delivered $989 million in savings to date and the Group will complete the program in financial year 2022/23.

Key financial metrics for the first half 2022/23 financial year include:

- Statutory Earnings Per Share of 53.9 cents per share,
- Record first half results in Qantas Domestic, Qantas International and Qantas Loyalty,
- Strong Group RASK[4], 55 per cent above last year and 46 per cent above pre-COVID levels,
- Group operating margin of 16 per cent
- Net Debt of $2.4 billion as at 31 December 2022

The Financial Framework remains core to the Qantas Group strategy and the balance sheet is repaired. This balance sheet strength positions the Group well to accelerate investment into next generation aircraft technology. At the end of the first half of 2022/23, Net Debt[5] was $2.4 billion, below the optimal Net Debt target range, with the reduction in Net Debt driven by strong Net Free Cash Flow of $2.1 billion in the half. The Group also completed a $400 million share buy-back in the first half of 2022/23.

With all pillars of the Group's Financial Framework met, the Board resolved to distribute further surplus capital to shareholders, announcing an on-market share buy-back of up to $500 million.

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

3 Maintenance and Repair Organisation

4 Revenue per Available Seat Kilometre

5 Net Debt under the Group's Financial Framework includes net on balance sheet debt and capitalised aircraft lease liabilities.

# Review of Operations continued

**For the half-year ended 31 December 2022**

## THREE-YEAR RECOVERY PLAN

● **Complete**
○ **On track**

| Focus area | Target | Status | Status as at 31 December 2022 |
|---|---|---|---|
| Cash flow | ~$0.75 billion capex[6] for FY21<br>Sustainable positive Net Free Cash Flow[7] | ● | Complete: Sustainable Net Free Cash Flow[7] restored |
| Fleet management | Defer deliveries of A321neo and 787-9 aircraft<br>Retire 6 x 747s and hibernate A380s | ● | Complete: Fleet deliveries delayed during COVID-impacted years |
| Deleverage the balance sheet | Gross debt reduction of $1.3 billion[8] by FY23<br>Net Debt[9]/EBITDA <2.5 times by FY23 | ● | Complete: Financial strength restored, lowest Net Debt since GFC[10] |
| Qantas Loyalty | Return to double digit growth | ● | Complete: Returned to double digit growth from CY22 |
| Cost savings | 8,500 exits by FY21 (9,800 exits by FY22) | ● | Complete: Total exits of 9,800 by FY22, 100% of $1.0 billion cost out initiatives in place delivering $989 million benefits to date |
| | FY23 Group Unit Cost[11] (ex. fuel and depreciation) 10 per cent less than FY20 | ○ | On track, adjusted for FY23 transitionary costs and slower return of capacity with 1H23 Unit Cost[11] (ex. fuel and depreciation) at 4.81 c/ASK. |
| Customer, brand and employee engagement | Maintain customer advocacy (NPS[12]) premium to domestic competitor | *Ongoing focus* | NPS recovering with continued focus on customer experience with investment in digital, aircraft, lounges and Loyalty program rewards. Strong rebound in Qantas Domestic NPS[12] aligned with OTP[13] improvements. International NPS[12] improvement program implemented. |
| | Build brand and reputation | *Ongoing focus* | Long-term brand preference metrics stabilised for Qantas with improving operational reliability. |
| | Employee engagement | *Ongoing focus* | Sharing benefits of recovery with our people; including ongoing improvement to wages policy and recovery plan incentives worth ~$11,500 per non-executive employees[14]. "Your Say" surveys beginning to be rolled out in 2H23. |

The Recovery Plan has delivered $989 million in savings since the start of the program as at 31 December 2022, with 100 per cent of cost transformation initiatives in place. Consistent with long-standing practice, the Group is also committed to offsetting CPI costs through additional transformation comprising both cost and revenue initiatives.

## FINANCIAL FRAMEWORK ALIGNED WITH SHAREHOLDER OBJECTIVES

Qantas' Financial Framework aligns our objectives with those of our shareholders with the aim of achieving top quartile shareholder returns by targeting maintainable Earnings Per Share (EPS) growth over the cycle with industry-leading ESG[15] credentials. The Financial Framework is built on three clear priorities and associated long-term targets:

| **1. Maintaining an Optimal Capital Structure** | **2. ROIC > WACC[17] Through the Cycle** | **3. Disciplined Allocation of Capital** |
|---|---|---|
| Minimise cost of capital by targeting a Net Debt range of $3.9 billion to $4.8 billion[16] | Deliver ROIC > 10 per cent[18] | Grow Invested Capital with disciplined investment and return surplus capital |
| Deliver against Climate Action Plan Targets | ESG included in all business decisions | Prioritise projects that exceed both ESG and ROIC targets |

INDUSTRY-LEADING ESG CREDENTIALS | MAINTAINABLE EPS GROWTH OVER THE CYCLE

TOTAL SHAREHOLDER RETURNS IN THE TOP QUARTILE

[6] Net capital expenditure is equal to net expenditure of investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from the disposals/ acquisitions of leased aircraft.
[7] Cash from operating activities less net cash outflows from investing activities.
[8] Compared to Gross Debt level as at 30 June 2020.
[9] Net Debt includes on Balance Sheet debt and capitalised aircraft lease liabilities under the Group's Financial Framework. 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.
[10] Global Financial Crisis
[11] Underlying PBT/(LBT) less ticketed passenger revenue, fuel and share of profit/(loss) of investments accounted for under the equity method, non-cash impact of discount rate changes on provisions, excluding depreciation and impairments per ASKs.
[12] Net Promoter Score
[13] On-Time Performance
[14] Includes one-off Recovery Boost payment of $5,000 to EBA-covered Qantas Group employees once new enterprise agreements have been finalised and 1,000 share rights to eligible non-executive employees assuming share price as at 13 February 2023 (both incentives subject to eligibility criteria, performance and service conditions being met).
[15] Environmental, Social and Governance
[16] Based on Invested Capital of $3.3 billion as at 31 December 2022
[17] Weighted Average Cost of Capital, calculated on a pre-tax basis
[18] Target of greater than 10 per cent ROIC allows ROIC to be greater than pre-tax WACC through the cycle.

# Review of Operations continued

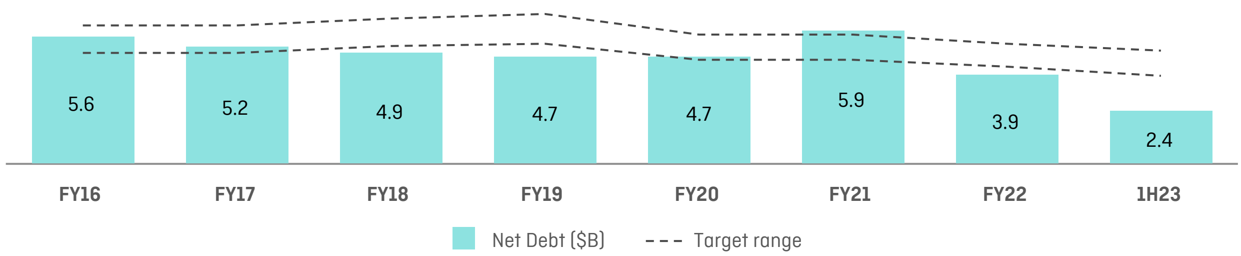
**For the half-year ended 31 December 2022**

### Maintaining an Optimal Capital Structure

The Group's Financial Framework targets an optimal capital structure to achieve the lowest cost of capital. This results in a Net Debt target range of $3.9 billion to $4.8 billion, based on the average Invested Capital for the 12 months ending 31 December 2022 of $3.3 billion. The range is based on a Net Debt to EBITDA range of 2.0-2.5 times where 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 the Group maintains an investment grade Baa2 rating with Moody's Investor Services.

At 31 December 2022, Net Debt was $2.4 billion, below the Net Debt target range.

Net Debt Profile FY16 to FY23 ($ billion)




| Debt Analysis | | December 2022 $M | June 2022 $M | Change $M | Change % |
|---|---|---|---|---|---|
| Net on balance sheet debt | $M | 1,191 | 2,617 | (1,426) | (54) |
| Capitalised operating lease liabilities[19] | $M | 1,207 | 1,320 | (113) | (9) |
| **Net Debt** | | **2,398** | **3,937** | **(1,539)** | **(39)** |

### ROIC > WACC Through the Cycle

The Return on Invested Capital (ROIC) for the 12 months to 31 December 2022 of 33 per cent was above the Group's threshold ROIC of 10 per cent. The current Average Invested Capital is $3.3 billion.

### 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[20] totalled $738 million during the first half of 2022/23. The Group returned $400 million to shareholders through an on-market share buy-back. This resulted in a 3.7 per cent reduction in shares on issue.

Upon considering the forward outlook for the business and the restoration of financial strength under its Financial Framework, the Board has resolved to announce an on-market buy-back up to the value of $500 million.

### Maintainable EPS Growth Over the Cycle

Statutory Earnings Per Share was 53.9 cents per share for the first half of 2022/23. The increase in Earnings Per Share from the first half of 2021/22 was driven by a significant increase in the Statutory Profit After Tax with the return of operations and completion of the $400 million on-market buy-back in the first half of 2022/23 .

