

# 1H26 Results

## Supplementary Presentation

Qantas Airways Limited  
26 February 2026

ASX: QAN  
US OTC: QABSY

# Disclaimer

## Summary information

This Presentation contains summary information about Qantas and its controlled entities (Qantas Group) and their activities as at 26 February 2026, unless otherwise stated.

The information in this Presentation does not purport to be complete. It should be read in conjunction with the Qantas Group's Appendix 4D and Consolidated Interim Report for the half year ended 31 December 2025, along with other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

## Financial data

All dollar values are in Australian dollars (A\$).

This Presentation is unaudited. Notwithstanding this, the Presentation contains disclosures which are extracted or derived from the Consolidated Interim Report for the half year ended 31 December 2025 which has been reviewed by the Group's independent Auditor.

This Presentation also makes reference to certain non-International Financial Reporting Standards (non-IFRS) financial information. Non-IFRS financial information is financial information that is presented other than in accordance with relevant accounting standards and may not be directly comparable with other companies' information. Non-IFRS measures are used by management to assess and monitor business performance and should be considered in addition to, and not as a substitute for, IFRS information. The non-IFRS financial information is unaudited and has not been

reviewed by the Group's Independent Auditor.

For definitions of non-IFRS financial information refer to the Glossary (see slide 30) and the Consolidated Interim Report for the half year ended 31 December 2025.

## Future performance and forward-looking statements

Forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change.

Forward-looking statements may include, but are not limited to, statements about Qantas' projections, guidance on future earnings, expectations, plans, strategies and objectives of management; strategy, targets, goals and objectives with regard to climate change, the environment, and other sustainability issues; future customer demand; development of new initiatives and projects; capital expenditure or costs and scheduling.

Forward-looking statements may be identified by the use of terminology, including terms such as 'target', 'expect', 'will', 'guidance', 'outlook' or other similar words.

These forward-looking statements reflect Qantas' expectations at the date of this Presentation. They are not guarantees or predictions of future performance or outcomes, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Qantas' control and which may cause actual results to differ materially from those expressed in the statements contained in this Presentation.

There are many factors that can affect forward looking statements, including general economic conditions and

geopolitical developments and uncertainties, including global market conditions and demand; and legal, technological and regulatory changes and risks. Accordingly, Qantas cautions against reliance on any forward-looking statements.

Except as required by applicable laws or regulations, the Qantas Group does not undertake to publicly update, review or revise any forward-looking statements or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide for future performance.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this Presentation.

# Group Performance

# 1H26 Key Group Financial Metrics

		1H26	1H25
<b>Profit metrics</b>			
Revenue	\$M	12,896	12,129
Underlying Profit Before Tax <sup>1</sup>	\$M	1,456	1,385
Underlying Earnings per Share <sup>2</sup>	c	67.5	62.8
Statutory Profit After Tax	\$M	925	923
Statutory Earnings per Share	c	61.3	59.9

<b>Balance Sheet and Cash Flow metrics</b>			
Rolling 12 month ROIC <sup>3</sup>	%	43.2	54.6
Net Debt <sup>4</sup>	\$B	5.62	4.13
Operating cash flow	\$M	1,752	2,073
Net free cash flow	\$M	(57)	677
Weighted Average Shares Outstanding <sup>6</sup>	M	1,509	1,542

Net Debt Target Range<sup>5</sup> of \$5.6b - \$7.0b for FY26

# 1H26 Key Group Operating Metrics

		1H26	1H25	Change (%)
Unit Revenue (RASK) <sup>1</sup>	c/ASK	11.67	11.31	3.2%
Total Unit Revenue (TRASK) <sup>1</sup>	c/ASK	16.23	15.87	2.3%
Total Unit Cost <sup>1</sup>	c/ASK	14.40	14.09	2.2%
Total Unit Cost (ex-Fuel) <sup>1</sup>	c/ASK	11.11	10.76	3.3%
Available Seat Kilometres (ASK)	M	79,446	76,438	3.9%
Revenue Passenger Kilometres (RPK)	M	67,258	65,337	2.9%
Passengers carried	'000	28,713	28,299	1.5%
Seat Factor	%	84.7%	85.5%	(0.8)ppts
Operating Margin	%	12.3%	12.4%	(0.1)ppts
Full-time equivalent employees <sup>2</sup>	FTE	28,509	27,625	3.2%

## Items not included in Underlying PBT

\$M	1H26	Comments
Closure of Jetstar Asia and related costs	(47)	The strategic restructure of Jetstar Asia and its related costs, including incremental accelerated depreciation of (\$30) million and impairment of (\$7) million due to Jetstar Asia fleet redeployment resulting in earlier retirement of F100 aircraft and two Jetstar A320-200 aircraft held for sale, and (\$10) million relating to fleet transfer and other costs
Employee Ownership Plan (non-executive) financial year 2024/25 award	(26)	Relating to the financial year 2024/25 Employee Ownership Plan announced in August 2025 and awarded to non-executive employees in September 2025
Cyber incident	(13)	Relating to costs of managing and responding to the cyber incident
Organisational restructure costs	(8)	Relating to redundancies arising from organisational restructure changes in the first half of the 2025/26 financial year
Legal provisions and related costs	(55)	Relating to the recognition of a legal provision and other related costs in relation to the Qantas Flight Credits Class Action legal proceeding, recognised in Other Expenditure
<b>Total Items not included in Underlying PBT<sup>1</sup></b>	<b>(149)</b>	

# Reconciliation to Underlying Profit Before Tax

\$M			1H26		1H25	
	Statutory	Items not included in Underlying	Underlying	Statutory	Items not included in Underlying	Underlying
Net passenger revenue	11,063	–	11,063	10,474	–	10,474
Net freight revenue	707	–	707	671	–	671
Other revenue and income	1,126	–	1,126	984	–	984
<b>Total Revenue</b>	<b>12,896</b>	<b>–</b>	<b>12,896</b>	<b>12,129</b>	<b>–</b>	<b>12,129</b>
Salaries, wages and other benefits	2,779	–	2,779	2,585	–	2,585
Aircraft operating variable <sup>1</sup>	3,044	(6)	3,038	2,870	–	2,870
Fuel	2,614	–	2,614	2,541	–	2,541
Depreciation and amortisation	1,111	(30)	1,081	992	–	992
Share of net profit of investments accounted for under the equity method	–	–	–	(23)	–	(23)
Net gain on disposal of assets	(17)	–	(17)	(15)	–	(15)
Other expenditure <sup>1</sup>	1,928	(113)	1,815	1,739	(65)	1,674
<b>Total Expenditure</b>	<b>11,459</b>	<b>(149)</b>	<b>11,310</b>	<b>10,689</b>	<b>(65)</b>	<b>10,624</b>
<b>EBIT</b>	<b>1,437</b>	<b>149</b>	<b>1,586</b>	<b>1,440</b>	<b>65</b>	<b>1,505</b>
Net finance costs	(130)	–	(130)	(120)	–	(120)
<b>Profit Before Tax</b>	<b>1,307</b>	<b>149</b>	<b>1,456</b>	<b>1,320</b>	<b>65</b>	<b>1,385</b>

