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12 September 2025

2025 Annual Report

Virgin Australia Holdings Limited ('Virgin Australia' or 'Group'; ASX:VGN) attaches for immediate release its 2025 Annual Report for the year ended 30 June 2025.

-ENDS-

Authorised for release by the Virgin Australia Board of Directors.

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About Virgin Australia Holdings Limited

Virgin Australia Holdings Limited ('Virgin Australia'; ASX:VGN) was founded in 2000 and is now one of the largest Australian airlines operating an extensive domestic network as well as short-haul international services, charter and cargo operations, and its loyalty program, Velocity Frequent Flyer. Velocity members can use their Points to redeem flights to over 650 destinations around the world through Virgin Australia and the airline's extensive list of international partner carriers. Virgin Australia employs more than 8,000 people. For further information please visit **virginaustralia.com**

australia group

2025

Annual Report



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Virgin Australia Holdings Limited
ABN 54 100 686 226

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AGM details

The 2025 Annual General Meeting (AGM) of Virgin Australia Holdings Limited (Virgin Australia) will be held on Friday, 14 November 2025, commencing at 10am AEST at the Sky Room, Brisbane Convention and Exhibition Centre, Grey Street, South Brisbane Queensland, or online.

Shareholders will be provided further details regarding the AGM in the 2025 Notice of Meeting. The Notice of Meeting will be available on the ASX Company Announcements Platform and Virgin Australia's Investor website at www.virginaustralia.com/investors

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Snapshot

$5,810m
Revenue and income up 3% on FY24

$479m
Statutory net profit after tax down 12% on FY24

$664m
Underlying EBIT[1] up 28% on FY24

11.4%
Underlying EBIT margin (%)[1] up 1.7ppts on FY24

1.1x
Adjusted Net Debt to Underlying EBITDA[1]
Low end of 1-2x target range

>$450m
FY25 gross benefit of Transformation Program



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76.8%
On time performance (OTP) (+7.2ppts on FY24)

98.4%
Completion rate (+2.5ppts on FY24)

+12%
growth in Active Velocity members (on FY24)

20.7m
Passengers carried

80+
Velocity commercial partners

+13%
in Velocity points earned (on FY24)

27
Strategic Net Promoter Score[2] (NPS) (+4 on FY24)



1. This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).
2. Strategic Net Promoter Score (NPS) is based on a monthly market survey commissioned by Virgin Australia and conducted by a third party. Approximately 1,000 Australian travellers are asked to rate their likelihood to recommend each domestic airline they have flown with in the prior 12 months.

Chair's message

Virgin Australia's ambition is to be the most loved airline in Australia - by our people, our guests and our owners.

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It has been a transformative year for Virgin Australia, marked by a return to public ownership and the welcoming of a new strategic investor in the world's best airline[1], Qatar Airways Group.

The Board also welcomed a new Chief Executive Officer in Dave Emerson, who moved into the role in March 2025 after four years as Chief Commercial Officer. As CCO, Dave played an important role in positioning Virgin Australia as a value and choice carrier that puts its customers and people first - a focus he carries into his new position.

Virgin Australia's ambition is to be the most loved airline in Australia - by our people, our guests and our owners. Led by Dave and the Executive Leadership Team, and supported by more than 8,000 team members, the Group has continued its pursuit of this ambition in FY25. There has been a focus on key strategic priorities, including operational performance, customer experience, employee engagement and, of course, financial returns.

Welcoming Qatar Airways Group as a strategic investor in March 2025 was a significant moment in Virgin Australia's history and provided a strong foundation for Virgin Australia's successful transition to public ownership in June 2025. This was a tremendous achievement for the Virgin Australia team, reflecting the Group's significant transformation since exiting voluntary administration in November 2020. Simplifying the business, reducing debt, and creating a sustainable cost base has set up the business for continued success - benefiting our people, our investors, and Australian travellers who rely on Virgin Australia being a strong, resilient and competitive airline.

Financial performance in FY25 reflected the efforts of the Group's ongoing Transformation Program and operational improvements. All key financial metrics included in the Prospectus issued in connection with the IPO have been met.

I want to acknowledge the broader Virgin Australia team, who are the heart of our business. Every day, they bring our ambition of being Australia's most loved airline to life by modelling our values and delivering exceptional service with signature Virgin Flair. This is encapsulated by Virgin Australia being awarded World's Best Cabin Crew[2] for a seventh consecutive year.

I also want to thank my fellow Directors, several of whom have seen Virgin Australia through its post-administration rebuild, and others who are new to the business and bringing fresh perspectives, as well as the team at Bain Capital for their efforts leading the Group's transformation and, of course, our shareholders and partners for their continued support.

On behalf of the Board of Directors, I look forward to working together to continue driving Virgin Australia forward.



Peter Warne
Independent Non-Executive Chair

[1] As awarded by Skytrax in 2025.
[2] Awarded by AirlineRatings.com 2025 Airline Excellence Awards.

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The backing of a world-leading global airline in Qatar Airways Group provided a strong foundation for Virgin Australia's successful transition to public ownership in June 2025.

This was a tremendous achievement for the Virgin Australia team, reflecting the company's significant transformation during the past five years.

CEO's message



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We are pleased to present Virgin Australia's first annual report as a newly listed company. In the 2025 financial year, Virgin Australia delivered continued underlying earnings growth, relaunched long-haul flying, advanced our transformation agenda, and improved operational performance – all while creating wonderful flying experiences for our guests.

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True to our values, our people always step up when it matters. Whether that is supporting disrupted Rex customers, driving service excellence on board our aircraft and at airports, or making a difference in the communities we serve by supporting our community partnerships.

Virgin Australia has seen remarkable growth and transformation since relaunching as a new business in November 2020.

Less than five years on, we have returned to public ownership with a clear strategy and strong market position. We have Qatar Airways Group – the world's best airline[1] – as a strategic investor. Our team has grown to more than 8,000 people, all of whom play a critical role in delivering on our ambition to be Australia's most loved airline – by our people, our guests and our owners.

And now, we are pleased to present Virgin Australia's first annual report as a newly listed company.

In FY25, Virgin Australia delivered continued underlying earnings growth, relaunched long-haul flying, advanced our transformation agenda, and improved operational performance – all while creating wonderful flying experiences for our guests.

In the second half of the year, our OTP regularly exceeded long-term (pre-COVID) average rates. Our completion rate remained strong across the financial year, with more than 98% of scheduled flights completed. While we are focused on continuous improvement, this was a solid result at a time of high passenger demand, with 20.7 million guests carried on the Virgin Australia network during the financial year.

We kept a laser focus on customer service, winning World's Best Cabin Crew[2] for a seventh consecutive year and collecting the Skytrax awards for Best Regional Airline in Australia/Pacific and Best Airline Staff Service in Australia/Pacific. Our Strategic NPS increased by four points in FY25, and our brand health tracking indicates our market position is comparable with our full-service competitor.

None of this would be possible without the passion and commitment of our people. True to our values, they always step up when it matters. Whether that is supporting disrupted Rex customers impacted by the suspension of the airline's jet operations, driving service excellence on board our aircraft and at airports, or making a difference in the communities we serve by supporting our community partnerships. I am proud of the culture we have created and the Virgin Flair we bring to our work every day.

We also progressed our fleet renewal program, with 47 Boeing 737s undergoing interior refurbishment and the decision to acquire eight Embraer E190-E2s for our Virgin Australia Regional Airlines (VARA) business in Western Australia, delivery of which will begin early in FY26.

Other key highlights included:

- Underlying EBIT of $664 million[3] and Underlying EBIT margin of 11.4%[3]
- Statutory net profit after tax of $479 million
- Fleet renewal program well progressed, with five additional aircraft delivered, bringing the total fleet count to 104[4]
- Active members in the Velocity Frequent Flyer program grew by 12% and there are now over 80 commercial partners
- More than 135,000 disrupted Rex customers rebooked on the Virgin Australia network free of charge
- Progressed key sustainability partnerships, including a sustainability-focused Memorandum of Understanding with Qatar Airways Group.

This has been a year of progress and significant change for the Group. So, it is fitting that 2025 is also Virgin Australia's 25th birthday – providing an opportunity to reflect on our history as a challenger brand, celebrate our remarkable growth and achievements, and look ahead to our bright future.

Thank you to our people, our partners, our guests and our owners for your continued support.



Dave Emerson
Chief Executive Officer and Managing Director

[1] As awarded by Skytrax in 2025.
[2] Awarded by AirlineRatings.com 2025 Airline Excellence Awards.
[3] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).
[4] Excluding wet lease aircraft.

Who we are

Established in 2000, Virgin Australia is Australia's second-largest airline group, providing domestic and international travel services to millions of customers each year and supported by its award-winning loyalty program, Velocity. Virgin Australia services all key segments of the Australian domestic airline regular public transport (RPT) market, including leisure, corporate and government, regional and charter travellers, and air freight customers. Since 2020, Virgin Australia has targeted the premium leisure, small and medium enterprises (SMEs) and value-conscious corporate customer segments.

Virgin australia group

8,000+ Employees

Virgin australia

velocity frequent flyer

20.7m Passengers carried

+900,000 New Velocity members

650+ Destinations

80+ Commercial partners

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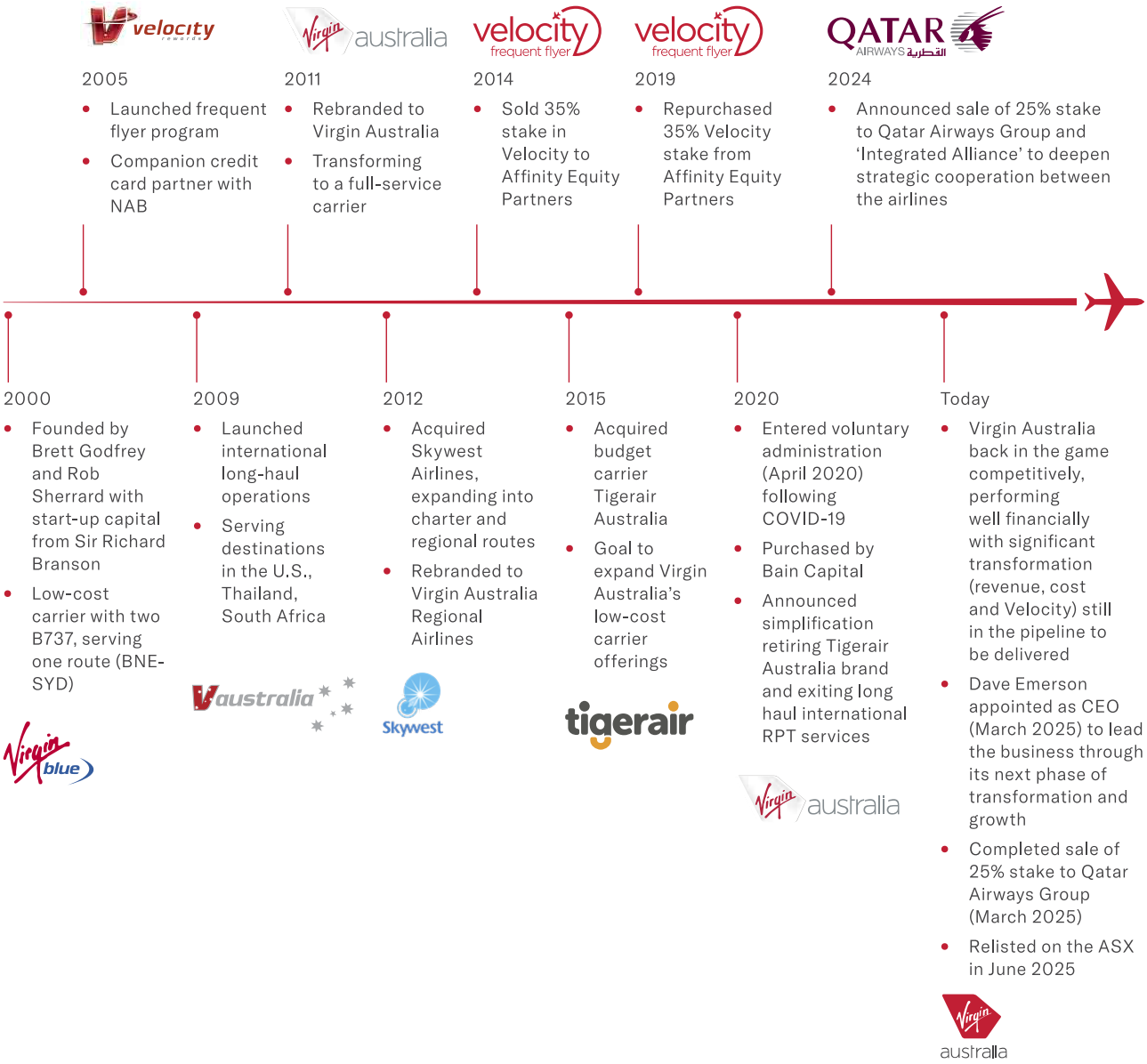
The figure below illustrates the key milestones of Virgin Australia's history since its inception in 2000.