[19] 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 operating lease liability denominated in foreign currency is translated at the long-term exchange rate.
[20] Net Capital Expenditure is equal to net expenditure from investing cash flows included 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 half-year ended 31 December 2022**

## GROUP PERFORMANCE

The Qantas Group reported an Underlying Profit Before Tax of $1,428 million for the first half of the 2022/23 financial year, a record half year result and a significant turnaround from the Underlying Loss Before Tax of ($1,277) million in the first half of financial year 2021/22.

Net passenger revenue increased by 447 per cent with the return of domestic and international operations. Net freight revenue decreased due to a moderation in record yields as international belly space capacity returned and other revenue increased primarily due to revenue growth at Qantas Loyalty.

| Group Underlying Income Statement Summary[21] | December 2022 $M | December 2021 $M | December 2018 (pre-COVID) $M |
|---|---|---|---|
| Net passenger revenue | 8,393 | 1,534 | 8,027 |
| Net freight revenue | 810 | 920 | 525 |
| Other | 706 | 620 | 654 |
| **Revenue** | **9,909** | **3,074** | **9,206** |
| Operating expenses (excluding fuel) | (5,124) | (2,798) | (5,347) |
| Fuel | (2,335) | (474) | (1,963) |
| Reversal of Impairment | (5) | — | — |
| Depreciation and amortisation | (880) | (884) | (983) |
| Share of net (loss)/profit of investments accounted for under the equity method | (21) | (47) | 3 |
| **Total underlying expenditure** | **(8,365)** | **(4,203)** | **(8,290)** |
| **Underlying EBIT** | **1,544** | **(1,129)** | **916** |
| Net finance costs | (116) | (148) | (141) |
| **Underlying PBT** | **1,428** | **(1,277)** | **775** |

| Operating Statistics | | December 2022 | December 2021 | December 2018 (pre-COVID) |
|---|---|---|---|---|
| Available Seat Kilometres (ASK)[22] | M | 55,438 | 13,506 | 76,854 |
| Revenue Passenger Kilometres (RPK)[23] | M | 47,322 | 7,103 | 64,958 |
| Passengers carried | 000 | 22,675 | 5,406 | 28,500 |
| Revenue Seat Factor[24] | % | 85.4 | 52.6 | 84.5 |
| Operating Margin[25] | % | 15.6 | (36.7) | 10.0 |
| Unit Revenue (RASK)[26] | c/ASK | 13.05 | 8.41 | 8.94 |
| Total Unit Cost[27] | c/ASK | (10.47) | (17.86) | (7.93) |

Group capacity for the year (ASK) increased by 310 per cent with the return of domestic and international operations. Revenue Passenger Kilometres increased by 566 per cent as the Group's Revenue Seat Factor increased to 85 per cent, from 53 per cent. Group Unit Revenue increased 55 per cent to 13.05 c/ASK. The Group's Total Unit Cost decreased to 10.47 c/ASK, notwithstanding an approximate 65 per cent increase in fuel prices, as a result of the continued return of Group capacity and the fixed cost base, including depreciation and amortisation, being spread across significantly higher ASKs.

## CASH GENERATION

| Cash Flow Summary | December 2022 $M | December 2021 $M | Change $M | Change % |
|---|---|---|---|---|
| Operating cash flows | 2,811 | 137 | 2,674 | >100 |
| Investing cash flows | (717) | 415 | (1,132) | <(100) |
| **Net Free Cash Flow** | **2,094** | **552** | **1,542** | **>100** |
| Financing cash flows | (1,296) | (72) | (1,224) | <(100) |
| Cash at beginning of year | 3,343 | 2,221 | 1,122 | 51 |
| Effect of foreign exchange on cash | 4 | 4 | — | — |
| **Cash at end of period** | **4,145** | **2,705** | **1,440** | **53** |

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.
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 Revenue Seat Factor – RPKs divided by ASKs. Also known as seat factor, 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.

# Review of Operations continued

**For the half-year ended 31 December 2022**

Operating cash inflows for the first half of financial year 2022/23 were $2,811 million, with strong unit revenues, continuing the rebuild of Revenue Received in Advance and Loyalty billings generating significant positive cash flow.

Investing cash outflows for the first half of financial year 2022/23 were ($717) million. Net capital expenditure[28] was $738 million, which included four aircraft deliveries, pre-delivery payments and the balance primarily directed to capitalised maintenance.

Net financing cash outflows of ($1,296) million included $695 million debt repayments partially offset by $34 million drawdown of debt, $232 million in net aircraft and non-aircraft lease repayments, and an on-market share buy-back of $400 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.

## 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.

During the half, the Group operated four additional E190s from Alliance Airlines in a capacity hire arrangement, six next-generation A321LRs were received into Jetstar Group (two of the six A321neos in Jetstar Japan excluded in table below), providing lower operating costs, reduced emissions and greater network reach; one A320-200 was returned to the lessor and one 737-300F was retired from freight operations.

At 31 December 2022, the Qantas Group fleet[29] totalled 328 aircraft. Over the next three years, the Group average expects to take delivery of a new aircraft every three weeks as fleet renewal accelerates.

| Fleet Summary (Number of Aircraft) | December 2022 | June 2022 |
|---|---|---|
| A380-800[30] | 10 | 10 |
| A330-200[31] | 18 | 18 |
| A330-300 | 10 | 10 |
| 737-800 | 75 | 75 |
| 787-9 | 11 | 11 |
| **Total Qantas** | **124** | **124** |
| 717-200 | 20 | 20 |
| Q200/Q300 | 19 | 19 |
| Q400 | 31 | 31 |
| E190 | 16 | 12 |
| F100 | 18 | 18 |
| A320-200 | 11 | 11 |
| **Total QantasLink** | **115** | **111** |
| A320-200 | 58 | 59 |
| A321-200 | 6 | 6 |
| A321LR | 4 | – |
| 787-8 | 11 | 11 |
| **Total Jetstar** | **79** | **76** |
| 737-300F/737-400F | 4 | 5 |
| 767-300F | 1 | 1 |
| A321-200F | 3 | 3 |
| 747-8F | – | 2 |
| 747-400F | 2 | – |
| **Total Freight** | **10** | **11** |
| **Total Group** | **328** | **322** |

[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.
[29] Includes Qantas Airways, Jetstar Australia and New Zealand, Jetstar Asia (Singapore), Qantas Freight and QantasLink and excludes aircraft operated by Jetstar Japan.
[30] Six A380-800 aircraft in service with five flying lines in operation as at 31 December 2022.
[31] Two A330-200s to be converted to A330F: One entered conversion in December 2022 and one planned for February 2023.

# Review of Operations continued

**For the half-year ended 31 December 2022**

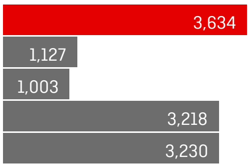
## SEGMENT PERFORMANCE

| Segment Performance Summary | December 2022 $M | December 2021 $M | December 2018 (pre-COVID) $M |
|---|---|---|---|
| Qantas Domestic | 785 | (613) | 478 |
| Qantas International | 464 | (238) | 119 |
| Jetstar Group | 177 | (417) | 253 |
| Qantas Loyalty | 220 | 127 | 175 |
| Corporate | (91) | (53) | (91) |
| Unallocated/Eliminations | (11) | 65 | (18) |
| **Underlying EBIT** | **1,544** | **(1,129)** | **916** |
| Net Finance Costs | (116) | (148) | (141) |
| **Underlying PBT** | **1,428** | **(1,277)** | **775** |

## QANTAS DOMESTIC

**Revenue**

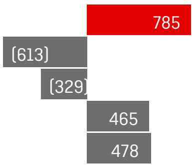
**3,634** $M




| | |
|---|---|
| **1H23** | **3,634** |
| 1H22 | 1,127 |
| 1H21 | 1,003 |
| 1H20 | 3,218 |
| 1H19 | 3,230 |

**Underlying EBIT**

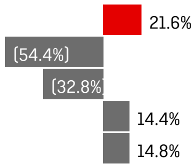
**785** $M




| | |
|---|---|
| **1H23** | **785** |
| 1H22 | (613) |
| 1H21 | (329) |
| 1H20 | 465 |
| 1H19 | 478 |

**Operating Margin**

**21.6** %




| | |
|---|---|
| **1H23** | **21.6%** |
| 1H22 | (54.4%) |
| 1H21 | (32.8%) |
| 1H20 | 14.4% |
| 1H19 | 14.8% |

| Metrics | | 1H23 | 1H22 | 1H19 (pre-COVID) |
|---|---|---|---|---|
| ASKs | M | 16,171 | 7,677 | 17,314 |
| Seat Factor | % | 79.6 | 49.6 | 79.6 |

Qantas Domestic reported a record first half Underlying EBIT of $785 million, a significant turnaround from a loss before interest and tax of ($613) million in the first half of 2021/22. The result was largely driven by increasing capacity 111 per cent compared to the first half of 2021/22 (93 per cent of pre-COVID levels), strong travel demand and cost transformation benefits from the Recovery Plan.

Unit revenue was up 25 per cent compared to pre-COVID levels, with continued premium leisure revenue growth and leadership positions in both Corporate and Small and Medium-sized Enterprise (SME) segments. The strength in demand saw a strong rise in seat factors, reaching 80 per cent for the half. As a result of revenue strength offsetting record fuel prices, continued cost base discipline and an ongoing transformation focus, the operating margin was 21.6 per cent for the half.