# Statutory Income Statement Detail

\$M	1H26
Net passenger revenue	11,063
Net freight revenue	707
Other revenue and income (refer to slide 9)	1,126
<b>Total Revenue</b>	<b>12,896</b>
Salaries, wages and other benefits	2,779
Aircraft operating variable	3,044
Fuel	2,614
Depreciation and amortisation	1,111
Share of net profit of investments accounted for under the equity method	–
Net gain on disposal of assets	(17)
Other expenditure (refer to slide 9)	1,928
<b>Total Expenditure</b>	<b>11,459</b>
<b>EBIT</b>	<b>1,437</b>
Net finance costs	(130)
<b>Profit Before Tax</b>	<b>1,307</b>
Income Tax expense	(382)
<b>Profit After Tax</b>	<b>925</b>

## Net passenger revenue up 6%

- Group capacity increased 4% from new fleet-related capacity with Group RASK up 3%
- Group Domestic<sup>1</sup> Unit Revenue up 3%
- Group International<sup>2</sup> Unit Revenue up 3%

## Net freight revenue up 5%

- Growth driven by belly space uplift and freighter network mix

## Salaries, wages and other benefits up 8%

- Increased flying activity across the Group
- Group Wage Policy of 3% escalation and promotions
- Same Job Same Pay effective from November 2024, including balance sheet leave revaluation

## Aircraft operating variable (AOV) costs up 6%

- Activity-driven cost increases, including landing fees, passenger related costs and ground handling
- Additional AOV expense driven by industry costs above CPI including airport, security and ground services

## Fuel up 3%

- Higher flying activity and increase in carbon cost offsetting slightly lower fuel prices

## Depreciation and amortisation up 12%

- Depreciation increased with delivery of new aircraft and increased capital maintenance

## Share of net profit of investments, unfavourable to 1H25

- Jetstar Japan share of loss impacted by \$17m FX loss on lease liabilities

## Net gain on disposal of assets up 13%

- Final gains upon disposal of retired Q300 aircraft

# Statutory Other Revenue and Expenses Detail – Compared to 1H25

(\$M)	1H26	1H25	Variance
Other Revenue and Income	1,126	984	142

## Frequent Flyer marketing revenue and other Qantas Loyalty businesses up 18%

- Increased TripADeal holiday package revenue primarily driven by uplift in international travel and expanded cruise offering
- Growth in gift card sales due to the introduction of cash payment option
- Higher marketing revenue from external points sales to Financial Services and coalition partners

## Qantas Marketplace and other redemption revenue up 33%

- Favourable redemption activity mix resulting in positive impact on net margin

## Third-party services revenue up 4%

- Higher freight terminal fee revenue

## Other income up 4%:

- Third party lounge revenue increased with growing activity
- Qantas Club revenue increased from higher memberships

(\$M)	1H26	1H25	Variance
Other Expenditure <sup>1</sup>	1,928	1,739	189

## Cost to support revenue growth

### Hotel, holiday and tour related costs (~+\$30m)

- TripADeal holiday package costs increased in line with higher checked-in total transaction volume

### Qantas Loyalty gift card expense (~+\$30m)

- Growth in gift card procurement costs due to introduction of the cash payment option

### Commission and other selling costs (~+\$50m)

- Increased agency costs from higher passenger activity and includes increased distribution expenses following implementation of NDC<sup>2</sup>

### Other costs (~+\$20m)

### Impairment of assets / (reversal of impairment)

- Prior period included one-off reversal of impairment of 717 aircraft. Current period includes impairment of two Jetstar A320-200 aircraft held for sale.

### Cost of items outside of underlying (Legal and Cyber)

- No significant movement from 1H25 due to increases in legal provisions recognised in 1H25

# Corporate and Unallocated/Eliminations

Corporate		1H26	1H25	Change
Underlying EBIT	\$M	(135)	(137)	1%
Net finance costs	\$M	(130)	(120)	(8)%
Underlying PBT	\$M	(265)	(257)	(3)%

## Includes investment in Sustainability, People and Group Cyber

- Corporate support functions
- Investment in Group Cyber
- Investments in corporate systems and Group-wide AI capability
- Investment in Group People and Culture programs
- Group-wide sponsorship of arts and community programs
- Net finance costs increase due to an increase in Net Debt

Unallocated/Eliminations		1H26	1H25	Change
Revenue <sup>1</sup>	\$M	(687)	(573)	(20)%
Underlying EBIT	\$M	(33)	(26)	(27)%

## Revenue adjustment within unallocated/eliminations

- Eliminations of intercompany segment revenue and costs between segments to balance to nil at Group level

## Underlying EBIT within unallocated/eliminations

- Unfavourability from foreign exchange on intercompany balances
- Favourable impact of discount rate changes on provisions
- Non-cash carbon costs related to prior period CORSIA compliance obligations

## Unit Revenue and Total Unit Cost (c/ASK)

TRASK			1H26
	Net passenger revenue	\$M	11,063
	Plus: Net freight revenue	\$M	707
	Plus: Other Revenue	\$M	1,126
<b>A</b>	<b>Total Revenue</b>	<b>\$M</b>	<b>12,896</b>