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Virgin Australia's ambition is to be the most loved airline in Australia – by our people, our guests and our owners. To achieve this vision, Virgin Australia has established four key strategic pillars that are underpinned by Virgin Australia's 'flair' – our people.

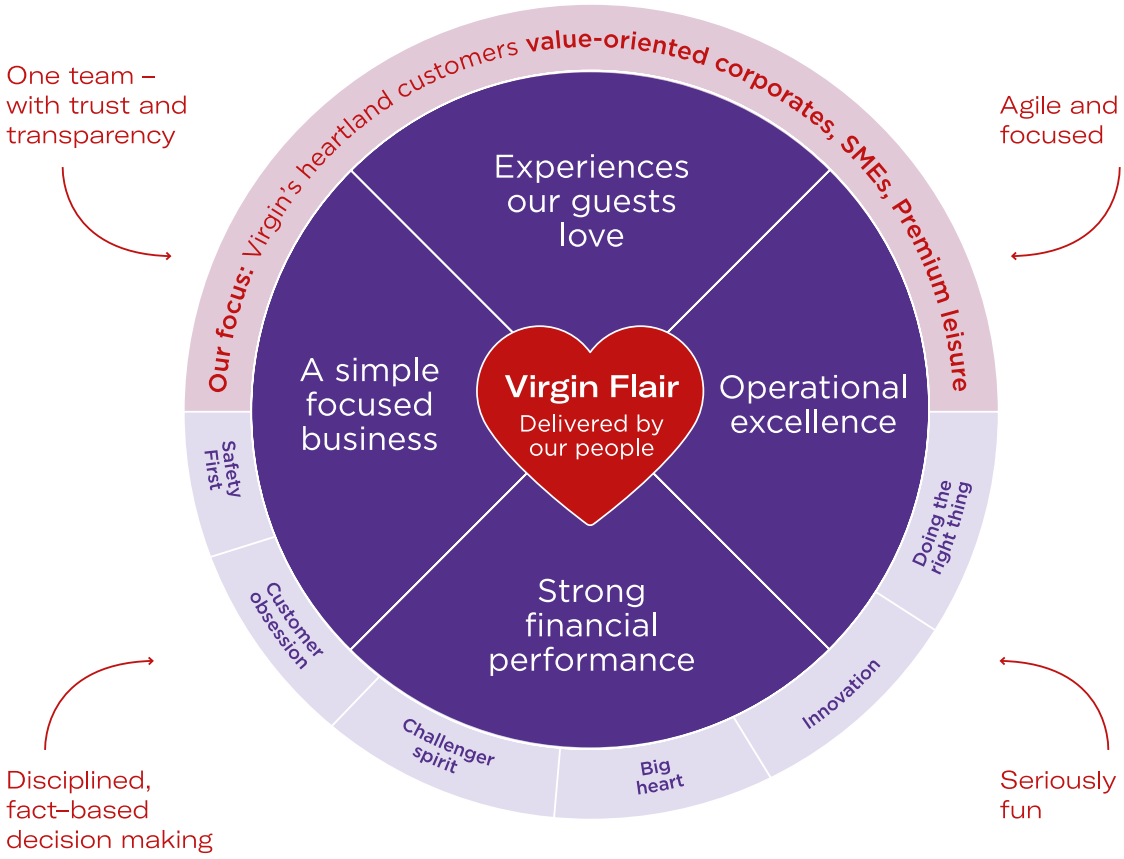
Our Ambition.

To be the most loved airline in Australia – by our people, our guests and our owners.

Our Purpose.

To create uplifting experiences for all.

How we'll make it happen.



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A simple, focused business

Key to this strategic pillar is operating a simplified fleet with the Boeing 737 fleet family at the core, with plans for VARA to operate a new fleet of Embraer E190-E2s to primarily serve VARA customers[1]. This drives significant cost efficiencies while also providing customers with a more consistent experience every time they fly with Virgin Australia.

In addition to a simplified fleet, Virgin Australia also has a targeted network focused on core domestic, charter and select SHI routes, complemented by strategic LHI partnerships. Virgin Australia seeks to profitably serve its target customers on the routes that matter most to them.

In delivering this model, Virgin Australia targets fleet utilisation, load factor and productivity above full-service carriers, and targets a cost base closer to a low-cost carrier with decisions to increase the cost base only where customers are prepared to pay for value and choice.

Experiences our guests love

Since founding in 2000, Virgin Australia has always had customers at its core. Under this strategic pillar, Virgin Australia has developed a customer proposition designed to best serve its target customers (being premium leisure, SMEs and value-conscious corporates). This includes delivering the award-winning Velocity loyalty program and achieving a Strategic NPS[2] in line with a full-service carrier. Virgin Australia's commitment to customer service has been recognised with Virgin Australia winning World's Best Cabin Crew for the past seven years.[3]

Operational excellence

This strategic pillar encompasses having a strong, uncompromising safety culture, as well as maintaining OTP[4], completion rates[5] and disruption management at least in line with other Australian carriers. As at 30 June 2025, Virgin Australia has achieved this objective.

This strategic pillar also incorporates Virgin Australia's sustainability agenda, which includes its commitment to target net zero by 2050.

Strong financial performance

Virgin Australia's operational decision making is informed by the desire to deliver strong financial returns for shareholders. To achieve this, Virgin Australia targets:

- Revenue per Available Seat Kilometre (RASK) that is reflective of its optimisation of capacity, schedule, service, product (including ancillaries) and pricing; and
- sustainable Underlying EBIT margin growth with a balance between service levels and cost, supported by ongoing transformation initiatives.

Virgin Australia is also focused on responsible growth, applying a disciplined financial approach to its capital investment decisions throughout the business.

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[1] Embraer E190-E2s on order with the first aircraft entering service from late 2025. These will replace VARA's current Fokker F100 aircraft.
[2] Based on a monthly market survey commissioned by Virgin Australia and conducted by a third party. Approximately 1,000 Australian travellers are asked to rate their likelihood to recommend each domestic airline they have flown with in the prior 12 months.
[3] AirlineRatings.com; https://www.airlineratings.com/articles/worlds-best-airlines-for-2025
[4] Measured as domestic flights that departed on time as a percentage of all departures operated on any domestic sector. A flight departure is considered on time if it departed the gate within 15 minutes after the scheduled departure time shown in the airline's schedule.
[5] Measured as domestic flights that were not cancelled as a percentage of all services scheduled on any domestic sector. A flight is considered cancelled if it is removed from service within seven days of scheduled departure.

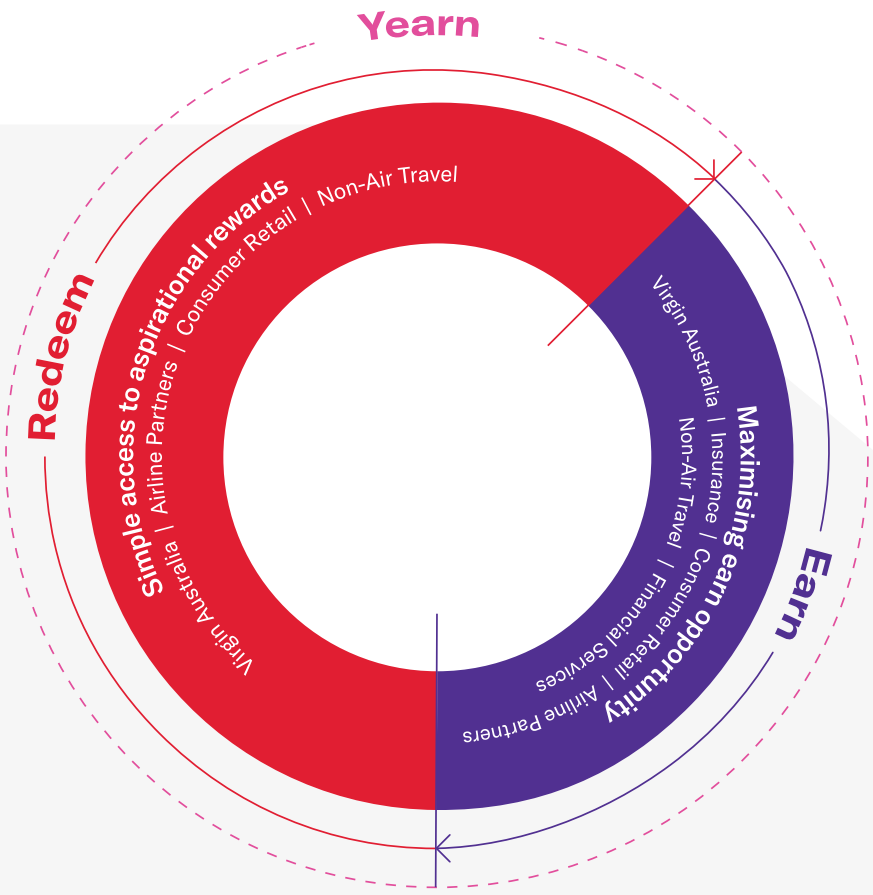
Velocity

Launched in 2005 as Velocity Rewards, and relaunched in 2011 as Velocity Frequent Flyer as part of Virgin Australia's broader rebranding, Velocity is the exclusive loyalty program of Virgin Australia. It is one of the largest loyalty programs in Australia.

Velocity both rewards and recognises frequent flyers for their loyalty to and travel with Virgin Australia and enables Virgin Australia to engage, through valuable Velocity Points, across multiple touchpoints beyond Virgin Australia services. The majority of Virgin Australia's corporate, SME and direct revenue is generated from Velocity members, who typically spend more and fly more frequently with Virgin Australia than non-member guests.

Velocity's program comprises an expanding network of approximately 80 commercial partners and over 300 eStore and Velocity Rewards Store brands in categories spanning retail, financial services and travel. Through these partnerships, members are rewarded for loyal spending behaviour, while partners are provided with high impact[6] loyalty marketing to identify, attract, acquire and grow customer relationships.

Velocity awards Velocity members with status credits when they fly on eligible flights with Virgin Australia or international airline partner flights. Members are then able to qualify for various status levels (as noted below) that provide them with significant benefits to enhance their travel experience with Virgin Australia and other partners. Our enhanced partnership with Qatar Airways has expanded travel options for Velocity members, providing further access to Qatar Airways' extensive global network and premium services. Members can now earn and redeem points across Virgin Australia's flights to Doha operated by Qatar Airways in addition to the existing partnership with Qatar Airways on their own flights to Doha and beyond.



[6] High impact marketing refers to marketing efforts that impact a business' bottom line, driving revenue, leads and brand awareness in a cost-efficient and effective manner.

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Velocity has five levels of membership: Red, Silver, Gold, Platinum and Platinum Plus[7]. Members are automatically awarded Red Membership upon joining Velocity. Silver, Gold, Platinum and Platinum Plus Membership provide additional benefits to members (based on membership status), including:

- accelerated Velocity Points earn;
- priority check-in, boarding, screening and baggage[8];
- additional baggage allowance (Silver, Gold, Platinum and Platinum Plus members); and
- complimentary access to Virgin Australia's domestic lounge network and over 300 international airline partner lounges (Gold, Platinum and Platinum Plus members)[9].

[7] Gold includes Forever Gold membership tier. Forever Gold and Platinum Plus are due to be introduced on 01 October 2025.
[8] Priority screening and baggage is available to Gold (including Forever Gold), Platinum and Platinum Plus members.
[9] Gold includes Forever Gold members. Silver Velocity members are provided with two complimentary entry passes to access Virgin Australia's domestic lounge network.

A Year in Review



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Transition to public ownership

Virgin Australia marked a major growth and transformation milestone in June 2025, listing on the Australian Securities Exchange (ASX) under the ticker code VGN.

The $685 million IPO represented 30.2% of ordinary shares on issue, with the remainder retained by the pre-existing ownership group including BC Hart Investments L.P. (Bain Capital) (40.0%), Qatar Airways Group (23.4%), management shareholders and former employees (6.4%). Shares were offered at $2.90 (**Offer Price**), giving Virgin Australia a market capitalisation of approximately $2.3 billion.

The IPO followed strong interest from domestic and international institutional and retail investors.