At the start of the half, Qantas Domestic experienced operational challenges due to record sick leave and tight labour markets, which coincided with a rapid recovery of demand. Steps were taken to address performance, including increased investment in recruitment and building resilience in flying schedules. Despite extreme weather events in the east coast, air traffic control limitations and busy school holiday periods, Qantas Domestic's on-time performance outperformed its major competitor five out of six months in the half.

In addition to stabilising operations, there have been continued investments in customer initiatives including:

- Upgrades in food and beverage in both Business and Economy cabins
- Opening of the Rockhampton Qantas Club lounge
- Relaunch and expansion of the Qantas Regional Grant Program
- Record release of Points Plane flights offering over 225,000 rewards seats to frequent flyers.

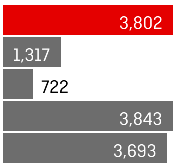
# Review of Operations continued

**For the half-year ended 31 December 2022**

## QANTAS INTERNATIONAL (including Freight)

**Revenue**

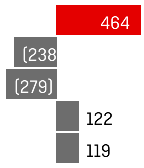
# 3,802 $M




| | |
|---|---|
| **1H23** | **3,802** |
| 1H22 | 1,317 |
| 1H21 | 722 |
| 1H20 | 3,843 |
| 1H19 | 3,693 |

**Underlying EBIT**

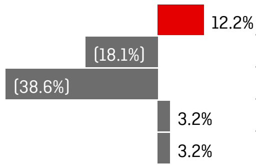
# 464 $M




| | |
|---|---|
| **1H23** | **464** |
| 1H22 | (238) |
| 1H21 | (279) |
| 1H20 | 122 |
| 1H19 | 119 |

**Operating Margin**

# 12.2 %




| | |
|---|---|
| **1H23** | **12.2%** |
| 1H22 | (18.1%) |
| 1H21 | (38.6%) |
| 1H20 | 3.2% |
| 1H19 | 3.2% |

| Metrics | | 1H23 | 1H22 | 1H19 (pre-COVID) |
|---|---|---|---|---|
| ASKs | M | 20,404 | 1,245 | 35,151 |
| Seat factor | % | 88.3 | 62.0 | 85.5 |

Qantas International (including Freight) reported a record Underlying EBIT of $464 million, with the international passenger business returning to profitability as the long-haul fleet returned to operations. The turnaround was driven by restoration of capacity to 58 per cent of pre-COVID levels in the first half of 2022/23 (compared to 4 per cent in the first half of 2021/22). This included expansion into new markets such as Seoul and Bengaluru and resuming services into Tokyo and Santiago.

Strong travel demand and a gradual recovery in total market capacity due to industry level constraints, resulted in strong unit revenue performance and seat factors at 88 per cent for the half. The structural benefits of fleet reconfiguration, delivering a 5 percentage point increase in premium cabin mix, were also supportive of unit revenues.

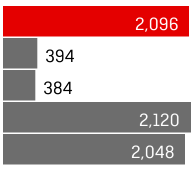
In the first half of 2022/23, freight performance moderated from a record half in 2021/22 as international yields normalised with increasing availability of international passenger aircraft belly space.

Despite record fuel prices, the international passenger business delivered an operating margin of 12.2 per cent.

## JETSTAR GROUP

**Revenue**

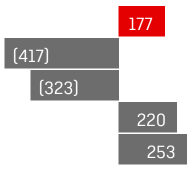
# 2,096 $M




| | |
|---|---|
| **1H23** | **2,096** |
| 1H22 | 394 |
| 1H21 | 384 |
| 1H20 | 2,120 |
| 1H19 | 2,048 |

**Underlying EBIT**

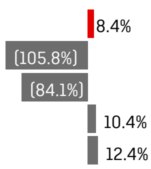
# 177 $M




| | |
|---|---|
| **1H23** | **177** |
| 1H22 | (417) |
| 1H21 | (323) |
| 1H20 | 220 |
| 1H19 | 253 |

**Operating Margin**

# 8.4 %




| | |
|---|---|
| **1H23** | **8.4%** |
| 1H22 | (105.8%) |
| 1H21 | (84.1%) |
| 1H20 | 10.4% |
| 1H19 | 12.4% |

| Metrics | | 1H23 | 1H22 | 1H19 (pre-COVID) |
|---|---|---|---|---|
| ASKs | M | 18,863 | 4,584 | 24,389 |
| Seat factor | % | 87.2 | 55.0 | 86.6 |

The Jetstar Group reported an Underlying EBIT of $177 million, representing a strong turnaround to profitability despite a slower return of its key international markets. Jetstar Group capacity for the half was 77 per cent of pre-COVID levels, with seat factor increasing to 87 per cent, up from 55 per cent in the first half of 2021/22.

Jetstar's Australian Domestic operations delivered an Underlying EBIT of $130 million with capacity recovered to 94 per cent of pre-COVID levels. The result was driven by strong unit revenue growth, up 16 per cent compared to pre-COVID levels, with ancillary revenue per passenger growing 39 per cent, offsetting record fuel prices in the half. Domestic operating margin was 11 per cent in the first half.

Jetstar Australia, New Zealand and Jetstar Asia (Singapore) international operations reported an Underlying EBIT of $47 million, reflecting a slower return of key markets, with capacity recovered to 66 per cent of pre-COVID levels. In the half, Jetstar Australia resumed services to Japan and South Korea.

Jetstar Group's result includes a ($25) million loss attributable to the share of statutory losses for Jetstar Japan, largely driven by challenging domestic demand and excess capacity environment in Japan due to more extended COVID-19 impacts in the market.

The first six A321LR aircraft were delivered in the first half of 2022/23 (four to Jetstar Australia and New Zealand and two to Jetstar Japan), delivering an estimated 10 per cent unit cost advantage compared to Australian competitors. The Jetstar Group continues to deliver low fares leadership, offering over 4 million fares below $100 in the first half.

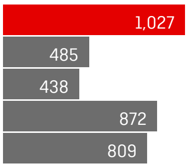
# Review of Operations continued

**For the half-year ended 31 December 2022**

## QANTAS LOYALTY

**Revenue**

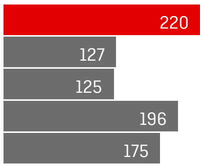
**1,027** $M




| | |
|---|---|
| **1H23** | **1,027** |
| 1H22 | 485 |
| 1H21 | 438 |
| 1H20 | 872 |
| 1H19 | 809 |

**Underlying EBIT**

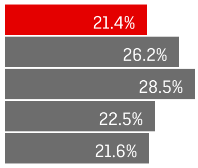
**220** $M




| | |
|---|---|
| **1H23** | **220** |
| 1H22 | 127 |
| 1H21 | 125 |
| 1H20 | 196 |
| 1H19 | 175 |

**Operating Margin**

**21.4** %




| | |
|---|---|
| **1H23** | **21.4%** |
| 1H22 | 26.2% |
| 1H21 | 28.5% |
| 1H20 | 22.5% |
| 1H19 | 21.6% |

| Metrics | | 1H23 | 1H22 | 1H19 (pre-COVID) |
|---|---|---|---|---|
| QFF members | M | 14.7 | 13.8 | 12.6 |
| Points earned | B | 88 | 51 | 77 |
| Points burned | B | 83 | 43 | 66 |

Qantas Loyalty reported a record half Underlying EBIT of $220 million, with the strong travel recovery underpinning an uplift in member engagement and points earned and burned exceeding pre-COVID levels. The strength of the program was reflected in membership growth with approximately one million new members in the last 12 months. Operating margin returned to pre-COVID levels as Group capacity recovers - Qantas Loyalty does not generate profit on transactions between itself and Qantas Group airlines.

Momentum continues as the business saw record points earned on financial services products with spend on Qantas Points earning credit cards exceeding pre-COVID levels. Qantas Loyalty continues to maintain approximately 35 per cent of all consumer spend occurring on credit cards earning Qantas Points.

In addition, Hotel & Holiday bookings were approximately 40 per cent higher than pre-COVID levels and the business saw revenue[32] from new TripADeal bookings approximately double in the first half of 2022/23 relative to the second half of 2021/22. Other highlights in the portfolio include a 14 per cent growth in Health Insurance customers and a greater than three-fold increase in travel insurance policies sold.

Qantas Loyalty is committed to ongoing program engagement amongst its members and to maintain strong member engagement through initiatives including the expansion of Hotel & Holiday offerings and status extensions for frequent flyer members at Silver tier and above.

[32] Total Transaction Value of bookings made using cash and/or Qantas Points.

# Review of Operations continued

**For the half-year ended 31 December 2022**

## RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT/(LOSS) BEFORE TAX

The Statutory Profit Before Tax was $1,435 million for the half-year ended 31 December 2022.