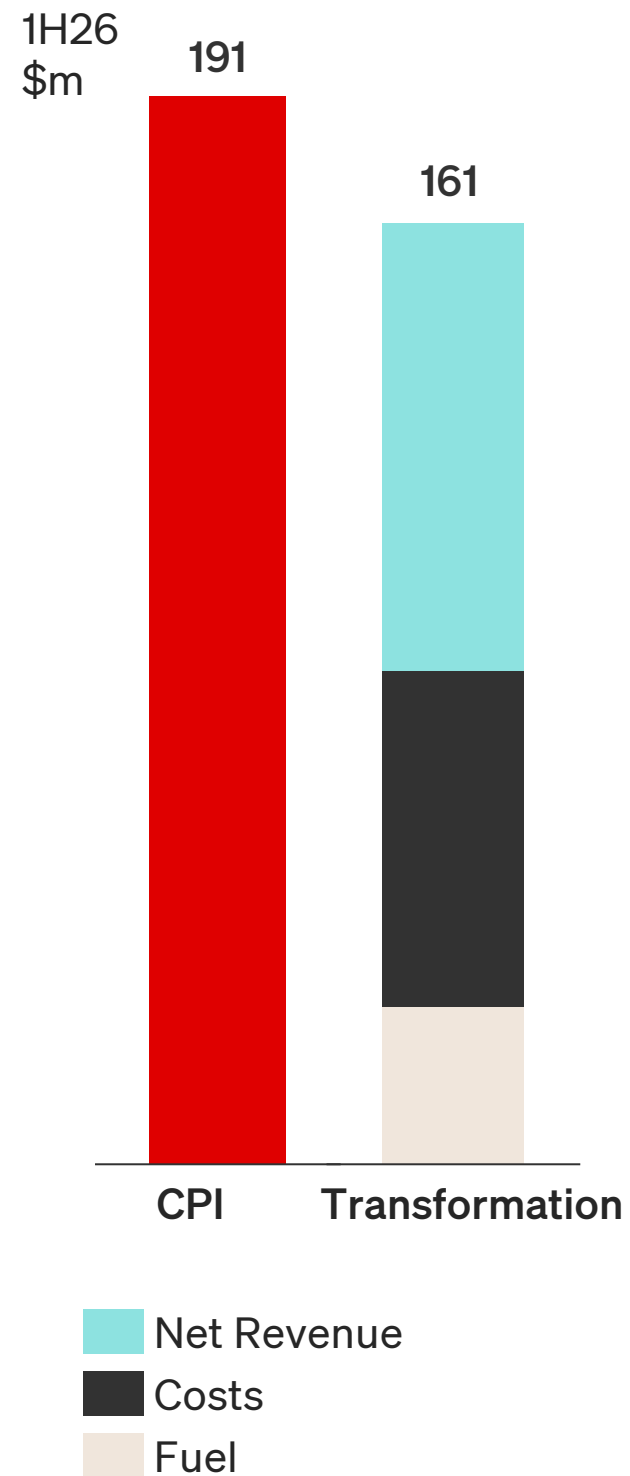
RASK			1H26
	Net passenger revenue	\$M	11,063
	Excluding Other passenger revenue	\$M	(1,790)
<b>B</b>	<b>Ticketed Passenger Revenue</b>	<b>\$M</b>	<b>9,273</b>

<b>C</b>	<b>Available Seat Kilometres (ASKs)</b>	<b>M</b>	<b>79,446</b>
<b>A/C</b>	<b>TRASK</b>	<b>c/ASK</b>	<b>16.23</b>
<b>B/C</b>	<b>RASK</b>	<b>c/ASK</b>	<b>11.67</b>

TCASK			1H26
	Underlying (Profit) Before Tax	\$M	(1,456)
	Less: Total Revenue	\$M	12,896
	Less: Share of net profit/(losses) of investments accounted under the equity method	\$M	—
<b>D</b>	<b>Total Costs</b>	<b>\$M</b>	<b>11,440</b>
	Less: Fuel	\$M	(2,614)
<b>E</b>	<b>Total Costs (excluding fuel)</b>	<b>\$M</b>	<b>8,826</b>
<b>C</b>	<b>Available Seat Kilometres (ASKs)</b>	<b>M</b>	<b>79,446</b>
<b>D/C</b>	<b>TCASK</b>	<b>c/ASK</b>	<b>14.40</b>
<b>E/C</b>	<b>Ex-Fuel TCASK</b>	<b>c/ASK</b>	<b>11.11</b>

Unit-cost methodology was updated in 1H26 to better reflect the business's underlying cost base. This replaces the previous unit cost metric, which was calculated as Underlying PBT less ticketed passenger revenue, fuel, impact of discount rate changes on provisions and share of net profit of investments accounted under the equity method per ASK.

# Continuous delivery of transformation benefits



## 1H26 transformation highlights

- |                                |                                 |                                |
|--------------------------------|---------------------------------|--------------------------------|
| Fleet renewal                  | Freight product transformation  | Engineering productivity       |
| Fare inventory optimisation    | Virtual reality flight training | Qantas.com remediation         |
| A321XLR deliveries             | International Group Boarding    | Inflight catering optimisation |
| T900 engine overhaul           | Single engine taxi              | Enhanced planning process      |
| Reduced APU <sup>1</sup> usage | SME online business tool        | Supply chain optimisation      |

## Ongoing transformation focus for FY26+

- | Fleet & Network             | Data & Digitisation            | Ways of Working                   |
|-----------------------------|--------------------------------|-----------------------------------|
| Jetstar 787 reconfiguration | AI supported customer service  | Fuel monitoring technology        |
| New fleet deliveries        | AI predictive maintenance      | Fuel efficient taxiing            |
| Qantas Economy Plus         | Fuel-efficient tail allocation | Ancillary growth opportunities    |
| Load control optimisation   | AI revenue management          | Next-generation JOCC <sup>2</sup> |
| A320 cabin configuration    | Retail and price optimisation  | Disrupt management transformation |

# New fleet technology to drive benefits over time

Legend: + Some EIS costs ++ Relatively higher EIS costs  
 ✓ Material benefit ✓✓ Relatively greater benefit

## Target financial benefits at scale

	A321LR vs A321/A320-200	A220 vs 717-200	A321XLR <sup>1</sup> vs 737-800
Scale established (Year)		FY27	FY28
EIS costs / Capex <sup>2</sup>	Minimal	+	++
<b>Cost drivers (CASK)</b>			
• Fuel efficiencies (included in transformation)	✓✓	✓✓	✓✓
• Reduced maintenance	✓	✓	✓
• Scale cost efficiencies	✓	✓	✓
<b>Revenue drivers (RASK)</b>			
• Yield premium	-	✓ <sup>3</sup>	✓
• Utilisation <sup>4</sup>	✓✓	✓✓	✓✓
<b>Annual EBITDA benefit per replacement hull<sup>5</sup> up to:</b>	\$10m	\$9m	\$5m
<b>Network/capacity growth</b>	✓✓	✓✓	✓✓

### Customer



**Modernised cabin design** improving comfort and convenience with quieter cabins, in-seat power, larger overhead lockers