Recognising their contribution to Virgin Australia's success, eligible Virgin Australia team members were awarded a VA Take-Off Grant of $3,000 in Share Rights, which will convert to ordinary shares after a 24-month vesting period provided they remain employed by Virgin Australia at that time.

Virgin Australia's transition to public ownership involved a company-wide governance uplift, including welcoming a new Chair and Board members (see page 44).

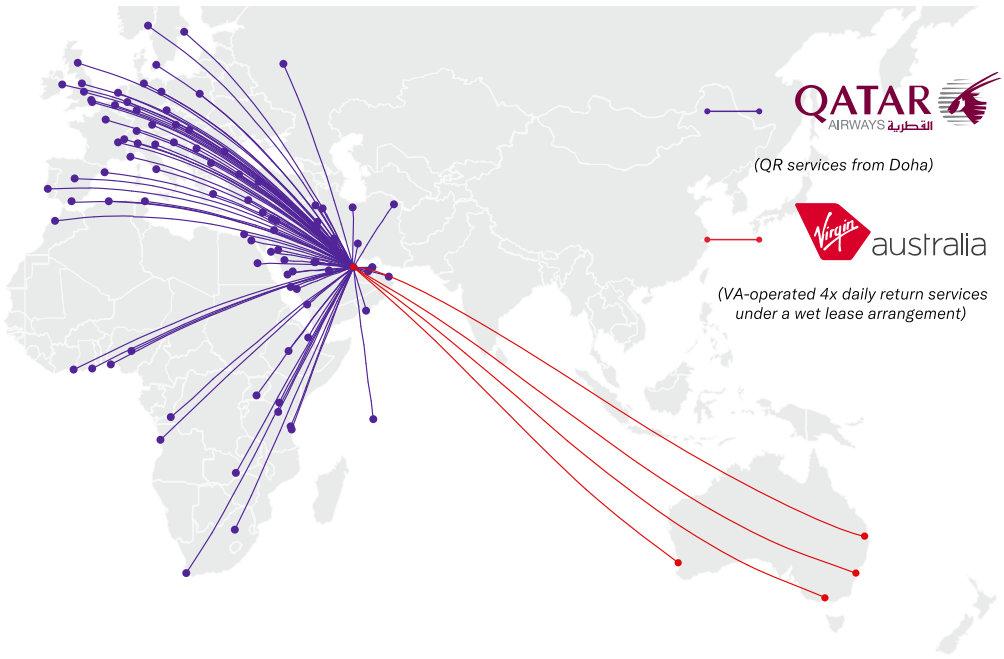
Qatar Airways partnership and long-haul international flying

Qatar Airways Group's acquisition of a 25 per cent[1] stake in Virgin Australia was completed in March 2025. This equity investment provides Virgin Australia with access to the scale and expertise of the world's best airline, strengthening our ability to compete domestically and internationally and driving increased competition in Australian aviation.

As part of the airlines' deeper partnership, an integrated alliance was also established and Virgin Australia commenced flying between Australia and the State of Qatar under a wet-lease with Qatar Airways from June 2025 - marking a highly anticipated return to long-haul international flying.

The Virgin Australia–Qatar Airways alliance brings together two aviation brands to deliver more choice to Australian consumers, with connectivity to six continents. The new Australia-Doha services offer elevated service offerings, exceptional in-flight amenities and loyalty benefits.

Virgin Australia now operates one daily flight between Doha and Sydney, Brisbane and Perth, with Melbourne-Doha services commencing in December 2025. Customers can then connect seamlessly to Qatar Airways' global network, including more than 170 new itineraries across Europe, the Middle East and Africa. The expanded codeshare and collaboration arrangement also provides access to increased points earn and redemption opportunities for members of Velocity and Qatar Airways' Privilege Club.



[1] The equity holding has subsequently reduced to 23.4% as a result of the conversion of Class A shares to ordinary shares immediately prior to IPO. See Shareholder Information section for further information.

Improved operational performance

Virgin Australia continued to deliver improved operational performance in FY25 and maintains a commitment to delivering a safe and reliable operation. Virgin Australia Airlines achieved an average OTP rate of 76.8% and completion rate of 98.4% in FY25, up 7.2% and 2.5% respectively on FY24.

This result was delivered while experiencing very high customer demand, with 20.7 million passengers travelling across the airlines' domestic and international networks.

76.8%

Average OTP in FY25 – up 7.2ppts on FY24

98.4%

Completion rate in FY25 – up 2.5ppts on FY24

Transformation program delivery

A key part of Virgin Australia's post-administration strategy is the delivery of a multi-year Transformation Program.

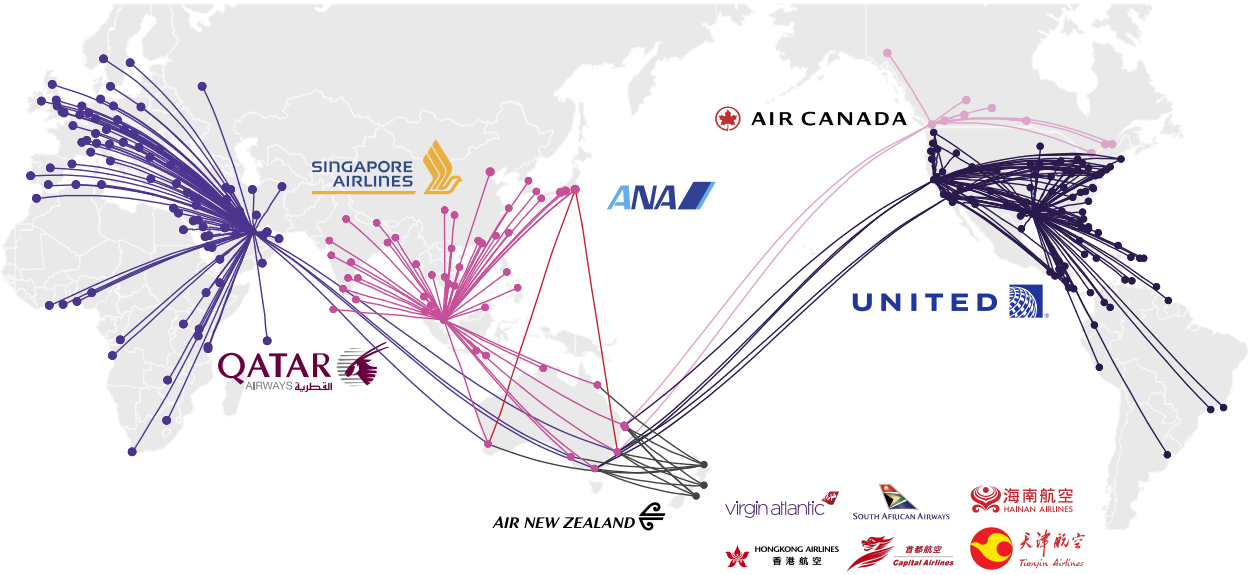
In FY25, the business continued its focus on executing transformation initiatives across three key areas including revenue initiatives, cost optimisation, and Velocity enhancements. Virgin Australia achieved its gross transformation benefits target in FY25, delivering >$450 million of gross benefits. Further details are included on page 36.

New airline partnerships

Virgin Australia's network of world-class airline partners was bolstered in December 2024 with the commencement of a new codeshare agreement with Air New Zealand. Under the agreement, travellers can book flights operated by Air New Zealand through Virgin Australia sales channels from Australia into Auckland, Wellington and Christchurch – complementing Virgin Australia's existing services to Queenstown.

In February 2025, Virgin Australia commenced a new codeshare partnership with Air India, enhancing connectivity between India and Australia. The partnership enables Air India customers connecting in Melbourne or Sydney to connect on Virgin Australia flights to 16 destinations in Australia and New Zealand.

Virgin Australia's extensive airline partnerships portfolio includes more than 50 interline partners, 10 codeshare partners and 13 airline partners within the Velocity program.



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Culture, engagement and workplace relations

We have been conducting engagement surveys for a number of years, and completed our first culture survey in early FY25. We will bring together the insights from both surveys in FY26 to create a consolidated culture and engagement strategy. This strategy will encompass both short- and long-term initiatives, as well as group and divisional activities.

The goal of this work is to continue to develop a highly engaged workforce and cultivate a culture that supports us in delivering on our strategic ambitions.

We achieved a significant increase in our 2025 employee engagement scores which is in part attributed to our investment in new Enterprise Agreements (**EAs**). Two of the Group's 11 EAs were renegotiated in FY25, the Virgin Australia Narrow Body Aircraft Pilots' Enterprise Agreement 2024 (commencing 23 December 2024), and the Virgin Australia Regional Airlines Cabin Crew Agreement 2024 (commencing 29 July 2024).

The Virgin Australia Regional Airlines Stores Enterprise Agreement 2025 came into force on 11 July 2025. This completed all of the EAs to be renegotiated in the 2023/24 bargaining round, with the exception of the EA covering Virgin Australia Regional Airlines Pilots which has been impacted by consultation on the decommissioning of Fokker F100 and Airbus A320 aircraft.

There was no lost time due to protected industrial action during FY25.

Support for Rex customers and people

Regional Express – better known as Rex – entered voluntary administration and announced the immediate suspension of its 737 jet operations on 30 July 2024. Virgin Australia moved quickly to provide support for impacted Rex customers and employees. Approximately 135,000 Rex customers whose flights were cancelled as a result of the suspension of Rex's jet operations were rebooked on an equivalent Virgin Australia service free of charge. Almost all of these customers had flown by June 2025, with the majority – nearly 50,000 – flying in August 2024 alone.

Rex employees who were impacted were prioritised for recruitment opportunities at Virgin Australia and 114 former Rex employees received offers of employment across flight crew, cabin crew, engineering, guest services, pit crew, and corporate roles.

Customer initiatives

Virgin Australia has progressed several customer-focused initiatives in FY25, aimed at keeping our guests front of mind in everything we do. In FY25, our Strategic NPS has been strong, with multiple record-achieving months. This has been driven by improved operational performance and market leading service. In FY26 and beyond, we continue our ambition to be Australia's most loved airline - by our people, our guests and our owners, by providing wonderful flying experiences for every guest.

Delivering wonderful everyday service: Our crews on the ground, in the cabin and flight deck continue to be the number one driver of promotership and strong Strategic NPS, and why Australians rate our service best in market. During FY25, we have further elevated our service delivery with a new Service Culture Program, and we will be continuing our people's development with the launch of a Leadership series in FY26. We have also modernised our travel experience by allowing our guests to track their journey and bags on the Virgin Australia mobile app, as well as giving our guests the power to self-manage their rebooking options when things don't go according to plan.

Streamlining our airport experience: We are continuing to simplify our guests' airport check-in experience. Latest improvements include new self-service options online, upgrading our kiosk software, introducing new automated bag drops and mobile servicing with the support of our crew.

Improving onboard experience: In addition to our fleet growth, renewal and reconfiguration programs, we have also improved the variety and availability of food and beverage onboard with seasonal economy class offerings and more than 30 rotating premium options in business class. New ancillary services such as preferred seating and Cancel For Any Reason were launched in FY25 and a suite of new products including pets travelling in cabin and Neighbour Free Seating are under development.

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Velocity changes

In October 2024, Velocity announced a series of changes to the program following extensive member research and feedback. Central to these changes was better recognition for loyalty and the ability to fly domestically for fewer Velocity Points. Two new status levels were introduced – Forever Gold, rewarding long-term loyalty to Virgin Australia, and Platinum Plus, recognising loyalty beyond the previous highest Platinum level. Base fares for Reward Seats were lowered to 5,900 Velocity Points for one-way domestic fares. These new status levels will launch in October 2025.

Awards

Virgin Australia was recently named the Most Trusted Brand in the Travel and Tourism sector by Roy Morgan Research in 2025 for the third consecutive year. The award underscores Virgin Australia's commitment to delivering award-winning service, choice and value that our guests can trust.

In June 2025, Virgin Australia received awards for Best Airline Staff Service in Australia/Pacific and Best Regional Airline in Australia/Pacific at the Skytrax World Airline Awards in Paris. At a global level, Virgin Australia was also named the second Best Regional Airline. These awards recognise the quality of airline services provided by Virgin Australia across both airport and onboard experiences. Our partner Qatar Airways, which allows Virgin Australia to operate long-haul international flights under a wet lease, was recognised as the World's Best Airline for the ninth time[2].

Earlier in the year, Virgin Australia was recognised in three categories at the 2025 AirlineRatings.com Airline Excellence Awards. The airline received the World's Best Cabin Crew award for the seventh consecutive year and World's Best Regional Airline was awarded to Virgin Australia Regional Airlines for the second year running. Virgin Australia also made its debut in the top three of the newly introduced Global Hybrid Airlines category.