### Underlying PBT

Underlying PBT is a non-statutory measure and is the primary reporting measure used by the CODM 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, restructuring/transformation initiatives, transactions involving investments, impairments of assets and other transactions.

| RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT/(LOSS) BEFORE TAX | December 2022 $M | December 2021 $M |
|---|---|---|
| **Underlying PBT** | **1,428** | **(1,277)** |
| *Items not included in Underlying PBT* | | |
| – Recovery Plan restructuring costs | 5 | (12) |
| – Reversal of impairment of assets and related costs | – | 18 |
| – Net gain on disposal of Mascot land and buildings | – | 649 |
| – Net gain on disposal of assets | 2 | – |
| **Total items not included in Underlying PBT** | **7** | **655** |
| **Statutory Profit/(Loss) Before Tax** | **1,435** | **(622)** |

In the first half of the 2022/23 financial year, the 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. |

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

# Review of Operations continued

**For the half-year ended 31 December 2022**

## 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, exposure to economic uncertainty and geopolitical instability, changes in government regulations, volatility in fuel prices and foreign exchange rates, and other exogenous events such as aviation incidents, natural disasters or international conflicts. In rare circumstances, 'black swan' risk events can materialise, resulting in unexpected consequences such as those that the aviation industry experienced due to the COVID-19 pandemic. Material business risks arising from the ongoing impact of COVID-19 are being critically managed to ensure a sustained recovery for the Group. The Recovery Plan is on track to deliver the targeted $1 billion of ongoing structural cost benefits by the end of financial year 2022/23. The Group continues to plan for a wide range of scenarios and risks to ensure the Group continues to be well-positioned to support target outcomes and meet travel demand and customer expectations.
The Group is subject to other 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.

**Prolonged impact of COVID-19:** As China battles large-scale outbreaks of COVID-19 into 2023, and the continued impact of COVID-19 on the industry through supply chain disruptions (including limited Maintenance and Repair Organisation slot capacity) and higher workforce absenteeism inhibiting consistent delivery of reliable services, the Group is maintaining flexibility in capacity settings. To help respond to disruptions and minimise delays and cancellations, the Group has invested $200 million on operational resilience in 2022/23. This includes the provision for additional crew and training of new recruits to cover any further spikes in sick leave; overtime in key areas such as contact centres; more spare parts to manage global supply chain challenges and aircraft on standby to respond to operational disruptions.

**General economic conditions post-COVID 19:** As air travel is closely linked with economic growth, the Qantas Group's operating and financial performance is influenced by a variety of general economic and business conditions in Australia and overseas. COVID-19 and geopolitical tensions, including the ongoing Ukraine conflict and strained relations between China and Taiwan, have created considerable uncertainty and volatility surrounding these macroeconomic factors, with any further deterioration potentially having an adverse impact on the business and financial outcomes of the Qantas Group. Central banks are expected to increase interest rates in 2023, albeit at a slightly slower pace than in 2022, which may impact future demand for air travel. To address these risks, the Group retains flexibility to adjust capacity and has developed and identified responses to address a range of scenarios, including multi-year high fuel prices, high inflation rates/rising interest rates, and a weaker Australian dollar, to protect the Qantas Group's financial position and its ability to mitigate impacts should there be an irrational market environment.

**Fuel and foreign exchange volatility:** The Qantas Group is subject to fuel price (including refining margin) 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, size of fleet renewals and the routes the Group operates. 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. 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.

**Competitive intensity:** The aviation market 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 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, 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. These policies have historically 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 any discounting of fares as a result of competitive pressures is exacerbated by the high fixed costs that characterise the aviation industry. The combined effect of these factors may have a materially adverse effect on the revenue and financial position of the Group. The level of risk associated with these factors may increase as market demand normalises in future following a significant and recent increase in travel demand with the re-opening of international borders.

**Employee 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. Any significant enterprise bargaining dispute between the Qantas Group and its employees, including in relation to the Recovery Plan, could 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.

The Group recognises that potential future outbreaks of COVID-19 due to new variants may lead to employees having to further self-isolate. These periods of self-isolation have also led to operational disruption as frontline staff are unable to attend their workplace resulting in operational challenges and schedule disruption. This has been amplified as our suppliers and other parts of the aviation industry experience similar COVID-19-driven resource constraints. The Qantas Group continues to manage this risk by increasing the level of reserve crew available, as appropriate, to cover unanticipated sick leave. This situation requires increased efforts to ensure that our people remain connected to the organisation, and their health and wellbeing are supported. Employee mental health continues to be a key area of focus, with enhanced services provided through our Employee Assistance Program as well as manager toolkits to assist with increasing awareness, identification, support and monitoring of employee mental health.

Although employment rates have improved, the global labour shortage continues to pose recruitment challenges for the Group both internally and in service partners' organisations. Management continues to develop and implement contingency/action plans to manage the impact of the ongoing labour shortage on the Group.

# Review of Operations continued

**For the half-year ended 31 December 2022**

## MATERIAL BUSINESS RISKS (CONTINUED)

**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. A reduction in customer satisfaction due to the remaining credit balances created in the context of COVID-19 may impact the Qantas Group's reputation and its ability to attract customers in the future. The Group continues to provide customers with flexibility and options to utilise their flight credits, vouchers, and TravelPasses and is actively encouraging customer usage. Loss of brand preference due to prolonged operational challenges is also a key customer risk and ensuring on time performance and reliability remains a key priority for the Group. In addition, 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 Customer Insights team constantly monitors customer satisfaction through post-flight surveys and regularly monitors trust in the Qantas Group brands alongside ongoing research and development of Qantas Group products and uses this insights to adjust customer strategies to mitigate this risk. As customer preferences shift, as well as ensuring operational resilience, the Group is looking 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 reducing its greenhouse gas (GHG) emissions in line with the Paris Climate Agreement to limit warming to well below 2 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; adopting lower-GHG emissions fuel and technology; operational and market-based controls; carbon offset programs; and monitoring government policy. In March 2022, the Qantas Group's Climate Action Plan was released with targets for: 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 an average of 1.5 per cent fuel efficiency improvements to 2030. The Qantas Group is responding to 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). These disclosures and more details are available in the 2022 Sustainability Report.

**Cyber security and data governance:** The heightened cyber threat environment continues to evolve following the recent successful external cyber-attacks on other corporations and increased cyber-criminal activities targeting organisations capable of paying ransoms. As cyber breaches and attacks surge globally and remote ways of working continue, the Qantas Group continues to perform learnings analysis to inform proactive response to external incidents, heightened monitoring of its Information Technology (IT) environment, embedding and further enhancing its cyber security, privacy and data governance controls into business processes, taking a security and privacy by design approach and creating a cybersafe and privacy orientated culture that builds on an established safety culture.

The Group's Data Governance Framework has been enhanced to ensure ethical and commercial data risks are managed in addition to data protection and privacy. Qantas has a defined risk and control framework, aligned with industry standards, which is designed to protect the confidentiality, integrity, availability and privacy of data and to maintain compliance with regulatory requirements. The Group's cyber and data privacy risks are continuously monitored by the Group Cyber and Privacy Committee and are subject to independent assurance, including for significant third-party suppliers. 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 risks as they evolve.

**Key supplier risk:** The Qantas Group is dependent on third-party providers for some critical business processes. The failure of these providers to adequately perform their service obligations, or other unexpected interruptions of services, may cause significant disruption to the Group's operations and have an adverse impact on financial performance. Qantas uses its Business Continuity Plans to cover the risk of supply failures and has contingency plans in place to respond to key supplier interruption.

The Group continues to work with its key suppliers to improve resource capacity and implement contingency plans to address the labour shortages driven by absenteeism and the ongoing tight labour market. The Group has implemented dedicated account management protocols with structured engagement and Group governance to provide oversight of third-party service providers' performance to enable the uplift of the Group's performance and meet customers' expectations.

**Airport services-related costs or change in availability of airport facilities:** The Qantas Group is exposed to the risk of increases in airport services-related costs (including air traffic control, airport, transit, take-off and landing fees and security charges). The availability and cost of airport facilities are fundamental to the ability of the Qantas Group to operate.

These costs represent a significant portion of the Qantas Group's operating costs. Most Australian airports are privately owned, and owners have the flexibility to increase charges to airlines. There can be no assurance that major airport operators will not continue to increase their fees or that the Qantas Group will not incur new costs in Australia or elsewhere (for example, additional fees assessed against environmental criteria such as emissions levels or noise pollution). Furthermore, it is likely that security and health measures around the world will continue to increase in response to the COVID-19 experience and the perceived threat of terrorism, which may lead to increases in airport clearance and security charges. To the extent that the Qantas Group is unable to pass on any fee increases to its customers, these developments could have a material adverse effect on the Qantas Group's financial position.

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

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The Director's have received the Lead Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*.

The Lead Auditor's Independence Declaration is set out on page 32 and forms part of the Directors' Report for the half-year ended 31 December 2022.

**ROUNDING**

Qantas is a company of the kind referred to in 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.

**ASIC GUIDANCE**

In December 2011 ASIC issued Regulatory Guide 230. To comply with this Guide, 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.

In line with previous years and in accordance with the *Corporations Act 2001*, the Directors' Report is unaudited. Notwithstanding this, the Directors' Report (including the Review of Operations) contains disclosures which are extracted or derived from the Consolidated Interim Financial Report for the half-year ended 31 December 2022 which has been reviewed by the Group's Independent Auditor.