**Improved operations** enabled by greater reliability and flexibility

### People



**Growth and promotional opportunities** in pilots, cabin crew, engineering and operational roles over the next decade



**Improved efficiency and reliability** assisting in pilots, engineers and cabin crew in delivering customer outcomes

### Sustainability



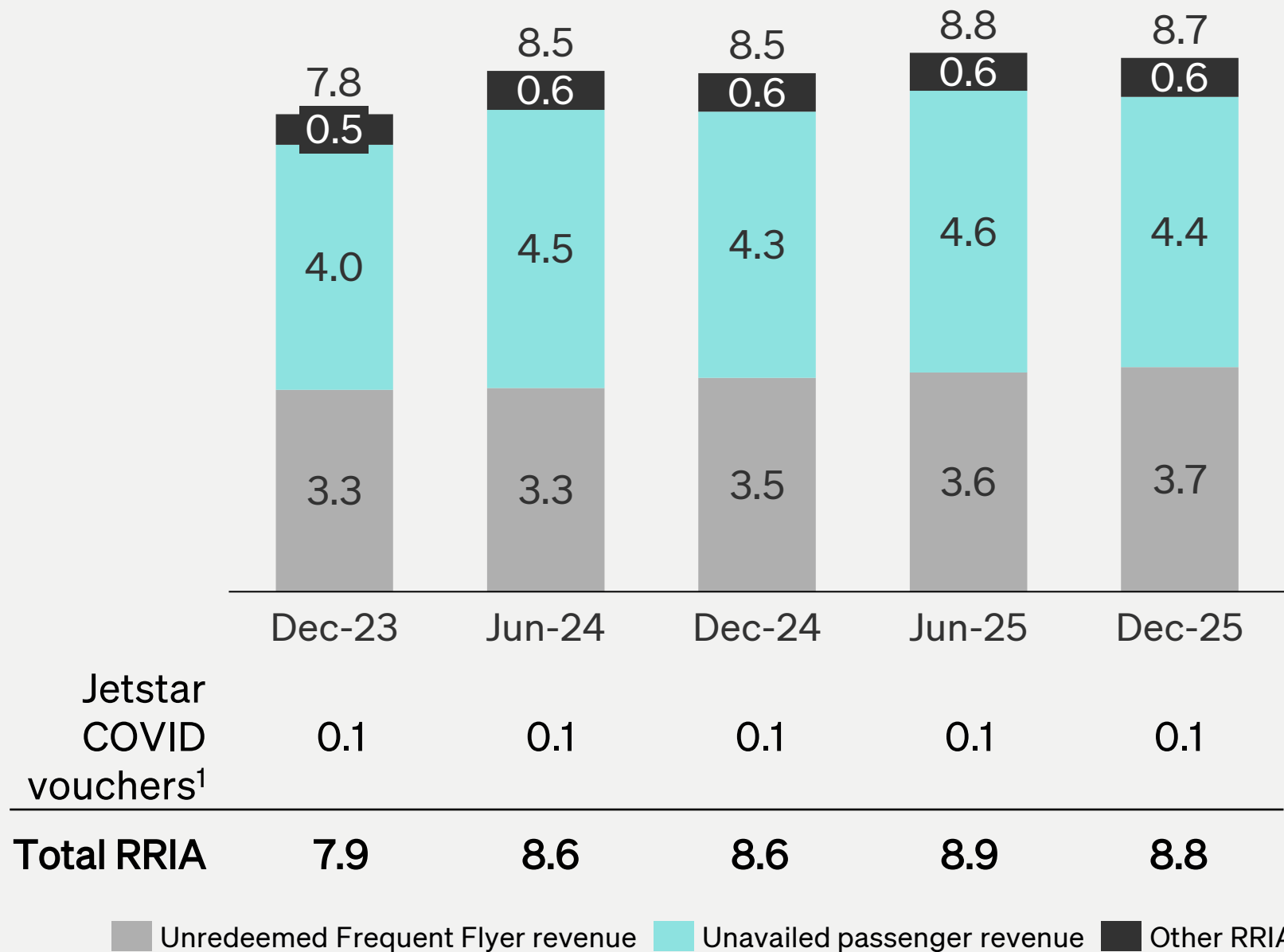
**Expected to emit less carbon per seat** on a like-for-like sector compared to the aircraft they replace



**Partnering with Airbus and Boeing** to help secure pathway to support our 2030 SAF target of 10%

# Revenue received in advance (RRIA)

Revenue received in advance (\$b)



- Airline RRIA was seasonally lower in 1H26 (December 2025) but experienced moderate growth relative to 1H25 (December 2024)
- Unredeemed Frequent Flyer revenue continued to grow in line with an increase in active membership and points activity, and redemption activity growing ahead of earn in 1H26
- As at 31 December 2025, \$341m of customer balances remaining in COVID Credits (\$240m Qantas<sup>2</sup>, \$101m Jetstar). Qantas COVID Credits are recognised in payables, Jetstar COVID Vouchers are recognised in RRIA

# Financial Framework

# Return on Invested Capital (ROIC) Calculation

\$M	12 mths to Dec 25	12 mths to Dec 24
Underlying EBIT	2,720	2,439
Add back: Lease depreciation under AASB 16	335	334
Less: Notional depreciation <sup>1</sup>	(115)	(102)
Less: Cash expenses for non-aircraft leases	(281)	(257)
<b>ROIC EBIT</b>	<b>2,659</b>	<b>2,414</b>

\$M	As at 31 Dec 2025	As at 31 Dec 2024
Net working capital <sup>2</sup>	(10,870)	(10,618)
Fixed assets <sup>3</sup>	17,560	14,931
Capitalised leased aircraft assets <sup>1</sup>	901	990
<b>Invested Capital</b>	<b>7,591</b>	<b>5,303</b>
<b>Average Invested Capital<sup>4</sup></b>	<b>6,156</b>	<b>4,422</b>
<b>Return on Invested Capital (%)</b>	<b>43.2</b>	<b>54.6</b>

- ROIC EBIT is derived by adjusting Underlying EBIT to exclude AASB 16 lease depreciation and includes notional depreciation for leased aircraft as if they were owned
- Non-aircraft leases reduce ROIC EBIT for the lease payment rather than depreciation to account for these items as a service cost
- Aircraft financed via leases are adjusted as if owned, i.e. AASB 16 accounting and lease return provision replaced with market value assets depreciated in line with owned aircraft assets
- Average Invested Capital is used to determine Net Debt Target Range
- ROIC continues to moderate as Invested Capital rebuilds

1. For calculating ROIC, all statutory aircraft leases balances and provisions relating to the leased aircraft are adjusted to represent the capitalised value of the leased aircraft, as if they were owned. Capitalised leased aircraft assets are included in the Group's Invested Capital at the AUD market value (referencing AVAC) of the aircraft at the date of commencing operations at the prevailing AUD/USD rate and is notionally depreciated in accordance with the Group's accounting policies. The calculated depreciation expense is referred to 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 leased aircraft assets. 2. Net working capital is the net total of the following items disclosed in the Group's Consolidated Balance Sheet: receivables, inventories and other assets reduced by payables, provisions, and revenue received in advance. 3. Fixed assets is the sum of the following items disclosed in the Group's Consolidated Balance Sheet: investments accounted for under the equity method, property, plant and equipment, intangible assets, and assets classified as held for sale. 4. Equal to the 12 months average of monthly Invested Capital.