[2] As awarded by Skytrax in 2025.

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Sustainability



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Our Sustainability Strategy

Virgin Australia recognises its role in responsibly managing its impact on the environment and driving positive outcomes for its people and the communities it serves. Virgin Australia's Sustainability Strategy is based on a materiality assessment of the issues most important for the business and its broad range of stakeholders. The last assessment was undertaken in early 2023. This strategy helps to direct financial and resourcing investments to be most efficient and impactful in achieving sustainability goals and defines the key focus areas, including:







Protecting our Natural World

Climate change

- Target 22% reduction in net Scope 1 and Scope 2 greenhouse gas (**GHG**) emissions intensity by 2030, from a FY19 base year[1]
- Commitment to target net zero emissions by 2050

Waste

- Organic waste separation in lounges by 2026
- Remove all single-use plastics by 2027[2]
- 85% general waste diverted from landfill by 2030[3]
- Zero general waste to landfill by 2032

Caring for our People, Guests, and Communities

Safety and wellbeing

- Trusted, safe operations. Safety is first and above all else
- On track with safety targets and maintaining industry best practice

Engaging and developing our people

- Inclusive, diverse and collaborative organisation
- Our people and customers are at the core
- Virgin Flair is visible and celebrated
- Motivated and empowered teams with momentum to innovate

Maintaining Customer Trust

Cyber security and privacy

- Building a resilient, collaborative, compliant, security-minded culture
- Building a strong culture of privacy
- Responsible use of data
- Maintaining customer trust

Further information on the Sustainability Strategy can be found in the annual Sustainability Report on Virgin Australia's website[4].

[1] This target applies to all Virgin Australia domestic and SHI flights. It is not intended to apply to the new LHI flights commencing from June 2025, as these were not a foreseen scope of the business' operations at the time the target was made. To account for these new flights, Virgin Australia will monitor the GHG emissions over the first year of operations, and in FY26 intends to re-baseline in accordance with the Greenhouse Gas Protocol's globally accepted GHG accounting standards and guidance process and, if necessary, renew or amend the target.

[2] This target includes all items banned by state governments, as well as problematic and unnecessary single-use plastics. It excludes items required for medical or health and safety reasons.

[3] General waste excludes quarantine, aeronautical, liquid and hazardous waste.

[4] Virgin Australia's FY25 Sustainability Report is expected to be available prior to 31 December 2025.

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Protecting our Natural World

Climate change

Virgin Australia recognises that aviation has an important role to play in reducing global emissions and has committed to targeting net zero carbon emissions by 2050 in line with the broader aviation industry commitment[5]. The Group also recognises the need to meet multiple emissions reduction requirements, including voluntary commitments and legislated mechanisms, particularly the Safeguard Mechanism applicable to Virgin Australia's domestic operations and the Carbon Offsetting and Reduction Scheme for International Aviation (**CORSIA**) relevant to Virgin Australia's international operations.

However, Virgin Australia also acknowledges that delivering net zero for the aviation sector will be challenging; a reflection of the complexity and cost involved. Such a transition will require a mix of actions, including advancements in aircraft technology, fleet and engine renewal, smarter ground vehicles, carbon offsets, transitioning to use of Sustainable Aviation Fuel (**SAF**), and improved management of waste. To achieve our decarbonisation objectives, Virgin Australia has multiple initiatives in place, which include fleet renewal, efficient aircraft operations, electric-battery powered ground operations and facilities, carbon offsets and SAF.

Virgin Australia continued to advance its decarbonisation priorities through a series of partnerships and commitments in FY25, including a sustainability-focused Memorandum of Understanding with Qatar Airways Group and a SAF supply agreement with Viva Energy.

Climate-related risks and opportunities

Virgin Australia acknowledges that climate change will have an effect on the business' operations. Physical consequences of climate change may impact Virgin Australia's operations, including through the frequency and intensity of extreme weather events (including bushfires, storms and floods) that could interrupt flight schedules, supply chains, critical infrastructure and workforce productivity. The transition to a lower-carbon economy is expected to entail extensive regulatory, technology and market changes to address mitigation and adaptation requirements related to climate change.

Virgin Australia's climate-related risks and opportunities can be found in the Risk section of this report, with further disclosure on our climate risk management approach in our annual Sustainability Report.

Virgin Australia will be required to prepare climate-related financial disclosures in accordance with the Australian Accounting Standards Board (AASB)'s ASRS S2 *Climate-related Disclosures* (AASB S2), for its annual reporting periods from 1 July 2025. Virgin Australia continues to prepare for this disclosure.

Waste

Virgin Australia is committed to reducing its waste footprint through multiple targets (see above).

Our Project Zero initiative, launched in FY23, focuses on three key stages: Reduce and Redesign; Separate and Handle; and Dispose Responsibly. Two years on, we continue to make progress towards our goals. During FY25, Virgin Australia launched inflight recycling into Brisbane, Sydney and Melbourne airports, representing our busiest ports. This builds on our ongoing inflight recycling efforts in Western Australia, which commenced in FY24.

We recognise there is more work ahead of us in the coming years to reach our zero general waste to landfill goal. Our focus heading into FY26 will be on scaling up waste initiatives such as inflight recycling and lounge organics separation. We are also actively working to improve our data collection and analysis capabilities. This will enable us to more accurately measure progress, identify areas for improvement, and refine our approach to waste reduction and diversion.

[5] https://www.iata.org/en/pressroom/pressroom-archive/2021-releases/2021-10-04-03/.

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Caring for our people, guests and communities

Safety and wellbeing

Safety represents a fundamental value within Virgin Australia's culture and is central to its commitment to sustainability. Virgin Australia recognises that the safety and wellbeing of its people, customers, and communities extend beyond compliance with protocols and procedures – it is about fostering a proactive, risk-aware environment where everyone feels protected and supported.

Our Safety Management System (**SMS**) is the primary framework for mitigating operational risks, and provides a multi-layered approach to safety governance. The SMS covers all business activities, such as flight operations, maintenance activities, ground handling operations and customer service interactions, and it extends to all owned, managed or controlled facilities, including offices, warehouses and other workspaces.

Virgin Australia's commitment to operational safety is a continuous journey. By integrating rigorous training programs, robust policies, and a multi-layered risk management approach, Virgin Australia strives to uphold the highest standards of operational safety while fostering a culture where safety is everyone's responsibility.

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Engaging and developing our people

Virgin Australia's People Program is underpinned by its People Strategy, with focused investment across three core areas, and complements an existing Group-wide recognition program, Virgin Flair Awards. Launched in October 2021, the Virgin Flair Awards celebrate the diversity and values that define Virgin Australia, acknowledging those who consistently go the extra mile and embody Virgin Australia's core values. More than 2,600 employees have been nominated and celebrated since the program began.



Creating a simple, smart and productive business by streamlining processes and policies to empower teams to do their best work.



Institute of Wonderful supports growth and development through learning tools, leadership programs, and initiatives that champion guest centricity, culture and engagement. During FY25 and in response to employee feedback about the importance of learning and development, Virgin Australia expanded its Institute of Wonderful offering to include LinkedIn Learning for permanent team members, Learning Masterclasses led by the Executive Leadership Team, and a tailored leadership series for corporate leaders.



Cookie Jar is a suite of reward and recognition programs designed to celebrate performance and deliver meaningful benefits.

A key Cookie Jar initiative, Achieving Wonderful, launched in January 2025 to recognise the vital role team members play in delivering exceptional guest experiences. Each quarter, ports are assessed on key metrics including OTP, controllable completions, safety compliance and customer satisfaction, with the top-performing port rewarded through Velocity Frequent Flyer Points for every team member. The Cookie Jar pillar also includes Fitness Passport, a new health and wellbeing benefit.

Community partnerships

Virgin Australia has a long-standing commitment to supporting people in times of need, with a focus on delivering fun, uplifting and meaningful support that connects communities across the country through its Community Partnership Strategy.

We are proud to be the official airline partner of What Ability, an NDIS-registered disability support service that provides people living with disabilities fun and happy experiences. What Ability also helps educate Virgin Australia's team members and enhances inclusive and accessible guest experiences.

Virgin Australia facilitates memorable travel for young people and their families as the official wish-granting partner of the Starlight Children's Foundation, having supported over 3,000 travel wishes for sick children since 2010.



What Ability



Hawks Fan Flight



Starlight Children's Foundation

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Refresh of belonging strategy

Virgin Australia's diversity and inclusion strategy, Belonging, reflects our commitment to recognising and celebrating what makes each person unique.

In August 2024, the strategy was refreshed and now focuses on four key pillars – Gender, Ability, Pride, and First Nations. Each pillar is supported by an employee-led network with clear annual goals and actions. Virgin Australia has a set of refreshed Belonging Targets to guide our progress through to July 2028. To reflect the progress achieved in recent years, and our continued drive toward gender balance, a target of 48% for women in leadership roles has been set (FY25 actual: 42%)[1]. We have also established a target of 6.5% for women pilots (FY25 actual: 6.3%)[2], aligning with industry benchmarks and our aspiration to improve gender representation in aviation. In addition, we have reaffirmed our focus on First Nations representation, with a target of 1.4% across our workforce (FY25 actual: 1.0%)[3].

In FY25, these networks delivered a range of initiatives aligned to their respective pillars, including (but not limited to):

Gender

Virgin Australia is committed to improving gender representation in technical aviation roles by building awareness and aspiration from an early age through our Future Aviators program which involved:

- Nearly 60 students from years seven and eight across six schools in Southeast Queensland were invited to the inaugural event.
- Involved a hands-on experience at the aircraft maintenance hangar, training centre and flight simulators.

Ability

In May 2025, Virgin Australia and Adelaide Airport launched the 'Try Before You Fly' (TBYF) program.

- The initiative is the first of its kind in Australia.
- Supports people with a disability and other health conditions by providing a complete airport and onboard experience without the aircraft leaving the gate.
- Designed to reduce anxiety and build confidence among individuals who may find flying challenging.
- Since the commencement of the trials, more than 200 guests have participated and 47 per cent of those have since chosen to travel by air.

Pride

Since its commencement in 2021, Pride Flight has become a staple event in the annual event calendar and is a key initiative of our Pride Network. In FY25:

- Passengers flew on two dedicated services from Brisbane and Melbourne to Sydney for Mardi Gras.
- Through our multi-year gold partnership with The Pinnacle Foundation, ticket sales directly contributed to the charity's mission of empowering LGBTQIA+ youth through education.

First Nations

The First Nations Team Member Network connects and supports employees across the business.

- National Reconciliation Week marked through panels, storytelling forums, and internal messaging.
- NAIDOC Week celebrated with team gatherings and sponsorship of community events like Musgrave Park Family Fun Day and Black, Bold and Beautiful.
- Partnerships with First Nations-owned businesses have been strengthened through a Supplier Diversity Strategy and membership with Supply Nation.
- Second Reconciliation Action Plan (RAP) launched in 2025.

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[1] Women in leadership includes the Executive Leadership Team (ELT) (direct reports of the CEO, excluding the office of the CEO), General Leadership Team (GLT) (any position which reports directly to an ELT member), and Senior Leadership Team (SLT) (any position which reports directly to a GLT member).
[2] Percentage of the total number of pilots who identify as female.
[3] Percentage of the total number of employees who are First Nations.



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Maintaining customer trust

Virgin Australia's commitment to 'doing the right thing' is embodied in one of our four core values. This means that everything we do – for our people, our customers and our community – is done with absolute integrity, always. Virgin Australia's Code of Conduct (**the Code**) establishes clear standards for what it means to act with integrity. The Code can be used as a guide for applying our values to our work and the decisions we make. While everyone plays different roles, we share a joint responsibility to hold ourselves and each other accountable to these standards.

As disclosed in our Prospectus, in FY25 we identified an issue in our booking system which led to some customers being inadvertently charged more than they should have been when making a change to their booking. We proactively reported the matter to the Australian Competition and Consumer Commission (**ACCC**), contacted impacted customers and we are in the process of refunding the overcharged amounts. The ACCC has now confirmed that it does not propose to take any further enforcement action in relation to this matter.

Cyber security and privacy

Virgin Australia relies on data, technology and third parties to operate our businesses and recognises that continuing to enhance our privacy and cyber security frameworks and protections is essential to ensuring compliance with privacy laws, maintaining trust and achieving our strategic objectives. During FY25, we continued to prioritise targeted security control enhancements aligned with evolving cyber threats and industry best practices. The program encompasses multiple security domains, including infrastructure protection, data security, identity management, and threat detection capabilities.

We have also made significant improvements to our privacy risk management capability by enhancing our data governance and data management controls and governance, including establishing a dedicated Data Governance Team.