Signed pursuant to a Resolution of the Directors:

**RICHARD GOYDER, AO**
Chairman

**ALAN JOYCE, AC**
Chief Executive Officer

Sydney
23 February 2023

# Consolidated Income Statement

**For the half-year ended 31 December 2022**

| | Notes | December 2022 $M | December 2021 $M |
|---|---|---|---|
| **REVENUE AND OTHER INCOME** | | | |
| Net passenger revenue | | 8,393 | 1,534 |
| Net freight revenue | | 810 | 920 |
| Other revenue and income | 4(B) | 706 | 620 |
| **Revenue and other income** | | **9,909** | **3,074** |
| **EXPENDITURE** | | | |
| Manpower and staff-related | | 2,084 | 1,327 |
| Aircraft operating variable | | 1,899 | 838 |
| Fuel | | 2,335 | 474 |
| Depreciation and amortisation | 5 | 880 | 884 |
| Share of net loss of investments accounted for under the equity method | | 21 | 47 |
| Net gain on disposal of assets | | (3) | (653) |
| Other | 6 | 1,142 | 631 |
| **Expenditure** | | **8,358** | **3,548** |
| **Statutory profit/(loss) before income tax expense and net finance costs** | | **1,551** | **(474)** |
| Finance income | | 58 | 6 |
| Finance costs | | (174) | (154) |
| **Net finance costs** | | **(116)** | **(148)** |
| **Statutory profit/(loss) before income tax expense** | | **1,435** | **(622)** |
| Income tax (expense)/benefit | 7(A) | (434) | 166 |
| **Statutory profit/(loss) for the period** | | **1,001** | **(456)** |
| **Attributable to:** | | | |
| Members of Qantas | | 1,003 | (456) |
| Non-controlling interests | | (2) | – |
| **Statutory profit/(loss) for the period** | | **1,001** | **(456)** |
| **EARNINGS PER SHARE ATTRIBUTABLE TO MEMBERS OF QANTAS** | | | |
| **Basic Statutory Earnings/(Loss) Per Share (cents)** | 3 | **53.9** | **(24.2)** |
| **Diluted Statutory Earnings/(Loss) Per Share (cents)** | 3 | **52.7** | **(24.2)** |

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

# Consolidated Statement of Comprehensive Income

**For the half-year ended 31 December 2022**

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Statutory profit/(loss) for the period** | **1,001** | **(456)** |
| **Items that are or may be subsequently reclassified to profit or loss** | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | (126) | 35 |
| Transfer of effective hedging gains from hedge reserve to the Consolidated Income Statement, net of tax[1] | (189) | (64) |
| De-designation of fuel and foreign exchange hedges to the Consolidated Income Statement, net of tax | – | (19) |
| Recognition of effective cash flow hedges on capitalised assets, net of tax | (15) | 2 |
| Net changes in hedge reserve for time value of options, net of tax | (78) | 12 |
| Foreign currency translation of controlled entities | (21) | (11) |
| Foreign currency translation of investments accounted for under the equity method | (4) | (4) |
| Share of other comprehensive (loss)/income of investments accounted for under the equity method | – | (2) |
| **Items that will not subsequently be reclassified to profit or loss** | | |
| Defined benefit actuarial (losses)/gains, net of tax | (35) | 83 |
| Fair value losses on investments, net of tax | (10) | (11) |
| **Other comprehensive (loss)/income for the period** | **(478)** | **21** |
| **Total comprehensive income/(loss) for the period** | **523** | **(435)** |

| **Attributable to:** | | |
|---|---|---|
| Members of Qantas | 525 | (435) |
| **Non-controlling interests** | **(2)** | **–** |
| **Total comprehensive income/(loss) for the period** | **523** | **(435)** |

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

[1] These amounts were allocated to revenue of $10 million (December 2021: ($10) million), fuel expenditure of ($227) million (December 2021: ($82) million), foreign exchange gains/(losses) of ($53) million (December 2021: nil) and income tax expense of $81 million (December 2021: $28 million) in the Consolidated Income Statement.

# Consolidated Balance Sheet

**As at 31 December 2022**

| | Notes | December 2022 $M | June 2022 $M |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 10(A) | 4,145 | 3,343 |
| Receivables | | 1,080 | 1,102 |
| Lease receivables | | 9 | 9 |
| Other financial assets | | 302 | 641 |
| Inventories | | 293 | 269 |
| Assets classified as held for sale | | 13 | 1 |
| Other | | 279 | 268 |
| **Total current assets** | | **6,121** | **5,633** |
| **NON-CURRENT ASSETS** | | | |
| Receivables | | 6 | 5 |
| Lease receivables | | 42 | 45 |
| Other financial assets | | 141 | 199 |
| Investments accounted for under the equity method | | 22 | 57 |
| Property, plant and equipment | | 10,400 | 10,224 |
| Right of use assets | | 963 | 957 |
| Intangible assets | | 726 | 778 |
| Deferred tax assets | | 614 | 853 |
| Other | | 845 | 902 |
| **Total non-current assets** | | **13,759** | **14,020** |
| **Total assets** | | **19,880** | **19,653** |
| **CURRENT LIABILITIES** | | | |
| Payables | | 2,718 | 2,474 |
| Revenue received in advance | 9 | 6,256 | 5,863 |
| Interest-bearing liabilities | 10(B) | 895 | 669 |
| Lease liabilities | | 373 | 384 |
| Other financial liabilities | | 79 | 67 |
| Provisions | | 1,165 | 1,101 |
| **Total current liabilities** | | **11,486** | **10,558** |
| **NON-CURRENT LIABILITIES** | | | |
| Revenue received in advance | 9 | 2,011 | 2,066 |
| Interest-bearing liabilities | 10(B) | 4,441 | 5,291 |
| Lease liabilities | | 890 | 888 |
| Other financial liabilities | | 260 | 246 |
| Provisions | | 776 | 794 |
| **Total non-current liabilities** | | **8,378** | **9,285** |
| **Total liabilities** | | **19,864** | **19,843** |
| **Net assets** | | **16** | **(190)** |
| **EQUITY** | | | |
| Issued capital | | 2,786 | 3,186 |
| Treasury shares | | (2) | (8) |
| Reserves | | 244 | 649 |
| Accumulated losses | | (3,017) | (4,024) |
| **Equity attributable to members of Qantas** | | **11** | **(197)** |
| Non-controlling interests | | 5 | 7 |
| **Total equity** | | **16** | **(190)** |

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

# Consolidated Statement of Changes in Equity

**For the half-year ended 31 December 2022**

| **December 2022** $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 (LOSS)/INCOME FOR THE PERIOD** | | | | | | | | | |
| Statutory profit for the period | – | – | – | – | – | – | 1,003 | (2) | 1,001 |
| **Other comprehensive (loss)/income** | | | | | | | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | – | – | – | (126) | – | – | – | – | (126) |
| Transfer of effective hedging gains from hedge reserve to the Consolidated Income Statement, net of tax | – | – | – | (189) | – | – | – | – | (189) |
| Recognition of effective cash flow hedges on capitalised assets, net of tax | – | – | – | (15) | – | – | – | – | (15) |
| Net changes in hedge reserve for time value of options, net of tax | – | – | – | (78) | – | – | – | – | (78) |
| Foreign currency translation of controlled entities | – | – | – | – | (21) | – | – | – | (21) |
| Foreign currency translation of investments accounted for under the equity method | – | – | – | – | (4) | – | – | – | (4) |
| Defined benefit actuarial losses, net of tax | – | – | – | – | – | (35) | – | – | (35) |
| Fair value losses on investments, net of tax | – | – | – | – | – | (10) | – | – | (10) |
| **Total other comprehensive loss for the period** | **–** | **–** | **–** | **(408)** | **(25)** | **(45)** | **–** | **–** | **(478)** |
| **Total comprehensive income for the period** | **–** | **–** | **–** | **(408)** | **(25)** | **(45)** | **1,003** | **(2)** | **523** |
| **TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY** | | | | | | | | | |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| On-market share buy back | (400) | – | – | – | – | – | – | – | (400) |
| Revaluation of put option over non-controlling interest | – | – | – | – | – | (3) | – | – | (3) |
| Share-based payments | – | – | 86 | – | – | – | – | – | 86 |
| Shares vested and transferred to employees/shares unvested and lapsed | – | 6 | (10) | – | – | – | 4 | – | – |
| **Total transactions with owners in their capacity as owners** | **(400)** | **6** | **76** | **–** | **–** | **(3)** | **4** | **–** | **(317)** |
| **Balance as at 31 December 2022** | **2,786** | **(2)** | **157** | **(14)** | **(10)** | **111** | **(3,017)** | **5** | **16** |

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

1 Other Reserves as at 31 December 2022 includes the Defined Benefit Reserve of $346 million, Put Option Reserve of ($227 million) and the Fair Value Reserve of ($8 million).