# Balance Sheet Summary under Financial Framework

\$M	As at 31 Dec 2025	As at 31 Dec 2024
<b>Net Assets</b>	<b>1,349</b>	<b>743</b>
Less: Cash and cash equivalents	(1,856)	(2,340)
Add back: Interest-bearing liabilities	6,634	5,624
Less: Other financial assets	(59)	(368)
Add back: Tax balances	397	427
Less: Right of use assets	(1,334)	(1,323)
Add back: Lease Liabilities	1,607	1,605
Less: Finance Lease Receivables	(48)	(55)
Add: Capitalised leased aircraft assets <sup>1</sup>	901	990
<b>Invested Capital</b>	<b>7,591</b>	<b>5,303</b>
<b>Average Invested Capital<sup>2</sup></b>	<b>6,156</b>	<b>4,422</b>

Invested Capital is defined as Net Assets adjusted for the following:

- Exclusion of Cash and cash equivalents and Interest-bearing liabilities which are included in Net Debt
- Exclusion of Other financial (assets)/liabilities which is primarily made up of derivatives and other financial instruments
- Exclusion of Tax balances to reflect Invested Capital as pre-tax
- Reversal of balances related to AASB 16 accounting including Right of use assets, Lease liabilities and Finance lease receivables
- Inclusion of capitalised leased aircraft assets as if owned and depreciated in line with owned aircraft assets (adjusted for lease return provisions)
- The resulting Invested Capital is used to determine Net Debt target range and ROIC

# Net Debt Target Range

- Net Debt target range = 2.0x — 2.5x EBITDA where ROIC = 10%
- At forecast average Invested Capital of \$7.4b<sup>1</sup>, optimal Net Debt range is \$5.6b to \$7.0b

	Forecast Jun 26 \$B	Drivers of Net Debt Range
Forecast Invested Capital Avg Forecast Invested Capital for trailing 12 months	7.4	▶ Invested Capital will rebuild with fleet reinvestment
Forecast 10% ROIC EBIT <i>Invested Capital x 10%</i>	0.74	▶ Notional EBIT increases as Invested Capital grows
Forecast 12 month ROIC depreciation <sup>2</sup> Includes notional depreciation on aircraft leases	2.07	▶ Depreciation changes as fleet renewed
Forecast EBITDA where ROIC = 10%	<u>2.81</u>	
Forecast Net Debt Target Range <sup>3</sup> Net Debt at 2.0x EBITDA where ROIC = 10%	5.6	▶ Net Debt Target Range moves over time with the above when actual results > 10% ROIC leverage are below 2.0x
Net Debt at 2.5x EBITDA where ROIC = 10%	7.0	

# Net Debt movement under the Financial Framework

\$M	1H26	1H25
<b>Opening Net Debt</b>	<b>(5,029)</b>	<b>(4,106)</b>
Net cash from operating activities	1,752	2,073
Less: Net lease principal repayments under AASB 16 <sup>1</sup>	(160)	(154)
Add: Principal portion of aircraft lease rentals	38	48
<b>Funds from Operations</b>	<b>1,630</b>	<b>1,967</b>
Net cash from investing activities	(1,809)	(1,396)
Addition of leased aircraft	–	(31)
<b>Net Capital Expenditure</b>	<b>(1,809)</b>	<b>(1,427)</b>
Base dividend paid to shareholders	(250)	–
Special dividend paid to shareholders	(150)	–
Payments for share buy-back	–	(448)
<b>Shareholder Distributions</b>	<b>(400)</b>	<b>(448)</b>
Payment for treasury shares	(6)	(61)
FX revaluations and other fair value movements <sup>1</sup>	(8)	(59)
<b>Closing Net Debt</b>	<b>(5,622)</b>	<b>(4,134)</b>

The Financial Framework considers aircraft leases as part of Net Debt

- Aircraft leases are initially recognised in Net Debt at fair value
- Principal portions of aircraft rentals are treated as debt reduction
- Purchase of aircraft leases are treated as refinancing
- Commencing (or returning) aircraft leases are treated as capital acquisitions / borrowings (or capital disposals / repayments)
- Under AASB 16, leases are recognised on the balance sheet and measured as the present value of future lease payments. This differs to the fair value at recognition approach under the Financial Framework.

## Financial Framework versus Statutory Net Debt

\$M	As at 31 Dec 2025	As at 30 Jun 2025
Interest-bearing liabilities	6,634	6,400
Fair value hedge	21	(22)
Cash and Cash Equivalents	(1,856)	(2,213)
Capitalised aircraft lease liabilities	823	864
<b>Financial Framework Net Debt</b>	<b>5,622</b>	<b>5,029</b>

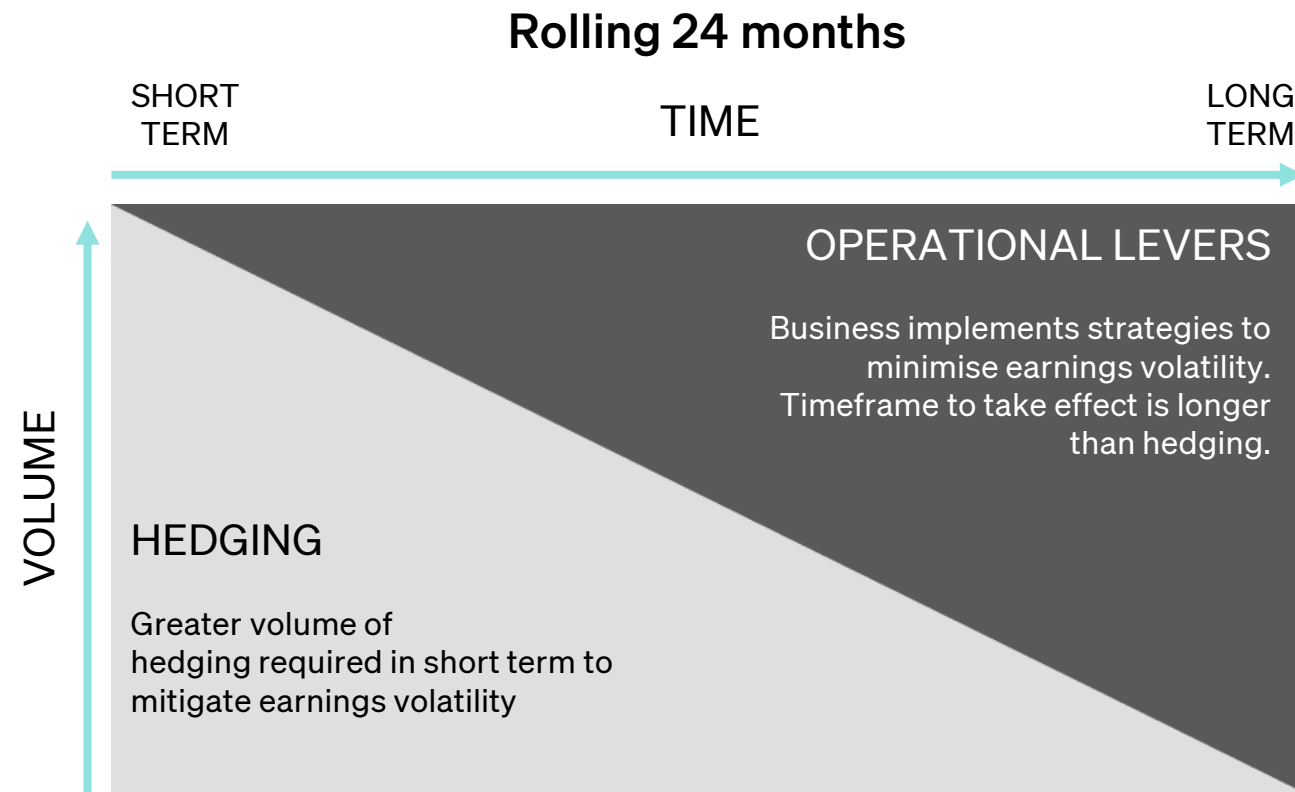
\$M	As at 31 Dec 2025	As at 30 Jun 2025
Interest-bearing liabilities	6,634	6,400
Cash and Cash Equivalents	(1,856)	(2,213)
Lease Liabilities	1,607	1,556
<b>Statutory Net Debt</b>	<b>6,385</b>	<b>5,743</b>