For more information, refer to the Risk management section of this report from page 53.

Supply chain and procurement

Our Procurement and Purchasing Policy outlines the governance framework that applies across Virgin Australia to the procurement and purchasing of goods and services. Sustainable procurement is a key pillar of the Virgin Australia Procurement and Purchasing Policy. Under this pillar, we consider cost, quality, environmental and social impacts, and cyber and data security best practices, not just for Virgin Australia, but for the communities in which we operate.

Virgin Australia launched its Human Rights Policy in FY24, which reflects our commitment to respect human rights and the expectations we set for third parties who work with us, including our suppliers and other business partners. Our annual Modern Slavery Statement provides further information on our approach to managing human rights in our supply chain. Modern Slavery Statements can be found on Virgin Australia's website.

Operating and Financial Review



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Five-year history

Financial performance[1,2]

		FY25	FY24	FY23	FY22	FY21[2]
Statutory revenue and income	$m	5,809.7	5,634.1	5,011.4	2,233.9	1,542.7
Underlying revenue and income	$m	5,809.7	5,353.4	5,011.4	2,233.9	1,542.7
Underlying EBITDA	$m	1,078.9	847.7	735.7	(17.4)	197.2
Underlying EBIT	$m	664.4	519.4	439.4	(278.2)	(71.6)
Underlying EBIT margin	%	11.4	9.7	8.8	(12.5)	(4.6)
Statutory net profit/(loss) after tax	$m	478.5	545.4	129.1	(565.5)	3,722.7
Underlying net profit/(loss) after tax	$m	650.9	393.4	337.1	(376.2)	(76.8)
Basic earnings per share	cents	65.4	74.5	17.6	(77.3)	508.8
Adjusted Net Debt	$m	(1,177.5)	(1,335.4)	(1,178.5)	(1,171.8)	(738.7)
Adjusted Net Debt to Underlying EBITDA	$m	1.1x	1.6x	1.6x	(67.3)x	3.7x
Closing share price	$	3.09	n/a	n/a	n/a	n/a
Dividends paid to ordinary shareholders	cents	13.7	50.1	–	–	–
Net cash from operating activities	$m	1,144.7	900.3	1,042.9	261.9	266.5
Revenue per Available Seat Kilometre	cents/ASK	16.53	15.90	16.23	13.29	14.78
Cost per Available Seat Kilometre	cents/ASK	14.95	14.68	15.02	15.40	15.87
Cost per Available Seat Kilometre (excl. fuel)	cents/ASK	11.71	10.99	10.94	12.33	13.84

Statistics[1]

		FY25	FY24	FY23	FY22	FY21
Available Seat Kilometres (ASK)	million	33,725	32,374	30,030	16,194	9,932
Passengers carried	million	20.7	19.2	18.9	9.8	5.5
Fleet at year end[3]	#	104	101	99	94	79

[1] These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).
[2] Performance in both FY22 and FY21 was heavily impacted by the effects of COVID-19. In addition, FY21 results include a period during which Virgin Australia was in voluntary administration. The statutory results include the benefit relating to the creditor relief on effectuation of the Deed of Company Arrangements and other administration related costs, which are excluded from the underlying results.
[3] Includes aircraft directly owned and leased by Virgin Australia, excludes aircraft operated under wet lease arrangements.

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Group result highlights

Underlying EBIT[1] of

$664 million

improved by $145 million with strong revenue and delivery of the Transformation Program.

Statutory net profit after tax of

$479 million

reduced by $67 million following one-off costs of successful IPO and prior year benefits of Future Flight Credits.

Successful execution of the Value Carrier strategy and improved operational performance delivering continued underlying margin accretion.

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Virgin Australia's Underlying EBIT[1] increased by $145.0 million from $519.4 million in FY24 to $664.4 million in FY25. The Group continues to build on the successful strategic positioning it has established since its emergence from voluntary administration in November 2020, focusing on its target customer segments of premium leisure, SMEs and value-conscious corporates.

The increase in Underlying EBIT[1] was driven by a 9% increase in Underlying revenue and income[1] to $5,809.7 million, disciplined controllable costs management, ongoing benefits from the Transformation Program across both Airlines and Velocity segments and lower fuel costs, mitigating a high inflationary environment, particularly within Airports and Maintenance costs. The Transformation Program, which commenced its current phase in 2024, continues to deliver substantial benefits with a focus on revenue initiatives, cost optimisation, and Velocity enhancements. Over FY24 and FY25, Virgin Australia has inducted 11 additional Boeing 737 aircraft into our fleet (including seven Boeing 737-8s and two Rex aircraft) resulting in increased depreciation in FY25 with offsetting operational savings through fuel burn and maintenance.

Statutory profit before tax decreased by $292.6 million from $545.4 million in FY24 to $252.8 million in FY25, as FY24 included the one-off gain of $277.9 million from pre-administration Future Flight Credits recognised in FY24. Additionally, FY25 statutory results included $115.9 million in costs related to the IPO (including transaction related remuneration) and Qatar Airways Group transaction.

Statutory net profit after tax decreased by $66.9 million from $545.4 million in FY24 to $478.5 million in FY25, driven by the Statutory profit before tax movements above and benefiting from the recognition of deferred tax assets in FY25.

Virgin Australia carried 20.7 million passengers across the airlines' domestic and international networks. Virgin Australia also carried approximately 120,000[2] Rex customers free of charge, whose travel plans were disrupted by Rex entering voluntary administration and grounding its jet operations on 30 July 2024.

Virgin Australia delivered strong operational performance in FY25, achieving a market leading[3] domestic average on time performance (OTP) rate of 76.8% and completion rate of 98.4% in FY25, up 7.2 percentage points and 2.5 percentage points respectively on FY24.

Velocity's double digit growth trajectory continues as increasing engagement in the program is driven by new product launches in Financial Services (e.g. Amex products launched in H2FY25) and expanding the partner ecosystem with new partner launches (e.g. DoorDash launched late in H2FY25). Approximately 900,000 new members joined the program in FY25 while active members grew by 12%.

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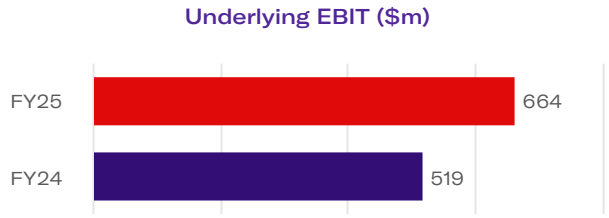
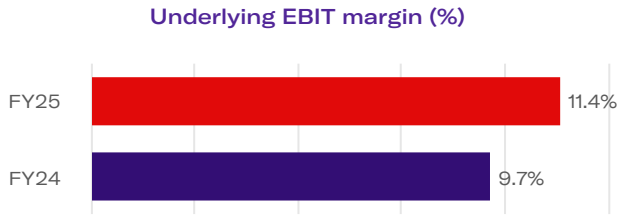
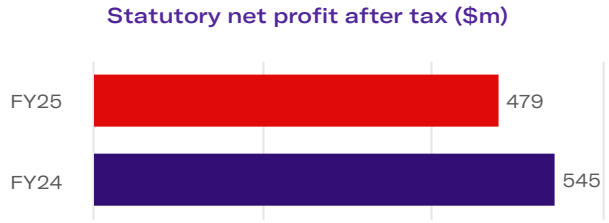
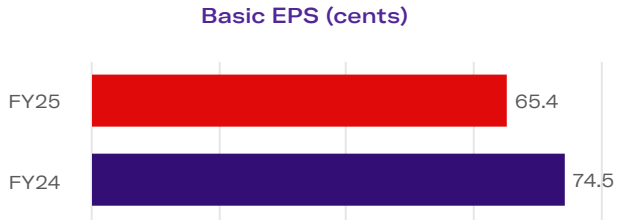
1 This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).
2 More than 135,000 disrupted Rex customers were rebooked on the Virgin Australia network. Approximately 120,000 of these were carried during FY25 with the difference being no show passengers and a small number still to travel in FY26.
3 Based on data from the Australian Government's Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Bureau of Infrastructure and Transport Research Economics, Statistical Report, Aviation – Domestic airline on time performance July 2024 - June 2025.

Group results highlights[5]









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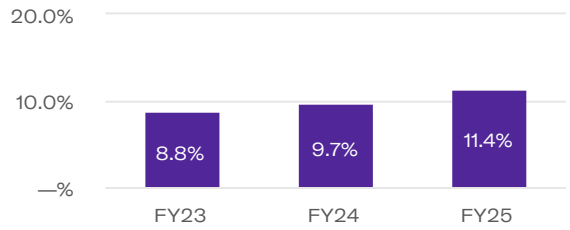
Review of operations and results

	FY25	FY24	YoY %	Prospectus[4]	Performance v Prospectus %
Statutory					
Revenue and income ($m)	5,809.7	5,634.1	3.1 %	5,804.2	0.1 %
Profit before net finance costs and tax ($m)	424.5	682.7	(37.8)%	352.0	20.6 %
Net profit after tax ($m)	478.5	545.4	(12.3)%	428.6	11.6 %
Basic earnings per share (cents)	65.4	74.5	(12.2)%	n/a	n/a
Underlying[5]					
Revenue and income ($m)	5,809.7	5,353.4	8.5 %	5,804.2	0.1 %
EBITDA ($m)	1,078.9	847.7	27.3 %	1,074.0	0.5 %
EBIT ($m)	664.4	519.4	27.9 %	658.5	0.9 %
Net profit after tax ($m)	650.9	393.4	65.5 %	643.1	1.2 %
Adjusted Net Debt to Underlying EBITDA[5]	1.1x	1.6x	(0.5)x	1.2x	-0.1x

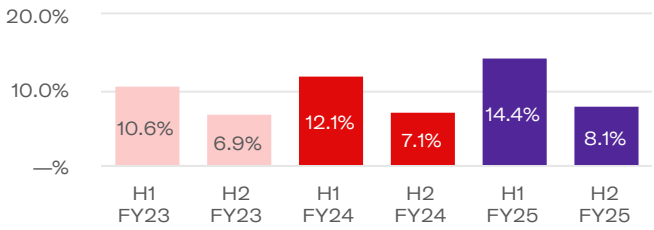
[4] The Prospectus figures relating to current year results are derived from those included in the table on page 324 of the Prospectus. The Statutory figures are from the column 'Statutory FY25F' and the Underlying figures are from the column 'Statutory incl non-IFRS measures'. These figures exclude pro forma adjustments. Adjusted Net Debt to Underlying EBITDA of 1.16x can be found on page 23 of the Prospectus.

[5] These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Underlying EBIT Margin Evolution[6]



Underlying EBIT Margin by Half Year[6]



Group performance[6]

	FY25 $m	FY24 $m	Change $m	Change %
Underlying revenue and income	5,809.7	5,353.4	456.3	8.5 %
Fuel and oil	(1,091.4)	(1,196.2)	104.8	8.8 %
Other	(3,639.4)	(3,309.5)	(329.9)	(10.0)%
Underlying expenditure	(4,730.8)	(4,505.7)	(225.1)	(5.0)%
Underlying EBITDA	1,078.9	847.7	231.2	27.3 %
Underlying depreciation and amortisation	(414.5)	(328.3)	(86.2)	(26.3)%
Underlying EBIT	664.4	519.4	145.0	27.9 %
Underlying net finance costs	(171.7)	(126.0)	(45.7)	(36.3)%
Underlying profit before tax	492.7	393.4	99.3	25.2 %
Underlying income tax benefit	158.2	–	158.2	100.0 %
Underlying net profit	650.9	393.4	257.5	65.5 %
Significant Items benefit/(expense)	(172.4)	152.0	(324.4)	(213.4)%
Statutory net profit after tax	478.5	545.4	(66.9)	(12.3)%

Financial metrics[6]	FY25	FY24	Change
Underlying EBITDA margin (%)	18.6%	15.8%	2.8ppts
Underlying EBIT margin (%)	11.4%	9.7%	1.7ppts
Underlying net profit margin (%)	11.2%	7.3%	3.9ppts

[6] These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

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Net finance costs

	FY25 $m	FY24 $m	Change $m	Change %
Interest earned on cash, cash equivalents and term deposits	49.9	56.0	(6.1)	(10.9)%
Interest and finance charges	(95.4)	(91.7)	(3.7)	(4.0)%
Interest on lease liabilities	(74.7)	(61.1)	(13.6)	(22.3)%
Unwinding of discount on provisions	(51.5)	(29.2)	(22.3)	(76.4)%
Underlying net finance costs[7]	(171.7)	(126.0)	(45.7)	(36.3)%

Interest earned on cash, cash equivalents and term deposits has decreased with a lower average cash balance held and a decline in the average rate earned.