# Consolidated Statement of Changes in Equity continued

**For the half-year ended 31 December 2022**

| **December 2021** $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 2021** | **3,186** | **(18)** | **34** | **176** | **26** | **196** | **(3,160)** | **3** | **443** |
| **TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD** | | | | | | | | | |
| Statutory loss for the period | – | – | – | – | – | – | (456) | – | (456) |
| **Other comprehensive (loss)/income** | | | | | | | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | – | – | – | 35 | – | – | – | – | 35 |
| Transfer of effective hedging gains from hedge reserve to the Consolidated Income Statement, net of tax | – | – | – | (64) | – | – | – | – | (64) |
| De-designation of fuel and foreign exchange hedges to the Consolidated Income Statement, net of tax | – | – | – | (19) | – | – | – | – | (19) |
| Recognition of effective cash flow hedges on capitalised assets, net of tax | – | – | – | 2 | – | – | – | – | 2 |
| Net changes in hedge reserve for time value of options, net of tax | – | – | – | 12 | – | – | – | – | 12 |
| Foreign currency translation of controlled entities | – | – | – | – | (11) | – | – | – | (11) |
| Foreign currency translation of investments accounted for under the equity method | – | – | – | – | (4) | – | – | – | (4) |
| Share of other comprehensive loss of investments accounted for under the equity method | – | – | – | (2) | – | – | – | – | (2) |
| Defined benefit actuarial gains, net of tax | – | – | – | – | – | 83 | – | – | 83 |
| Fair value losses on investments, net of tax | – | – | – | – | – | (11) | – | – | (11) |
| Transfer of accumulated fair value losses to accumulated losses | – | – | – | – | – | 6 | (6) | – | – |
| **Total other comprehensive income for the period** | **–** | **–** | **–** | **(36)** | **(15)** | **78** | **(6)** | **–** | **21** |
| **Total comprehensive loss for the period** | **–** | **–** | **–** | **(36)** | **(15)** | **78** | **(462)** | **–** | **(435)** |
| **TRANSACTIONS WITH OWNERS RECORDED DIRECTLY IN EQUITY** | | | | | | | | | |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| Share-based payments | – | – | 7 | – | – | – | – | – | 7 |
| Shares vested and transferred to employees/shares unvested and lapsed | – | 14 | (15) | – | – | – | 1 | – | – |
| **Total transactions with owners in their capacity as owners** | **–** | **14** | **(8)** | **–** | **–** | **–** | **1** | **–** | **7** |
| **Balance as at 31 December 2021** | **3,186** | **(4)** | **26** | **140** | **11** | **274** | **(3,621)** | **3** | **15** |

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

[1] Other Reserves as at 31 December 2021 includes the Defined Benefit Reserve of $261 million and the Fair Value Reserve of $13 million.

# Consolidated Cash Flow Statement

**For the half-year ended 31 December 2022**

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Cash receipts from customers | 10,731 | 3,821 |
| Cash payments to suppliers and employees | (7,852) | (3,561) |
| Interest received | 42 | 5 |
| Interest paid (interest-bearing liabilities) | (84) | (94) |
| Interest paid (lease liabilities) | (33) | (34) |
| Dividends received from investments accounted for under the equity method | 8 | – |
| Foreign income taxes paid | (1) | – |
| **Net cash inflow from operating activities** | **2,811** | **137** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payments for property, plant and equipment and intangible assets | (701) | (286) |
| Interest paid and capitalised on qualifying assets | (13) | (7) |
| Proceeds from disposal of property, plant and equipment, net of costs | 6 | 762 |
| Proceeds from disposal of shares in associate | 33 | – |
| Payments for investments accounted for under the equity method | (42) | (54) |
| **Net cash (outflow)/inflow from investing activities** | **(717)** | **415** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Payments for share buy-back | (400) | – |
| Payments for treasury shares | (3) | – |
| Proceeds from interest-bearing liabilities, net of costs | 34 | 496 |
| Repayments of interest-bearing liabilities | (695) | (384) |
| Repayments of lease liabilities | (236) | (186) |
| Proceeds from lease receivables | 4 | 2 |
| **Net cash outflow from financing activities** | **(1,296)** | **(72)** |
| **Net increase in cash and cash equivalents held** | **798** | **480** |
| Cash and cash equivalents at the beginning of the period | 3,343 | 2,221 |
| Effects of exchange rate changes on cash and cash equivalents | 4 | 4 |
| **Cash and cash equivalents at the end of the period** | **4,145** | **2,705** |

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

# Condensed Notes to the Consolidated Interim Financial Report

**For the half-year ended 31 December 2022**

## 1 STATEMENT OF SIGNIFICANT 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 Consolidated Interim Financial Report for the half-year ended 31 December 2022 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 Consolidated Annual Financial Report of the Qantas Group for the year ended 30 June 2022 is available at www.qantas.com.au or upon request from the registered office of Qantas Group at 10 Bourke Road, Mascot NSW 2020, Australia.

The Consolidated Interim Financial Report of Qantas for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 23 February 2023.

#### i. Statement of Compliance

The Consolidated Interim Financial Report has been prepared in accordance with the Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth). The Consolidated Interim Financial Report also complies with International Financial Reporting Standards (IFRS), International Accounting Standard IAS 34 *Interim Financial Reporting* and the International Financial Reporting Interpretations Committee (IFRIC) adopted by the International Accounting Standards Board (IASB).

The Consolidated Interim Financial Report does not include all of the information required for an Annual Financial Report and should be read in conjunction with the Consolidated Annual Financial Report of the Qantas Group for the year ended 30 June 2022. This report should also be read in conjunction with any public announcements made by the Qantas Group in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* (Cth) and ASX Listing Rules.

#### ii. Basis of Preparation

The Consolidated Interim Financial 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 Consolidated Interim Financial Report is presented in Australian dollars, which is the functional 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:

- 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/(liability) is measured at the fair value of plan assets less the present value of the defined benefit obligation.

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 Consolidated Financial Statements 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, judgements made by Management in the application of Australian Accounting Standards that have a significant effect on the Consolidated Interim Financial Report and estimates with a significant risk of material adjustment in future periods were the same as those applied to the Qantas Annual Report for the year ended 30 June 2022.

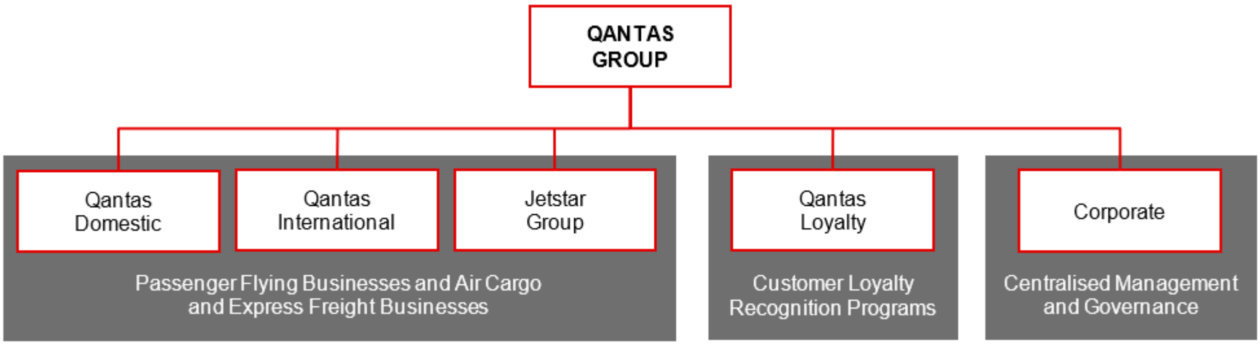
# Condensed Notes to the Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

## 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 Management Committee 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

| December 2022<br>$M | Qantas Domestic | Qantas International | Jetstar Group | Qantas Loyalty | Corporate | Unallocated/ Eliminations[1] | Consolidated |
|---|---|---|---|---|---|---|---|
| **REVENUE AND OTHER INCOME** | | | | | | | |
| External segment revenue and other income | 3,388 | 3,691 | 2,024 | 954 | 4 | (152) | 9,909 |
| Inter-segment revenue and other income | 246 | 111 | 72 | 73 | – | (502) | – |
| **Total segment revenue and other income** | **3,634** | **3,802** | **2,096** | **1,027** | **4** | **(654)** | **9,909** |
| Share of net profit/(loss) of investments accounted for under the equity method | 2 | 2 | (25) | – | – | – | (21) |
| **Underlying EBITDA[2]** | **1,125** | **805** | **350** | **248** | **(88)** | **(11)** | **2,429** |
| Depreciation and amortisation | (335) | (341) | (173) | (28) | (3) | – | (880) |
| Impairment | (5) | – | – | – | – | – | (5) |
| **Underlying EBIT** | **785** | **464** | **177** | **220** | **(91)** | **(11)** | **1,544** |
| Net finance costs | | | | | (116) | | (116) |
| **Underlying PBT** | | | | | **(207)** | | **1,428** |
| **Twelve Month ROIC %[3]** | | | | | | | **33.0%** |

1 Unallocated/Eliminations represents unallocated and other businesses of the Qantas Group that are not considered to be reportable segments, including 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. For the half-year ended 31 December 2022, 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 impairment. Refer to Note 2(A)i.
3 ROIC % represents Return on Invested Capital (ROIC) EBIT divided by Average Invested Capital. Refer to Note 2(C).

# Condensed Notes to the Consolidated Interim Financial Report continued

For the half-year ended 31 December 2022

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

### (A) OPERATING SEGMENTS (CONTINUED)

#### ii. Analysis by Operating Segment (continued)

| December 2021 $M | Qantas Domestic | Qantas International | Jetstar Group | Qantas Loyalty | Corporate | Unallocated/ Eliminations[1] | Consolidated |
|---|---|---|---|---|---|---|---|
| **REVENUE AND OTHER INCOME** | | | | | | | |
| External segment revenue and other income | 1,005 | 1,304 | 379 | 473 | 6 | (93) | 3,074 |
| Inter-segment revenue and other income | 122 | 13 | 15 | 12 | – | (162) | – |
| **Total segment revenue and other income** | **1,127** | **1,317** | **394** | **485** | **6** | **(255)** | **3,074** |
| Share of net loss of investments accounted for under the equity method | (1) | – | (46) | – | – | – | (47) |
| **Underlying EBITDA[2]** | **(265)** | **89** | **(243)** | **157** | **(48)** | **65** | **(245)** |
| Depreciation and amortisation[3] | (348) | (327) | (174) | (30) | (5) | – | (884) |
| **Underlying EBIT** | **(613)** | **(238)** | **(417)** | **127** | **(53)** | **65** | **(1,129)** |
| Net finance costs | | | | | (148) | | (148) |
| **Underlying PBT** | | | | | **(201)** | | **(1,277)** |
| **Twelve Month ROIC %[3]** | | | | | | | **(28.5%)** |

1 Unallocated/Eliminations represents unallocated and other businesses of the Qantas Group that are not considered to be reportable segments, including 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.
2 Underlying EBITDA represents underlying earnings before income tax expense, depreciation, amortisation, net finance costs and impairment. Refer to Note 2(A)i.
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 not designed 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 Rewards Store redemptions and other carrier redemptions, is recognised 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/(LOSS) BEFORE TAX

Underlying PBT is a non-statutory measure and is the primary reporting measure used by the CODM 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, restructuring/transformation initiatives, transactions involving investments, impairments of assets and other transactions.