- Under the Financial Framework, aircraft leases are treated as capital acquisitions and recognised at fair value (through Net Capex) and a notional borrowing recognised as part of net debt as Capitalised aircraft lease liabilities
- Principal portions of aircraft rentals are treated as debt repayments
- Focus on income producing assets and as a result non-aircraft leases (e.g. property leases including airports) are excluded
- Under AASB 16, leases are recognised on balance sheet and measured at present value of future lease payments
- Statutory lease liabilities includes both aircraft and non-aircraft leases
- This differs to the Financial Framework which recognises aircraft at fair value and excludes non-aircraft which is not income generating. Non-aircraft lease payments are recognised in ROIC EBIT as a service cost.

# Financial risk management framework

## Hedging program

Reducing cash flow volatility in the short term through disciplined hedging program to allow for implementation of operational levers



## Principles of Financial Risk Management

- Principles of financial risk management
  - Manage net cash flow impacts
  - Takes into consideration both revenue and cost drivers
  - Greater use of derivatives in the short term and reliance on operational levers in the long term
  - Rolling 24-month hedge horizon
  - Preference for optionality to minimise worst case outcome and allow participation in favourable market moves
  - Expected capital costs for fleet are based on long term average AUD/USD rates. This is consistent with the extended fleet delivery profile. Cash flow risk is then managed within a 24-month period per above.
- Remaining financial risks impacting earnings are largely accounting based and include:
  - Discount rate impact on valuation of accounting provisions
  - FX revaluation of foreign currency non-hedged balance sheet items e.g. lease return provisions denominated in USD
- As accounting estimates become cash obligations and fall within 24-month hedge horizon, principles of financial risk management are applied

# Robust financial risk management

## Operational Fuel and FX

- 1H26 fuel cost at \$2.6b
  - Inclusive of SAF premium and carbon credits
- FY26 fuel and FX hedging remain consistent with long term approach to risk management
  - Declining wedge hedge profile - greater volume of hedging in short term to mitigate earnings volatility
  - Preference for options in hedging allowing high level of participation to lower fuel prices
  - 2H26 fuel exposure is 81%<sup>1</sup> hedged through a combination of Brent outright options and collars
- Timing difference of cash flow date and accounting recognition can create additional FX volatility within reporting periods

Barrels of fuel ('000) <sup>2</sup>	1H26	1H25	% Change	1H26 vs 1H25 ASKs
Qantas Domestic	4,003	3,879	3%	4%
Qantas International	7,185	6,787	6%	5%
Qantas Freight	624	593	5%	-
Jetstar Group	4,334	4,345	0%	2%
<b>Total fuel consumption</b>	<b>16,146</b>	<b>15,604</b>	<b>3%</b>	<b>4%</b>

## Capital Expenditure FX – Hedging of USD Fleet Payments

- Hedging remains consistent with long term approach to risk management
- 2H26 is 82%<sup>1</sup> hedged through a combination of outright options and collars

## Interest rates

- Significant cash holdings provide a natural offset to floating rate debt in portfolio

## Carbon cost

- Carbon cost is being managed in line with broader financial risk management framework

Group carbon costs	1H26	1H25
Carbon costs <sup>3</sup>	\$52m	\$23m
Mitigations <sup>4</sup>	(\$2m)	(\$3m)
<b>Net carbon costs</b>	<b>\$50m</b>	<b>\$20m</b>

# Carbon Costs – Carbon Credits and SAF Premium Costs

## Carbon Cost and Mitigations

Carbon costs include SAF premium to jet and carbon credits, which are both managed in line with broader financial risk management framework.

Total Carbon Costs (\$m)	1H26	FY26 forecast
Compliance – Domestic	9	16
Compliance – International <sup>1</sup>	40	66
Voluntary	3	13
<b>Total Carbon Costs</b>	<b>52</b>	<b>95</b>
Mitigations	(2)	(12)
<b>Net Carbon Costs</b>	<b>50</b>	<b>83</b>

## Compliance Obligations and Schemes



### Domestic

**Safeguard Mechanism (SGM)**, Australia’s industrial emissions policy requiring large emitters to keep net emissions below a declining baseline.



### International

**CORSIA** program requires airlines from participating countries to offset residual emissions from international flights, maintained at 85% of 2019 levels. Up to 4-year<sup>2</sup> lag between incurring and fulfilling obligation, this is expected to cause volume and price uncertainty until fulfillment.

**SAF mandates** in place predominantly in UK/EU, with 5 Asian countries<sup>3</sup> enacted or in advanced stages of enacting SAF mandates in the next 2 years.



### Mitigations

The Group aims to mitigate its carbon costs through internal programs including **SAF Coalition** and the recently launched **B2B SAF Program**, supplemented by strategic procurement of SAF in jurisdictions with favourable incentives to minimise premiums.

Programs will continue to evolve as markets and policy develop in Australia and globally.