Interest on lease liabilities relates to the interest component of aircraft, property and other leases accounted for under AASB 16 *Leases* and has increased with growth in the number of leased aircraft.

Unwinding of the discount on provisions is non-cash and relates primarily to the interest expense incurred on the heavy maintenance provision to increase the heavy maintenance provision liability to its future value.

The interest associated with unwinding the discount on provisions has increased due to the increased number of leased aircraft and higher provision balances.

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[7] These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Segment Performance

Airlines

Virgin australia

Benefits of Transformation Program, fuel tailwinds and strong operational performance, delivering underlying earnings growth.



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	FY25	FY24	Change	Change %
Financial metrics[8]				
Underlying revenue and income ($m)	5,576.1	5,145.9	430.2	8.4%
Underlying EBIT ($m)	534.7	392.0	142.7	36.4%
Underlying EBIT margin (%)	9.6	7.6	2.0ppts	n/a
Operating metrics				
Passengers carried (m)	20.7	19.2	1.5	7.8%
Available Seat Kilometres (m)	33,725	32,374	1,351	4.2%
Load factor (%)	84.9	83.0	1.9ppts	n/a
Revenue per Available Seat Kilometre (RASK, cents per ASK)	16.53	15.90	0.63	4.0%
Cost per Available Seat Kilometre (CASK, cents per ASK)	14.95	14.68	0.27	1.8%
Cost per Available Seat Kilometre ex Fuel (CASK ex fuel, cents per ASK)	11.71	10.99	0.72	6.6%

[8] These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Capacity grew in line with demand and, complemented by the Transformation Program, contributed to a RASK growth of 4.0%. Whilst the business did incur higher than inflationary cost headwinds in both airports and maintenance, the benefits of the Transformation Program and lower fuel costs offset these rising costs, delivering an Underlying EBIT margin[9] increase of 2.0 percentage points to 9.6%.

The Airlines segment achieved an average OTP rate of 76.8% and completion rate of 98.4% in FY25, up 7.2 percentage points and 2.5 percentage points respectively on FY24.

FY25 Airlines segment Underlying EBIT[9] increased by $142.7 million, or 36.4% compared to FY24 to $534.7 million in FY25, driven by:

- a 4.2% increase in ASKs and 7.8% increase in passengers carried, reflecting growth in passenger demand;
- a 4.0% increase in RASK, driven by:
  - Load factors increased from 83.0% in FY24 to 84.9% in FY25, driven partly by a reduction in market capacity from Rex exiting certain routes, as well as market capacity increasing in line with passenger demand; and
  - Passenger yields increased in line with domestic CPI growth and benefits from the Transformation Program (including demand and fare brand (Flex, Choice and Lite) optimisation and improved revenue management systems) and continued growth into higher yielding SME and Corporate customer segments;
- ancillary revenue per passenger increased by 9%;
- the rapid expansion of airport facilities post COVID-19 has resulted in above inflationary increases in airport fees;
- global delays in aircraft deliveries have contributed to industry-wide higher maintenance costs as airlines operate ageing fleets longer than planned. To maintain operational capacity, Virgin Australia extended aircraft leases and retained aircraft originally scheduled for retirement, resulting in similar maintenance cost pressures faced across the industry;
- nine Enterprise Bargaining Agreements were renegotiated in FY24 and FY25 with above inflationary increases the first year of most agreements. These cost increases were net of productivity gains; and
- the successful execution of the Transformation Program which delivered gross benefits (Revenue/Cost/Velocity) of >$450 million together with fuel benefits mitigated the cost headwinds.

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[9] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Velocity

velocity frequent flyer

Double-digit revenue growth delivered record results



	FY25	FY24	Change	Change %
Financial metrics[10]				
Underlying revenue and income ($m)	450.0	409.0	41.0	10.0%
Underlying EBIT ($m)	127.3	115.2	12.1	10.5%
Underlying EBIT margin (%)	28.3	28.2	0.1ppts	n/a
Operating metrics				
Points earned (b)	56.8	50.4	6.5	12.8%
Points redeemed (b)	39.7	36.1	3.7	10.2%

[10] These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

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Velocity continues to serve as a key growth driver for Virgin Australia, delivering strong double-digit growth. The program attracted approximately 900,000 new members while active members grew 12%, driven by successful new product launches including Amex financial services products and strategic partnerships such as DoorDash in the expanding food delivery sector. Member engagement continues to grow with points earned increasing 12.8% and redemptions growing 10.2%, reflecting the program's ability to deliver enhanced value propositions to both members and partners.

Our enhanced partnership with Qatar Airways Group has expanded travel options for Velocity members, providing further access to Qatar Airways' extensive global network and premium services. Members can now earn and redeem points across Virgin Australia's flights to Doha operated by Qatar Airways in addition to the existing partnership with Qatar Airways on their own flights to Doha and beyond.

Prior year key technology investment in a new loyalty management platform has been integrated into daily operations, improving efficiency and member experience. The technology foundation continues to support our competitive position and enables future growth opportunities.

Velocity segment Underlying revenue and income[11] increased by $41.0 million, or 10.0%, from $409.0 million in FY24 to $450.0 million in FY25, while Velocity segment Underlying EBIT[11] increased by $12.1 million, or 10.5%, from $115.2 million in FY24 to $127.3 million in FY25. This growth is driven by:

- a 12.8% increase in points earned reflecting continued growth in current member activity combined with member base growth through brand campaign investment and growing the partner ecosystem (e.g. by launching new partnerships) in both existing and new sectors (e.g. in the food delivery sector);
- a 10.2% increase in points redeemed reflecting increased member engagement levels by continuing to drive member value through attractive redemption options. International redemptions increased with our partner airlines; and
- continued investment in business development designed to drive growth, including adding more partners and more members in the program.

Velocity's 28.3% Underlying EBIT margin[11] grew 0.1 percentage points compared to FY24 reflecting the program's strong growth in points earned and redeemed, enabled through continued business development and partner additions while reinvesting benefits from operating leverage into future growth initiatives.

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[11] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Transformation (TX)

As Virgin Australia came out of voluntary administration, it embarked on a Transformation Program to upgrade decades old technology, legacy systems and processes, restructure every function of the business to improve efficiencies and simplify the fleet. The impact of the Transformation Program to date has been significant, as evidenced by the improvement in Virgin Australia's Underlying EBIT margin. Management expects to undertake additional transformation initiatives over the coming years which, if successfully implemented, will deliver further margin improvement.

Virgin Australia's Transformation Program delivered gross benefits of >$450 million in FY25 through specific initiatives in areas including revenue enhancements, cost improvements and Velocity optimisation. Virgin Australia is well positioned to deliver on the ambitious TX gross benefit target of approximately $950 million over FY25, FY26 and the six months to December 2026.

Key TX initiatives delivered through FY25 are summarised below:

1. Revenue initiatives

Increasing Virgin Australia's share of high value customers across corporate, government and SME, capturing customers' willingness to pay by offering more options to meet customer preferences, and improving offerings of ancillary products to drive increased ancillary revenue[12];

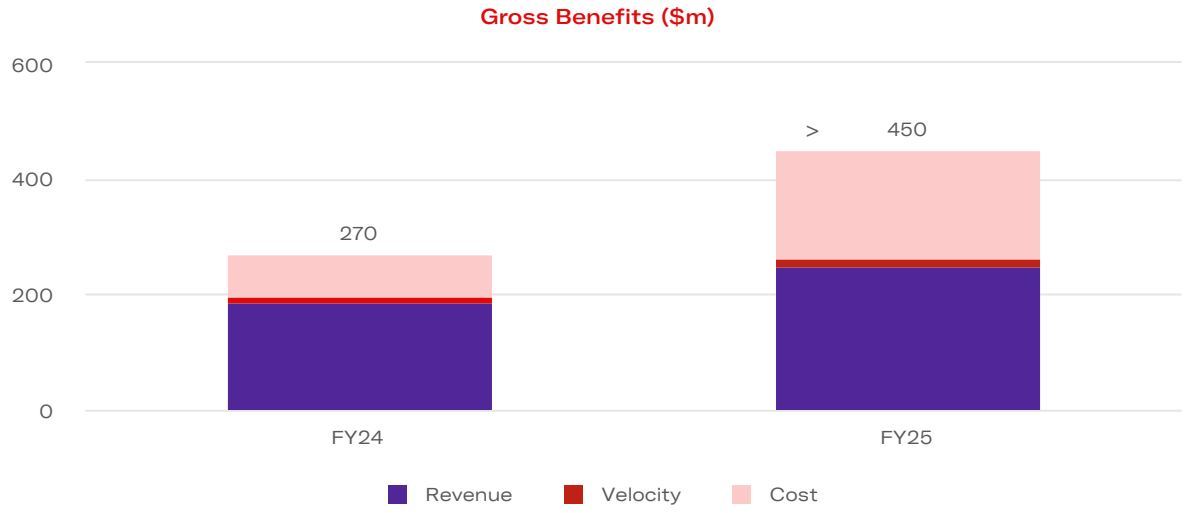
2. Cost initiatives

Building on and leveraging the cost reset undertaken during voluntary administration and the cost transformation activities to date, FY25 has focused on delivering operational excellence with a number of productivity improvement initiatives, enabling fleet transformation through ongoing simplification as well as improved seat densification (partly completed), optimising cost of sales, cost to serve and overheads; and

3. Velocity

Driving deeper loyalty to VA Airlines with program enhancements and new products, growing active members and deepening engagement through data personalisation/analytics, and expanding the partner network by extending partnership reach (including financial services) and strengthening Velocity's core travel proposition.

Costs associated with the Transformation Program are identified as Significant Items and are excluded from underlying results, including Underlying EBIT.



[12] Ancillary flying revenue refers to revenue generated in association with airline passenger revenue. It includes revenue from services such as baggage and change fees, fees for additional legroom, seat allocation, cabin upgrades, booking fees, in-flight food and beverage sales, lounge access, in-flight wi-fi internet access and third party ancillary sales (including travel insurance, hotels, parking and other partner sales).

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Cash Flow

	FY25 $m	FY24 $m	Change $m	Change %
Cash flow summary				
Operating cash flows	1,144.7	900.3	244.4	27.1%
Investing cash flows	(402.1)	(325.2)	(76.9)	(23.6%)
Financing cash flows	(589.6)	(780.7)	191.1	24.5%
Cash and cash equivalents at the beginning of the year	875.6	1,087.0	(211.4)	(19.4%)
Effect of foreign exchange	6.6	(5.8)	12.4	213.8%
Cash and cash equivalents at the end of the year	1,035.2	875.6	159.6	18.2%
Term deposits at bank	83.0	129.0	(46.0)	(35.7%)
Cash, cash equivalents and term deposits at the end of the year	1,118.2	1,004.6	113.6	11.3%

The Group generated strong operating cash flow, driven by improved operational performance and is inclusive of one-off costs associated with the successful IPO and Qatar Airways Group investment.

Investing cash flows represent increased capital investment due to new fleet acquisitions, Boeing 737s interior refurbishments and the ongoing maintenance of existing aircraft.

This strong net cash generation enabled the Group to distribute dividends to shareholders in FY25 (captured within financing cash flows).

Additional financing activities during the year included the successful completion of a new $500.0 million committed undrawn facility (refer to note 19 of the financial statements for further details) and the refinancing of three Boeing 737-800s.

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Balance Sheet

	FY25 $m	FY24 $m	Change $m	Change %
Cash, cash equivalents and term deposits	1,118.2	1,004.6	113.6	11.3%
Property, plant and equipment	2,712.6	2,441.6	271.0	11.1%
Other assets	1,041.3	538.8	502.5	93.3%
Total assets	4,872.1	3,985.0	887.1	22.3%
Unearned revenue and income	1,663.4	1,513.6	149.8	9.9%
Lease liabilities	984.3	963.2	21.1	2.2%
Interest-bearing liabilities	1,311.4	1,376.8	(65.4)	(4.8%)
Other liabilities	1,727.6	1,310.1	417.5	31.9%
Total liabilities	5,686.7	5,163.7	523.0	10.1%
Net liabilities	814.6	1,178.7	(364.1)	(30.9%)

Virgin Australia is in a net liability position at 30 June 2025 of $814.6 million (2024: $1,178.7 million).

Total assets were $4,872.1 million as at 30 June 2025, representing an increase of $887.1 million on the prior year. This was partly driven by an increase in property plant and equipment (including right of use assets) which included the delivery of five new leased aircraft and four new leased engines, extension of five aircraft and two spare engine leases, one spare engine purchase and spend in relation to the interior refresh program.