# Condensed Notes to the Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

## 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/(LOSS) BEFORE TAX (CONTINUED)

| RECONCILIATION OF UNDERLYING PBT TO STATUTORY PROFIT/(LOSS) BEFORE TAX | December 2022 $M | December 2021 $M |
|---|---|---|
| **Underlying PBT** | **1,428** | **(1,277)** |
| *Items not included in Underlying PBT* | | |
| – Recovery Plan restructuring costs | 5 | (12) |
| – Reversal of impairment of assets and related costs | – | 18 |
| – Net gain on disposal of Mascot land and buildings | – | 649 |
| – Net gain on disposal of assets | 2 | – |
| **Total items not included in Underlying PBT** | **7** | **655** |
| **Statutory Profit/(Loss) Before Income Tax Expense** | **1,435** | **(622)** |

In the first half of 2022/23 financial year, the 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. |

The first half of 2021/22 financial year included the following items:

| Item Outside of Underlying PBT | Description |
|---|---|
| **Recovery Plan restructuring costs** | $12 million included people restructuring costs of $5 million and other restructuring costs of $7 million. People restructuring costs include redundancy costs related to announced restructuring initiatives. Other restructuring costs primarily resulted from changes to fleet strategy as a result of the Recovery Plan. |
| **Reversal of impairment of assets and related costs** | Reversal of impairments included ($17) million from the partial reversal of impairment of the Group's investment in Helloworld and ($1) million other impairment reversals. |
| **Net gain on disposal of assets** | The net gain on disposal of assets of $649 million arose from the sale of land in Mascot that was not core to the Group's long-term strategy. |

# Condensed Notes to the Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

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

### (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 period 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.

| | Twelve months to 31 December 2022 $M | Twelve months to 31 December 2021 $M |
|---|---|---|
| **Underlying EBIT** | | |
| – For the six months ended 30 June | (429) | (610) |
| – for the six months ended 31 December | 1,544 | (1,129) |
| **Total Underlying EBIT for the twelve months ended 31 December** | **1,115** | **(1,739)** |
| Add back: Lease depreciation under AASB 16 | 328 | 339 |
| Less: Notional depreciation[1] | (127) | (106) |
| Less: Cash expenses for non-aircraft leases | (220) | (224) |
| **ROIC EBIT for the twelve months ended 31 December** | **1,096** | **(1,730)** |
| **Average Invested Capital for the twelve months ended 31 December** | **3,322** | **6,064** |
| **Twelve Month ROIC %[2]** | **33.0%** | **(28.5%)** |

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 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 period.

| **Invested Capital** | December 2022 $M | December 2021 $M |
|---|---|---|
| Receivables (current and non-current) | 1,086 | 895 |
| Inventories | 293 | 286 |
| Other assets (current and non-current) | 1,124 | 938 |
| Investments accounted for under the equity method | 22 | 72 |
| Property, plant and equipment | 10,400 | 10,288 |
| Intangible assets | 726 | 680 |
| Assets classified as held for sale | 13 | 3 |
| Payables (current and non-current) | (2,718) | (1,897) |
| Provisions (current and non-current) | (1,941) | (1,873) |
| Revenue received in advance (current and non-current) | (8,267) | (6,036) |
| Capitalised aircraft leased assets[1] | 1,812 | 1,852 |
| **Invested Capital as at 31 December** | **2,550** | **5,208** |
| **Average Invested Capital for the twelve months ended 31 December** | **3,322** | **6,064** |

1 For calculating ROIC, all statutory aircraft leases 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 above 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 Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

## 3 EARNINGS PER SHARE

| | December 2022 cents | December 2021 cents |
|---|---|---|
| **Basic Earnings/(loss) per share**[1] | **53.9** | **(24.2)** |
| **Diluted Earnings/(loss) per share**[2] | **52.7** | **(24.2)** |

1 Weighted average number of shares used in basic Earnings Per Share calculation of 1,860 million (December 2021: 1,886 million) excludes unallocated treasury shares.
2 Weighted average number of shares used in diluted Earnings Per Share calculation of 1,903 million (December 2021: 1,886 million) excludes unallocated treasury shares. Weighted average number of shares used in the diluted Earnings Per Share calculation for the half-year ended 31 December 2022 excludes unallocated treasury shares and includes the effect of share rights expected to vest (using the treasury stock method). Weighted average number of shares for the half-year ended 31 December 2021 used in the diluted Earnings Per Share calculation is the same as used in basic Earnings Per Share calculation as the effect of share rights expected to vest are anti-dilutive and excluded from the calculation.

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Statutory profit/(loss) attributable to members of Qantas** | **1,003** | **(456)** |

| | December 2022 Number M | December 2021 Number M |
|---|---|---|
| **NUMBER OF SHARES** | | |
| Issued shares as at 1 July | 1,886 | 1,886 |
| Shares bought back and cancelled | (69) | – |
| **Issued shares as at 31 December** | **1,817** | **1,886** |
| **Weighted average number of shares for the period** | **1,860** | **1,886** |

## 4 REVENUE AND OTHER INCOME

### (A) REVENUE AND OTHER INCOME BY GEOGRAPHIC AREA

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Net passenger and freight revenue** | | |
| Australia | 7,084 | 1,833 |
| Overseas | 2,119 | 621 |
| **Total net passenger and freight revenue** | **9,203** | **2,454** |
| Other revenue and income | 706 | 620 |
| **Total revenue and other income** | **9,909** | **3,074** |

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

| | December 2022 $M | December 2021 $M |
|---|---|---|
| Frequent Flyer marketing revenue and other Qantas Loyalty businesses | 393 | 235 |
| Qantas Rewards Store and other redemption revenue[1,2] | 36 | 37 |
| Third-party services revenue | 146 | 82 |
| Other income | 131 | 266 |
| **Total other revenue and income** | **706** | **620** |

1 Frequent Flyer redemption revenue excludes redemptions on Qantas Group flights, which are reported as net passenger revenue in the Consolidated Income Statement.
2 Where the Group acts as an agent for redemptions, an adjustment is made within consolidation eliminations to present these redemptions on a net basis.

# Condensed Notes to the Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

## 5 DEPRECIATION AND AMORTISATION

| | December 2022 $M | December 2021 $M |
|---|---|---|
| Property, plant and equipment | 674 | 657 |
| Right of use assets | 154 | 162 |
| Intangible assets | 52 | 65 |
| **Total depreciation and amortisation** | **880** | **884** |

## 6 OTHER EXPENDITURE

| | December 2022 $M | December 2021 $M |
|---|---|---|
| Commissions and other selling costs | 297 | 72 |
| Computer and communication | 258 | 197 |
| Capacity hire (excluding lease components) | 197 | 82 |
| Property occupancy and utility expenses | 71 | 65 |
| Marketing and advertising | 72 | 35 |
| Discretionary bonuses to non-executive employees | 31 | – |
| Discount rate changes impact on provisions | (49) | (30) |
| Impairment/(reversal of impairment) of assets and related costs | 5 | (18) |
| De-designation of fuel and foreign exchange hedges | – | (20) |
| Redundancy and related costs | (3) | 5 |
| Other | 263 | 243 |
| **Total other expenditure** | **1,142** | **631** |

## 7 INCOME TAX

### (A) RECONCILIATION BETWEEN INCOME TAX (EXPENSE)/BENEFIT AND STATUTORY PROFIT/(LOSS) BEFORE INCOME TAX

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Statutory profit/(loss) before income tax (expense)/benefit** | **1,435** | **(622)** |
| Income tax (expense)/benefit using the domestic corporate tax rate of 30 per cent | (431) | 187 |
| **Adjusted for:** | | |
| Differences in loss from investments accounted for under the equity method | (8) | (14) |
| Losses for foreign branches not recognised | (1) | (8) |
| Losses for controlled entities not recognised | (1) | (6) |
| Utilisation of previous unrecognised tax loss for controlled entities | 8 | – |
| Non-assessable gain on property, plant and equipment | – | 6 |
| Other net non-deductible items | (2) | (1) |
| Over provision from prior periods | 1 | 2 |
| **Income tax (expense)/benefit** | **(434)** | **166** |

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

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Income tax on:** | | |
| Cash flow hedges | 175 | 15 |
| Defined benefit actuarial losses/(gains) | 15 | (36) |
| Fair value losses on investments | 4 | 5 |
| **Income tax benefit/(expense) recognised directly in the Consolidated Statement of Comprehensive Income** | **194** | **(16)** |

# Condensed Notes to the Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

## 7 INCOME TAX (CONTINUED)

### (C) RECONCILIATION OF INCOME TAX EXPENSE/(BENEFIT) TO INCOME TAX PAYABLE

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Income tax (expense)/benefit** | **(434)** | **166** |
| **Temporary differences** | **23** | **(55)** |
| Adjustments for the prior year | 2 | (2) |
| **(Tax on taxable income)/Value of recognised tax losses** | **(409)** | **109** |
| Tax losses utilised/(recognised) (Australian) | 409 | (109) |
| **Income tax (payable)** | **–** | **–** |

### (D) QANTAS GROUP CARRIED FORWARD TAX LOSSES

| | December 2022 $M | December 2021 $M |
|---|---|---|
| **Total tax losses brought forward as at 1 July** | **(979)** | **(757)** |
| Tax losses utilised against current taxable income | 409 | – |
| Tax losses recognised | – | (109) |
| **Tax losses carried forward to be utilised in future years**[1] | **(570)** | **(866)** |

1 A deferred tax asset of $570 million has been recognised for income tax losses and is expected to be recovered in future periods. In addition, deferred tax assets include $136 million tax value of prepaid tax instalments.