# Supplementary Segment Information

# Qantas Domestic and International Overview

## Qantas Domestic

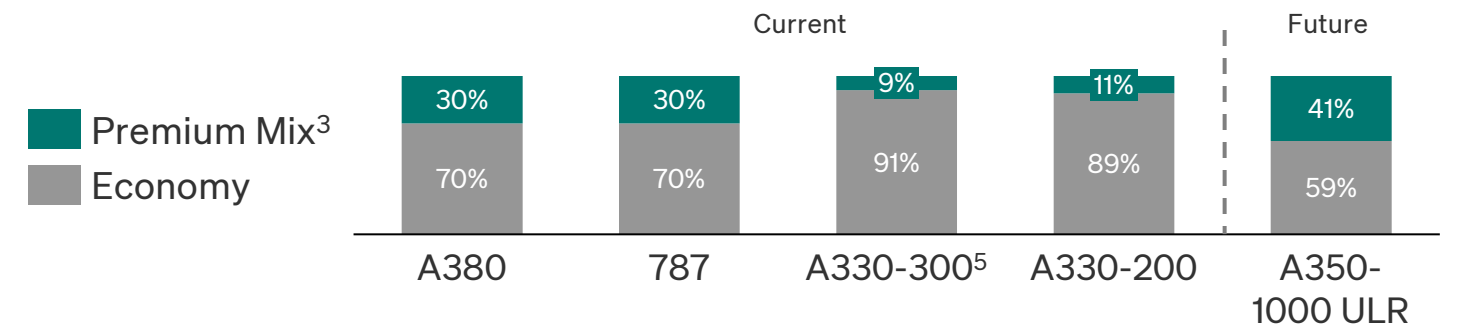
- Consists of Qantas Domestic and QantasLink
- Multi-gauge domestic fleet uniquely positioned to serve Australian market
  - Largest domestic network and schedule providing customer choice and flexibility
  - Large narrowbody fleet servicing high density routes such as Triangle and East West flying
  - Extensive range of small and medium narrowbody aircraft serving Australia’s largest resource markets (charter and RPT<sup>1</sup>)
  - Serving all states and territories as Australia’s largest regional carrier
- Full service offering targeting business and premium leisure sectors
  - Market-leading operational standards across OTP, safety and customer service
  - Comprehensive Loyalty & Business Rewards programs providing customers with points earn and burn opportunities
  - 35 lounges across 23 domestic ports
  - All-inclusive onboard service offering including food, beverage and Wi-Fi
- Narrowbody fleet replacement program underway:
  - Progressive introduction of A321XLR and A220 aircraft to replace retiring 737 and 717 fleets

Margin Target<sup>2</sup>

18% EBIT

## Qantas International

- Consists of Qantas International and Qantas Freight
- Globally recognised long haul carrier targeting high demand business and premium leisure segments into USA, Europe and Asia
  - Leverage new fleet technology to facilitate direct point-to-point network, including investments in Boeing 787-9 and Airbus A350-1000ULR (Project Sunrise) aircraft
  - Strong partnership portfolio for network reach and access to point-of-sale strengths
- Investment in premium-heavy cabin configurations to meet customer segment preferences and complement ultra long-haul flying strategy



- Freight business that leverages Qantas’ portfolio strength and delivers diversified earnings stream to the Group
  - Attractive domestic market as e-commerce adoption rates accelerate
  - Successful transition to all Airbus freighter fleet supports growth and unlocks cost synergies

>8% EBIT

Future state:  
10-12% EBIT<sup>4</sup>

# Jetstar Group Overview

## Jetstar Domestic

- Australian industry-leading LCC<sup>1</sup>
- Strong operational performance, customer service and profitability
- New fleet arrivals to provide the most fuel-efficient aircraft per seat in Australia, and grow margin advantage through further cost and utilisation benefits
- Continual innovation in customer experience, improvements to jetstar.com and App, dynamic retailing and new bundles
- Ancillary product portfolio provides greater choice, driving revenue opportunities

## Jetstar International and New Zealand

### Jetstar International<sup>3</sup>

- Australian industry-leading LCC<sup>1</sup> capitalising on opportunities in Asia Pacific
- Strong profitability through competitive advantage from brand strength and local partnerships
- Investment in new fleet and fleet expansion providing aircraft which are more fuel efficient per seat, enabling new short haul international markets (Perth-Manila), additional frequency on Bali and redeployment of 787s to international long-haul markets

### Jetstar New Zealand Domestic

- Serves domestic destinations in NZ with unique low fares proposition and provides valuable connecting traffic across the Tasman

## Jetstar in Asia

### Jetstar Japan<sup>5</sup>

- Qantas and Japan Airlines (JAL) signed non-binding Memorandum of Understanding (MOU) to facilitate the divestment of Qantas shareholding in Jetstar Japan to a new Japanese capital-led ownership structure, subject to finalisation of the transaction details and regulatory approvals

### Jetstar Asia

- The closure of Singapore based Jetstar Asia supports the Qantas Group's strategy of recycling capital to drive improved returns and supports fleet renewal strategy
- Jetstar Asia ceased operations 31 July 2025, posting 1H26 (\$33m) Underlying EBIT loss, (\$47m) costs not included in Underlying PBT
- An impact of ~\$110m<sup>6</sup> is currently estimated in FY26, which will be taken outside of underlying earnings






Margin Target<sup>2</sup>

15% EBIT

10-12% EBIT<sup>4</sup>






# Diversification and growth at Qantas Loyalty

## Members






- Deliver **everyday engagement** between members and the Qantas brand
- Incentivise members to **join and participate** through Qantas and partner channels
  -  Providing engaging options for members across travel, retail, entertainment, and experiences
  -  Attracting SMEs by demonstrating value for business travel and rewards for everyday expenses
- Innovate to support member engagement
  -  Grow digital engagement primarily through investment in mobile app
  -  Leverage technology to enable seamless customer journeys
  -  Recognise and reward non-flying behaviours

Growing members and promoting broader and deeper engagement drives the flywheel faster

## Redemption

- Increase points earn through the **flywheel effect** from growth in overall redemptions
- **Diversify redemption** options that deliver more choice for members
  -  Enhanced flight reward propositions to meet member demand
  -  Expand Hotels & Holidays propositions
  -  Continue to invest in tour and packages segment through TripADeal
  -  Grow strategic network of partners with major Australian retailers
  -  New retail redemption offerings with small, more attainable rewards for more frequent engagement (e.g. Ticketek)

## Earn

- Large **ecosystem** for members to engage in everyday earn
  -  Market leading airline loyalty program
  -  Portfolio of partnerships across financial services, travel, retail and other categories attracting on-the-ground spend
- Targeted expansion to attract all everyday needs
  -  Increase engagement through Financial Services and Insurance products (including opportunities in home lending)
  -  More everyday opportunities across retail partnerships
  -  Scale QBR by rewarding SMEs for their business expenses

FY30 Target<sup>1</sup>

**\$0.8b - \$1.0b EBIT**

Growth Forecast to FY30 Target

**+7% p.a.**

**+6% p.a.**

Points Redeemed

Points Earned

# 1H26 Group and Group Domestic Traffic Statistics vs 1H25

		1Q26	1Q25	Change (%)	2Q26	2Q25	Change (%)	1H26	1H25	Change (%)
<b>Total Qantas Group Operations</b>										
Passengers Carried	'000	14,231	13,906	2	14,482	14,393	1	28,713	28,299	1
Revenue Passenger Kilometers	M	33,501	32,219	4	33,757	33,118	2	67,258	65,337	3
Available Seat Kilometres	M	39,788	38,010	5	39,658	38,428	3	79,446	76,438	4
Seat Factor	%	84.2	84.8	(0.6ppts)	85.1	86.2	(1.1ppts)	84.7	85.5	(0.8ppts)
Group Unit Revenue	c/ASK	11.05	10.82	2	12.29	11.80	4	11.67	11.31	3
<b>Group Domestic</b>										
Available Seat Kilometres	M	14,761	14,161	4	14,439	13,700	5	29,200	27,861	5
Group Domestic Unit Revenue Change	%			3			4			3
<b>Qantas Domestic</b>										
Passengers Carried	'000	5,511	5,541	(1)	5,663	5,578	2	11,174	11,119	-
Revenue Passenger Kilometers	M	6,660	6,624	1	6,769	6,577	3	13,429	13,201	2
Available Seat Kilometres	M	8,710	8,513	2	8,528	8,059	6	17,238	16,572	4
Seat Factor	%	76.5	77.8	(1.3ppts)	79.4	81.6	(2.2ppts)	77.9	79.7	(1.8ppts)
<b>Jetstar Domestic</b>										
Passengers Carried	'000	4,290	3,931	9	4,342	4,051	7	8,632	7,982	8
Revenue Passenger Kilometers	M	5,451	5,095	7	5,361	5,099	5	10,812	10,194	6
Available Seat Kilometres	M	6,051	5,648	7	5,911	5,641	5	11,962	11,289	6
Seat Factor	%	90.1	90.2	(0.1ppts)	90.7	90.4	0.3ppts	90.4	90.3	0.1ppts