The net deferred tax asset as at 30 June 2025 is $343.2 million (2024: nil) which further improved Virgin Australia's net liability position. Refer note 6 of the financial statements for further details.

The $523.0 million increase in total liabilities to $5,686.7 million is partly driven by the increase in unearned revenue reflecting the growing operations, as well as an increase of the maintenance provisions due to fleet growth.

Included in the net liability position is a tax liability of $102.8 million (2024: nil). Should it be determined that the currently unrecognised deferred tax assets of $130.9 million are available for use, this tax liability will reduce. The unrecognised deferred tax asset relates to tax losses carried forward from Virgin Australia's activities prior to entering voluntary administration and the quantum of these tax losses available to Virgin Australia remains subject to the provision of information from the administrator, including payment of final dividends to creditors and an assessment of the tax impacts of the final amounts of debt forgiveness. Refer note 6 of the financial statements for further details.

The increases in liabilities above were partly offset with a reduction in interest bearing liabilities reflecting repayments made throughout the year.

Debt analysis	FY25 $m	FY24 $m	Change $m	Change %
Interest bearing liabilities	1,311.4	1,376.8	(65.4)	(4.8%)
Lease liabilities	984.3	963.2	21.1	2.2%
Less				
Cash, cash equivalents and term deposits	1,118.2	1,004.6	113.6	11.3%
Adjusted Net Debt[13]	1,177.5	1,335.4	(157.9)	(11.8%)
Adjusted Net Debt to Underlying EBITDA[13]	1.1x	1.6x	(0.5)x	(31.6%)

[13] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

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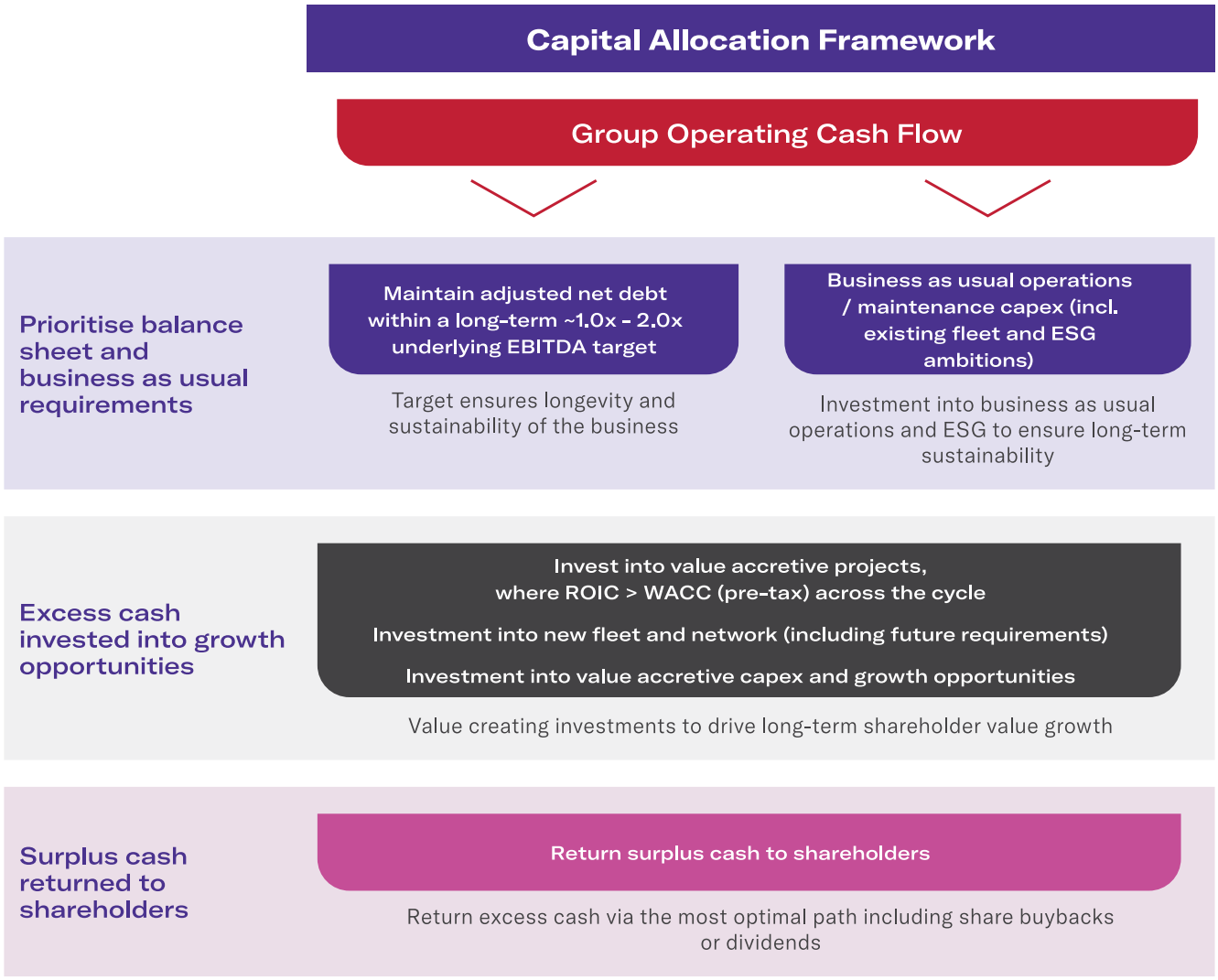
Capital Allocation Framework

Virgin Australia applies a disciplined Capital Allocation Framework designed to help ensure the resilience of the business for the long term, whilst maintaining the flexibility to allow it to invest in value accretive growth opportunities (including the Transformation Program) and to provide distributions to shareholders where appropriate.

Virgin Australia's Capital Allocation Framework comprises the following three components:



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1. **Prioritising balance sheet and 'business as usual requirements'**

- Ensuring Virgin Australia's Adjusted Net Debt[14] range stays within a target range of 1-2x of Underlying EBITDA[14] over the long term. When Adjusted Net Debt is expected to be below or above this target range for an extended period of time, the business will consider proactive capital management to bring this back into range, unless otherwise explained.
- Prioritising capital expenditure investment into Virgin Australia's existing asset base and fleet to ensure continuity of operations of the existing business ('business as usual requirements'). This also includes investments into Virgin Australia's ESG and sustainability initiatives that helps ensure the long term sustainability of the airline.
- At 30 June 2025, Adjusted Net Debt[14] was $1,177.5 million and 1.1x Underlying EBITDA[14] which is in the lower end of the target range.

2. **Excess cash investment into growth opportunities**

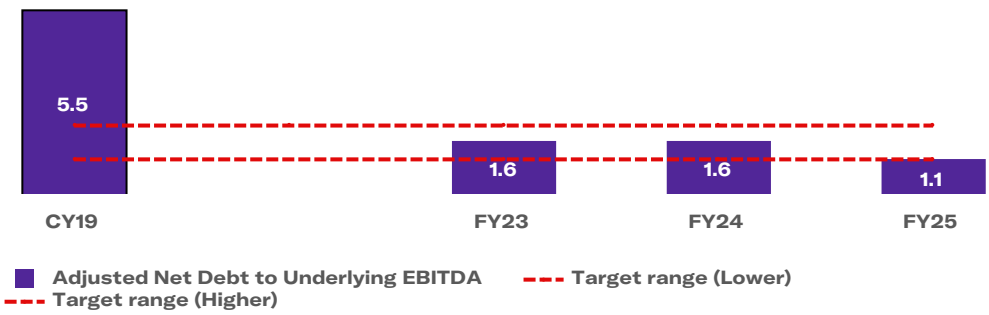
- Excess cash and cash flow available after prioritising the balance sheet and 'business as usual requirements' to invest into value accretive projects, including new fleet, network routes and other opportunities where the expected return on invested capital (ROIC) is expected to be greater than Virgin Australia's weighted average cost of capital (WACC) through the cycle.
- Net capital expenditure of $495.5 million including the purchase of new fleet and investment in transformation initiatives. Net capital expenditure includes the acquisition of property, plant and equipment (PPE) and intangibles, and proceeds from disposal of PPE.

3. **Surplus cash returned to shareholders**

- Any surplus cash after prioritising the balance sheet, 'business as usual requirements' and investing excess capital into growth and value accretive opportunities should be appropriately returned to shareholders via the most optimal path (which could include dividends, share buybacks or other forms of shareholder returns).
- Dividend paid of $108.7 million in FY25 (FY24: $366.5 million). No additional dividend will be paid for the year ended 30 June 2025.

In addition, Virgin Australia includes a shadow carbon price in business cases, to enable the decarbonisation impact to be included in the assessment process.[15]

Adjusted Net Debt to Underlying EBITDA[14]



[14] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).
[15] A shadow carbon price is a type of internal carbon price that is a theoretical cost that is used to understand the economic implications or trade-offs for things such as risk impacts, new investments, the net present value of projects, and the cost and benefit of various initiatives.

Fleet

Virgin Australia operates a simplified narrowbody fleet, with the Boeing 737 family at its core. At June 2025, we held total of 104 aircraft across the Group. During the year, five additional aircraft were welcomed into the fleet and two were retired from service.

Virgin Australia's short-term fleet strategy focuses on ensuring supply remains in balance with demand which is expected to grow broadly in line with GDP. It is currently envisioned that the total number of aircraft in Virgin Australia's fleet will grow by approximately 2-3% annually, in line with the longer-term trend in Australian domestic RPK growth.

Virgin Australia is undergoing a fleet renewal program and by the end of FY25 had already taken on eight Boeing 737-8 (Max)s. In FY26, Virgin Australia will lease a further three Boeing 737-8 (Max) aircraft before starting delivery of its own firm orders for 15 Boeing 737-8 (Max)s and 10 Boeing 737-10 (Max)s with option rights retained for a number of additional Boeing 737-10s in the future. Six of the firm orders for Boeing 737-8s are committed to be under sale and leaseback arrangements. The Boeing 737-8 (Max) is 19 per cent more fuel efficient and 40 per cent quieter than the Boeing 737-800NG, offering a more comfortable flying experience while materially reducing fuel burn.

VARA is also renewing its fleet with the arrival of the Embraer E190-E2 from the first quarter of FY26. The acquisition of these new aircraft, replacing the long-serving Fokker F100 fleet, was announced in August 2024. The Embraer E190-E2 is the most fuel-efficient aircraft in its segment and is expected to reduce emissions by approximately 30 per cent compared to the outgoing Fokker F100. The aircraft also features a significantly lower noise profile than the Fokker F100. As part of VARA's fleet transition, the phased retirement of the airline's Airbus A320 fleet was also announced.

Virgin Australia is currently progressing with an extensive cabin refurbishment program across its Boeing 737 fleet. This program includes new business class seats, refreshed seats in economy class, in-seat power for every guest, and Wi-Fi and in-flight entertainment enhancements. This program also increases and standardises the seat count and configuration across the Boeing 737-800 and Boeing 737-8 (Max) aircraft to 182, providing a capital light means of increasing capacity in Virgin Australia's fleet. In FY25, 47 aircraft were refurbished, bringing the number of aircraft with refreshed interiors to 61. More than three-quarters of the Boeing 737 fleet is now equipped with Wi-Fi connectivity, with further installations planned in FY26.

Of Virgin Australia's current 104 aircraft[16], 71 are under operating lease arrangements, 31 aircraft are owned by Virgin Australia and are encumbered and subject to financing arrangements, and two are owned and unencumbered.

Virgin Australia narrowbody fleet[17]

		Narrowbody fleet profile			
AOC	Aircraft	June 2024	Additions	Exits	June 2025
VA Airlines[18]	737-800	75	4	–	79
	737-700	9	–	–	9
	737-8 (Max)	7	1	–	8
VARA	F100	3	–	–	3
	A320	7	–	2	5
	E190-E2	–	–	–	–
Total (excl. wet lease)		101	5	2	104
Domestic wet lease lines[19]		12			11
Total (incl. wet lease)		113			115
Average fleet age (excl. wet lease)		12.6			13.4

[16] As at 30 June 2025.
[17] As at 30 June 2025. Reflects contractual positions and does not include wide body aircraft for the wet lease arrangement with Qatar Airways. Prospectus reflected operational and spare aircraft only, the difference being two Fokker 100 aircraft. Contracted fleet position aligns with the accounting treatment for recognition of aircraft leases to the financial statements.
[18] VA Airlines Air Operators Certificate (AOC) are held by Virgin Australia Airlines Pty Ltd and Virgin Australia International Airlines Pty Ltd.
[19] Wet lease lines include Fokker F70, Fokker F100, Embraer E190 and Saab 340 aircraft.