## 8 DIVIDENDS AND OTHER SHAREHOLDER DISTRIBUTIONS

### (A) DIVIDENDS DECLARED AND PAID

No interim dividend will be paid in relation to the half-year ended 31 December 2022.

### (B) OTHER SHAREHOLDER DISTRIBUTIONS

During the half-year ended 31 December 2022, the Group completed an on-market share buy-back of $400 million which was announced in August 2022. The Group purchased 69.2 million ordinary shares on issue at the average price of $5.78.

In February 2023, the Directors announced an on-market share buy-back of up to $500 million.

## 9 REVENUE RECEIVED IN ADVANCE

| | December 2022 $M | | | June 2022 $M | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Unavailed passenger revenue | 4,620 | – | 4,620 | 4,389 | – | 4,389 |
| Unredeemed Frequent Flyer revenue | 1,305 | 1,868 | 3,173 | 1,168 | 1,945 | 3,113 |
| Other revenue received in advance | 331 | 143 | 474 | 306 | 121 | 427 |
| **Total revenue received in advance** | **6,256** | **2,011** | **8,267** | **5,863** | **2,066** | **7,929** |

Unavailed passenger revenue relates to sales to passengers in advance of the date of passenger travel. The balance includes tickets relating to travel with a travel date subsequent to half-year end and tickets which have been transferred to a travel credit.

Tickets generally expire either, within 12 months after the planned travel date if they are not used within that time period, or on the date of planned travel, depending on the terms and conditions. At the time of travel, revenue is also recognised in respect of tickets that are not expected to be used. Unused tickets are recognised as revenue using estimates based on the terms and conditions of the ticket, experience, historic and expected future trends.

# Condensed Notes to the Consolidated Interim Financial Report continued

**For the half-year ended 31 December 2022**

## 10 CASH AND CASH EQUIVALENTS AND INTEREST-BEARING LIABILITIES

### (A) CASH AND CASH EQUIVALENTS

| | December 2022 $M | June 2022 $M |
|---|---|---|
| Cash balances | 322 | 254 |
| Cash at call | 455 | 302 |
| Short-term money market securities and term deposits | 3,368 | 2,787 |
| **Total cash and cash equivalents** | **4,145** | **3,343** |

Cash and cash equivalents comprise cash at bank and cash on hand, cash at call and 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

| | December 2022 $M | | | June 2022 $M | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| Bank loans – secured | 229 | 1,060 | 1,289 | 308 | 1,321 | 1,629 |
| Bank loans – unsecured | – | 321 | 321 | – | 438 | 438 |
| Other loans – secured | 420 | 1,377 | 1,797 | 361 | 1,566 | 1,927 |
| Other loans – unsecured | 246 | 1,683 | 1,929 | – | 1,966 | 1,966 |
| **Total interest-bearing liabilities** | **895** | **4,441** | **5,336** | **669** | **5,291** | **5,960** |

## 11 CAPITAL COMMITMENTS

The Group's capital expenditure commitments as at 31 December 2022 are $15,946 million (June 2022: $15,774 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 31 December 2022 closing exchange rate of $0.67 (June 2022: $0.69).

## 12 POST BALANCE SHEET DATE EVENTS

Other than as noted in Note 8 – Dividends and Other Shareholder Distributions, there has not arisen, in the interval between 31 December 2022 and the date of this Report, any other event that would have a material impact on the Consolidated Interim Financial Report as at 31 December 2022.

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

### To: the Directors of Qantas Airways Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

**KPMG**
Sydney
23 February 2023

**Julian McPherson**
*Partner*

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Qantas Airways Limited:

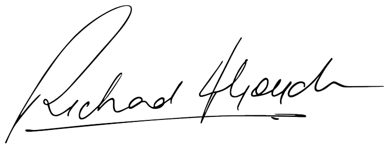
(a) the Consolidated Interim Financial Report and notes set out on pages 17 to 31 are in accordance with the *Corporations Act 2001*, including:

i. Giving a true and fair view of the financial position of the Qantas Group as at 31 December 2022 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

ii. Complying with *Australian Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) there are reasonable grounds to believe that Qantas Airways Limited and its controlled entities will be able to pay its debts as and when they become due and payable.

Signed pursuant to a Resolution of the Directors:



**RICHARD GOYDER, AO**
Chairman

**ALAN JOYCE, AC**
Chief Executive Officer

Sydney
23 February 2023

# Independent Auditor's Review Report

## To the shareholders of Qantas Airways Limited

### Conclusion

We have reviewed the accompanying ***Consolidated Interim Financial Report*** of Qantas Airways Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Qantas Airways Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the ***Interim Period*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- the Consolidated Balance Sheet as at 31 December 2022;
- the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the Interim Period ended on that date;
- notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- the Directors' declaration.

The ***Group*** comprises Qantas Airways Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the Interim Period.

The ***Interim Period*** is the six months ended on 31 December 2022.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Interim Period ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

**KPMG**

Caoimhe Toouli

**Julian McPherson**
*Partner*
Sydney
23 February 2023

**Caoimhe Toouli**
*Partner*
Sydney
23 February 2023

# Operational Statistics

**For the half-year ended 31 December 2022**

| (unaudited) | | December 2022 | December 2021 | December 2018 (Pre-COVID) |
|---|---|---|---|---|
| **TRAFFIC AND CAPACITY** | | | | |
| **QANTAS DOMESTIC (INCLUDING QANTASLINK)** | | | | |
| Passengers carried | '000 | 10,375 | 3,232 | 11,417 |
| Revenue Passenger Kilometres (RPKs) | M | 12,867 | 3,811 | 13,788 |
| Available Seat Kilometres (ASKs) | M | 16,171 | 7,677 | 17,314 |
| Revenue Seat Factor | % | 79.6 | 49.6 | 79.6 |
| **JETSTAR DOMESTIC** | | | | |
| Passengers carried | '000 | 6,299 | 1,640 | 7,208 |
| Revenue Passenger Kilometres (RPKs) | M | 8,100 | 2,180 | 8,511 |
| Available Seat Kilometres (ASKs) | M | 9,153 | 3,700 | 9,693 |
| Revenue Seat Factor | % | 88.5 | 58.9 | 87.8 |
| **GROUP DOMESTIC** | | | | |
| Available Seat Kilometres (ASKs) | M | 25,324 | 11,377 | 27,007 |
| **QANTAS INTERNATIONAL** | | | | |
| Passengers carried | '000 | 2,918 | 119 | 4,428 |
| Revenue Passenger Kilometres (RPKs) | M | 18,007 | 772 | 30,044 |
| Available Seat Kilometres (ASKs) | M | 20,404 | 1,245 | 35,151 |
| Revenue Seat Factor | % | 88.3 | 62.0 | 85.5 |
| **JETSTAR INTERNATIONAL** | | | | |
| Passengers carried | '000 | 2,257 | 318 | 3,238 |
| Revenue Passenger Kilometres (RPKs) | M | 7,359 | 238 | 9,389 |
| Available Seat Kilometres (ASKs) | M | 8,531 | 358 | 10,740 |
| Revenue Seat Factor | % | 86.3 | 66.5 | 87.4 |
| **JETSTAR ASIA** | | | | |
| Passengers carried | '000 | 826 | 97 | 2,209 |
| Revenue Passenger Kilometres (RPKs) | M | 989 | 102 | 3,226 |
| Available Seat Kilometres (ASKs) | M | 1,179 | 526 | 3,956 |
| Revenue Seat Factor | % | 83.9 | 19.4 | 81.5 |
| **GROUP INTERNATIONAL** | | | | |
| Available Seat Kilometres (ASKs) | M | 30,114 | 2,129 | 49,847 |
| **QANTAS GROUP OPERATIONS** | | | | |
| Passengers carried | '000 | 22,675 | 5,406 | 28,500 |
| Revenue Passenger Kilometres (RPK) | M | 47,322 | 7,103 | 64,958 |
| Available Seat Kilometres (ASKs) | M | 55,438 | 13,506 | 76,854 |
| Revenue Seat Factor | % | 85.4 | 52.6 | 84.5 |
| Group Unit Revenue (RASK) | c/ASK | 13.05 | 8.41 | 8.94 |
| Aircraft at end of the period | # | 328 | 309 | 315 |