# 1H26 Group International Traffic Statistics vs 1H25

		1Q26	1Q25	Change (%)	2Q26	2Q25	Change (%)	1H26	1H25	Change (%)
<b>Group International</b>										
Available Seat Kilometres	M	25,027	23,849	5	25,219	24,728	2	50,246	48,577	3
Group International Unit Revenue Change	%			2			4			3
<b>Qantas International</b>										
Passengers Carried	'000	2,138	2,022	6	2,275	2,206	3	4,413	4,228	4
Revenue Passenger Kilometers	M	13,719	13,130	4	13,980	13,704	2	27,699	26,834	3
Available Seat Kilometres	M	16,314	15,302	7	16,618	15,929	4	32,932	31,231	5
Seat Factor	%	84.1	85.8	(1.7ppts)	84.1	86.0	(1.9ppts)	84.1	85.9	(1.8ppts)
<b>Jetstar International</b>										
Passengers Carried	'000	2,139	1,810	18	2,202	1,889	17	4,341	3,699	17
Revenue Passenger Kilometers	M	7,417	6,472	15	7,647	6,734	14	15,064	13,206	14
Available Seat Kilometres	M	8,377	7,428	13	8,601	7,578	13	16,978	15,006	13
Seat Factor	%	88.5	87.1	1.4ppts	88.9	88.9	0.0ppts	88.7	88.0	0.7ppts
<b>Jetstar Asia</b>										
Passengers Carried	'000	153	602	(75)	–	669	(100)	153	1,271	(88)
Revenue Passenger Kilometers	M	254	898	(72)	–	1,004	(100)	254	1,902	(87)
Available Seat Kilometres	M	336	1,119	(70)	–	1,221	(100)	336	2,340	(86)
Seat Factor	%	75.6	80.2	(4.6ppts)	–	82.2	(82.2ppts)	75.6	81.3	(5.7ppts)

# Glossary

**Available Seat Kilometres (ASK)** – Total number of seats available for passengers, multiplied by the number of kilometres flown

**Cancellation rate** – Measured as number of flights cancelled as a percentage of number of flights scheduled (if cancelled or rescheduled less than 7 days prior to scheduled departure time)

**Capex** – Refer to Net Capital Expenditure (Net Capex)

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

**EBIT** – Earnings before interest and tax

**EBIT margin (Operating Margin)** – Underlying EBIT divided by Total Revenue

**EBITDA** – Earnings before interest, tax, depreciation, amortisation and impairment

**EIS** – Entry into service

**EPS** – Earnings Per Share

**ESG** – Environmental, Social and Governance

**FFO** – Funds From Operations

**Financial Framework** – The Group has a financial framework that guides shareholder value creation, optimal capital structure and capital allocation. The framework has three pillars supported by measurable targets, aligned with those of shareholders.

**FX** – Foreign exchange

**Invested Capital (IC)** – Net assets (excluding cash, debt, other financial assets and liabilities and tax balances) including capitalised aircraft lease assets (which includes an adjustment to exclude aircraft lease return provisions from Invested Capital)

**Net Capital Expenditure (Net Capex)** – Net expenditure of investing cash flows included in the Consolidated Cash Flow Statement and the impact to Invested Capital from acquiring or

returning leased aircraft. Refer to slide 19 for the calculation of Net Capital Expenditure.

**Net Debt** – Under the Group's Financial Framework, includes net on Balance Sheet debt and capitalised aircraft lease liabilities

**Net Debt Target Range** – For a detailed calculation of the Net Debt Target Range, refer to slide 18

**Net Free Cash Flow** – Cash from operating activities less net cash outflows from investing activities

**NPS** – Net promoter score. Customer advocacy measure

**Operating Margin (EBIT margin)** – Underlying EBIT divided by Total Revenue

**OTP** – On Time Performance (within 15 minutes of departure time)

**PBT** – Profit Before Tax

**Points / Qantas Points / Loyalty Points** – Refers to Qantas Frequent Flyer Points

**PPTS** – Percentage Points

**QBR** – Qantas Business Rewards

**QFF** – Qantas Frequent Flyer

**RASK** – Ticketed passenger revenue divided by ASKs. For a detailed calculation of RASK, refer to slide 11

**Return on Invested Capital (ROIC)** – ROIC EBIT for the 12 months ended for the reporting period, divided by the 12 months average Invested Capital. Refer to slide 16 for the calculation of ROIC.

**Revenue Passenger Kilometres (RPK)** – Total number of passengers carried, multiplied by the number of kilometres flown

**RRIA** – Revenue Received in Advance

**SAF** – Sustainable Aviation Fuel

**Seat Factor (Load factor)** – RPKs divided by ASKs

**SME** – Small and medium-sized enterprise

**Ticketed passenger revenue** – Uplifted passenger revenue included in Net Passenger Revenue

**Total Unit Cost (TCASK)** – Underlying PBT less Total Revenue and share of net profit/(losses) of investments accounted under the equity method divided by ASKs, refer to slide 11

**Total Unit Cost ex. Fuel (Ex-Fuel TCASK)** – Underlying PBT less Total Revenue, fuel, and share of net profit/(losses) of investments accounted under the equity method divided by ASKs, refer to slide 11

**TSR** – Total Shareholder Returns

**TRASK** – Total Revenue divided by ASKs, see slide 11

**Underlying EPS** – Underlying Earnings Per Share is calculated as Underlying PBT adjusted for 30% corporate tax rate divided by the weighted average number of issued shares, excluding unallocated treasury shares. Measured as cents per share.

**Underlying PBT** – A non-statutory measure and is the primary reporting measure used by the Chief Operating Decision-Making bodies, being the Chief Executive Officer, Group Leadership Team and the Board of Directors, for the purpose of assessing the performance of the Qantas Group. Refer to slide 7 for a reconciliation of Underlying PBT to Statutory PBT.

**Unit Revenue** – See RASK

**WACC** – Weighted average cost of capital calculated on a pre-tax basis