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Directors' Report



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The Directors present their report, together with the financial statements, on the consolidated entity (the Group or Virgin Australia) consisting of Virgin Australia Holdings Limited (the Company or VAH) and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Principal activities

Virgin Australia's primary business is operating a passenger airline focusing on domestic and short-haul international regular public transport (RPT) services as well as providing charter services (Airlines). Additionally, Virgin Australia operates the Velocity Frequent Flyer loyalty program (Velocity). Its range of aviation products and services catered to various segments of the Australian aviation market, serving corporate, government, leisure, regional, and charter travellers.

Review of operations

Virgin Australia's operating and financial review is included on pages 26-41 of this Annual Report.

Details of Virgin Australia's strategies and prospects for future financial years have been included in the Operating and Financial Review only to the extent that their inclusion is not likely to result in unreasonable prejudice to Virgin Australia. In the opinion of the Directors, details that could be unreasonably prejudicial include, but are not limited to, information that is commercially sensitive, confidential or could give a third party a commercial advantage.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

- Peter Warne (appointed 12 March 2025, and as Chair 6 June 2025)
- Melinda Conrad (appointed as director and Chair of Remuneration, Nomination, People and Culture Committee 6 June 2025)
- Ryan Cotton (previously Chair until 6 June 2025)
- Dimitri Courtelis (appointed 1 May 2025)
- Phillipa (Pippa) Downes (appointed as director 12 March 2025 and Chair of Audit, Risk, Sustainability and Compliance Committee 6 June 2025)
- David (Dave) Emerson (appointed 6 June 2025)
- Charles Lawson (appointed 14 March 2025. Previously Alternate Director for Michael Murphy until 13 March 2025)
- Michael Murphy
- Warwick Negus
- Mark Drusch (appointed 12 March 2025, ceased 6 June 2025)
- Raymond (Ray) Hass (ceased 6 June 2025)
- Joshua Hartz (ceased as Alternate Director for Barnaby Lyons on 6 June 2025)
- Carla Jayne Hrdlicka (ceased 13 March 2025)
- Barnaby Lyons (ceased 6 June 2025)
- Stephen Pagliuca (ceased as Alternate Director for Ryan Cotton on 6 June 2025)

Except where otherwise indicated, each Director named above held office for the whole financial year ended 30 June 2025.

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Directors' profile

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

The below sets out details of Directors holding office at the date of this report, their qualifications, experience and special responsibilities.

Director	Experience and background
 **Peter Warne** Independent Non-Executive Chairman	Peter joined the Board on 12 March 2025 as an independent Non-Executive Director, and became Chairman on 6 June 2025. Peter is a member of the Audit, Risk, Sustainability, and Compliance Committee; Safety Committee; and Remuneration, Nomination, People, and Culture Committee. Peter has over 40 years' experience across executive and board leadership across the financial and investment banking sectors, including an executive career at Bankers Trust Australia Limited, where he headed the Global Financial Markets Group. Peter has over 20 years' experience as a director and currently serves on the board of ASX-listed companies IPH Limited, Argo Investments Limited and Argo Global Listed Infrastructure Limited as chairman. He is a member of the UniSuper board and chair of the UniSuper investment committee. Peter also serves as Chair of St Andrews Cathedral School Foundation, and is a Non-Executive Director of law firm Allens and Financial Markets Standards Board Limited. Peter's previous experience includes chair roles at Macquarie Group, ALE Property Group, OFX and T Corp as well as director roles at ASX Limited and the Securities Exchange Guarantee Corporation. Peter was also a board member of NSW Net Zero Emissions and Clean Economy Board from its inception in 2022 until its disbandment in 2024. Peter has a Bachelor of Arts (Actuarial Studies) from Macquarie University. Listed directorships held at the date of this report or during the three year period ending 30 June 2025: • Chair of IPH Limited (current, appointed 25 February 2022) • Chair of Argo Investments Limited (current, appointed 1 January 2025) • Chair of Argo Global Listed Infrastructure Limited (current, appointed 1 January 2025)
 **David (Dave) Emerson** Chief Executive Officer and Managing Director	Dave was appointed Chief Executive Officer on 14 March 2025 and joined the Board as Managing Director on 6 June 2025. Dave is a member of the Safety Committee. Dave has over 25 years of experience in the aviation sector. Prior to his appointment, Dave was Virgin Australia's Chief Commercial Officer where he played a key role in the airline's commercial transformation and growth. Prior to Dave's positions at Virgin Australia, he led the Global Airline Practice at consulting firm Bain & Company based in Dallas, Texas. In this role with Bain, he advised dozens of major airlines (across all major geographies) undergoing substantial commercial and operational transformation. Dave has a Bachelor of Arts in Communication and Media from Stanford University, and a Masters of Business Administration from the University of Chicago Booth School of Business. Listed directorships held at the date of this report or during the three year period ending 30 June 2025: Nil

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Director	Experience and background



Phillipa (Pippa) Downes

Independent Non-Executive Director

Pippa joined the Board on 12 March 2025 as an Independent Non-Executive Director. Pippa is the Chair of the Audit, Risk, Sustainability and Compliance Committee, and member of the Safety Committee; and Remuneration, Nomination, People and Culture Committee.

Pippa has over 25 years of experience across global financial services organisations, including executive roles as Managing Director and equity partner at Goldman Sachs JBWere.

Pippa also currently serves as a Director of ASX listed Ingenia Communities and Australian Technology Innovators (InfoTrack and LEAP Software). She is also a member of AustralianSuper's investment committee and is a member of Chief Executive Women.

Pippa's previous experience includes Director roles at ASX Clearing and Settlement companies, Zip Co, ALE Property Group and Windlab. Pippa has also served as a Director of The Pinnacle Foundation, Swimming Australia and as a commissioner of Sport Australia.

Pippa is a Certified Practising Accountant (CPA) and has a Bachelor of Science in Business Administration (Accounting/Finance) from the University of California, Berkeley and a Masters of Applied Finance from Macquarie University.

Listed directorships held at the date of this report or during the three-year period ending 30 June 2025:

- Director of Ingenia Communities Group Limited (current, appointed 24 December 2019)
- Director of Zip Co Limited (21 September 2020 to 22 June 2022)



Melinda Conrad

Independent Non-Executive Director

Melinda joined the Board on 6 June 2025 as an independent Non-Executive Director. Melinda is the Chair of the Remuneration, Nomination, People and Culture Committee; and member of the Audit, Risk, Sustainability and Compliance Committee,

Melinda has over 25 years of experience in business strategy and marketing, bringing expertise from various industries including retail, financial services, energy, and technology. She has served as a strategy and marketing adviser, held executive roles at Colgate-Palmolive, and founded and managed a retail business.

An experienced company Director, Melinda is currently on the board of Ampol Limited, Stockland Corporation Limited, and PentenAmio Ltd (UK). Her previous directorships include roles at ASX Limited, OFX Group Limited, The Reject Shop Limited, and David Jones Limited.

Melinda is also a Director of the Centre for Independent Studies, a member of the Australian Institute of Company Directors (AICD) Corporate Governance Committee, and a former Advisory Board Member of Five V Capital. She is a Fellow of the Australian Institute of Company Directors and a Member of Chief Executive Women.

Melinda holds a Bachelor of Arts from Wellesley College and a Masters of Business Administration from Harvard Business School.

Listed directorships held at the date of this report or during the three-year period ending 30 June 2025:

- Director of Stockland Corporation Limited (current, appointed 18 May 2018)
- Director of Ampol Limited (current, appointed 1 March 2017)
- Director of ASX Limited (1 August 2016 - 15 August 2025)

Director	Experience and background
 **Ryan Cotton** Non-Executive Director, Bain Capital Nominee Director	Ryan joined the Virgin Australia Board on 17 November 2020 as a Non-Executive Director and served as its Chair from 17 November 2020 to 6 June 2025. Ryan is the Chair of the Safety Committee. Ryan is a Partner at Bain Capital which he joined in 2003. He has served as the Global Head of Consumer Private Equity; he is currently the Head of Bain Capital Real Estate, a role he assumed in 2023. Throughout his tenure at Bain Capital, Ryan has helped steer a number of significant investments including Apple Leisure Group, Sundial Brands, International Market Centers, Varsity Brands and others. Before joining Bain Capital, Ryan was a consultant at Bain & Company, and prior to that, he worked in baseball operations at the Boston Red Sox. He is also a Director of Canada Goose Holdings Inc. Ryan has a Masters of Business Administration from The Stanford Graduate School of Business and a Bachelor of Arts in Philosophy from Princeton University. Listed directorships held at the date of this report or during the three-year period ending 30 June 2025: Nil.
 **Michael Murphy** Non-Executive Director, Bain Capital Nominee Director	Michael joined the Virgin Australia Board on 17 November 2020 as a Non-Executive Director. Michael is a member of the Remuneration, Nomination, People and Culture Committee. Michael joined Bain Capital in 2015 and is a Partner on the Asia Pacific Private Equity team at Bain Capital. He played a leading role in opening and building the Australian business. Michael has served on several of Bain Capital's investee company boards and is currently also the Chairman of Estia Health. Previously he was an investment professional at Wolseley Private Equity and a consultant at Bain & Company. Michael has an MBA from Harvard Business School and a Bachelor of Laws (Honours) and Bachelor of Commerce from Bond University. Listed directorships held at the date of this report or during the three-year period ending 30 June 2025: Nil.
 **Charles Lawson** Non-Executive Director, Bain Capital Nominee Director	Charles joined the Virgin Australia Board of Directors in 17 November 2020 as a Non-Executive Director (alternate), and was appointed as a Non-Executive Director on 13 March 2025. Charles is a member of the Audit, Risk, Sustainability and Compliance Committee. Charles joined Bain Capital in 2016 and is a Partner on the Asia Pacific Private Equity team, based in Sydney. Charles has served on a number of Bain Capital's investee company boards and is currently a Non-Executive Director of Estia Health. Previously, Charles was an investment professional at Advent International in New York. Prior to that, he was a management consultant with Bain & Company, and a lawyer. Charles has an MBA from The Wharton School of the University of Pennsylvania and holds a Bachelor of Laws (Honours) and Bachelor of Commerce (Finance) from the University of Sydney. Listed directorships held at the date of this report or during the three-year period ending 30 June 2025: Nil.

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Director	Experience and background



Warwick Negus

Non-Executive Director, Virgin Group Nominee Director[1]

Warwick joined the Virgin Australia Board on 3 January 2017 as a Non-Executive Director. Warwick is a member of the Remuneration, Nomination, People and Culture Committee.

Warwick has extensive experience spanning over 40 years in the finance industry. He is currently the chairman of ASX listed Bank of Queensland and Dexus Funds Management. Warwick is also the Deputy Chancellor of the University of NSW.

Prior executive roles include as chief executive of Colonial First State Global Asset Management, chief executive of 452 Capital, and a Managing Director of Goldman Sachs in Australia, London and Singapore. Warwick was also previously a Director of ASX-listed Washington H Soul Pattinson and Century Investments Ltd and chairman of ASX-listed Pengana Capital and ASX-listed URB Investments Ltd.

Warwick has a Bachelor of Business from the University of Technology Sydney and a Masters of Commerce from the University of New South Wales.

Listed directorships held at the date of this report or during the three-year period ending 30 June 2025:

- Chair of Bank of Queensland Limited (current, appointed 22 September 2016)
- Chair of Dexus Funds Management Limited (current, appointed 1 February 2021)



Dimitri Courtelis

Non-Executive Director, Qatar Airways Group Nominee Director

Dimitri joined the Virgin Australia Board on 1 May 2025 as a Non-Executive Director. Dimitri is a member of the Audit, Risk, Sustainability and Compliance Committee; and Safety Committee.

Dimitri has extensive experience spanning over 25 years in the finance function in both professional services and corporate roles across several global jurisdictions.

He is currently the group CFO of the ASX-listed SunRice Group, has previously worked in senior finance roles at Etihad Airways and held group CFO positions with Air Serbia and Air Berlin.

Earlier in his career, Dimitri worked for EY and Deloitte. Dimitri has a Bachelor of Accounting Science from the University of South Africa.

He is a qualified chartered accountant (ICAA), certified fraud examiner (ACFE) and a Graduate of the Australian Institute of Company Directors.

Listed directorships held at the date of this report or during the three-year period ending 30 June 2025: Nil

[1] Virgin Group is entitled to appoint a Director pursuant to the terms of the Trade Mark Licence Agreements.

Directors' meetings

Details of the number of meetings held by the Board and its Committees during the 2025 financial year and each Director's attendance at those meetings are set out below:

	Board		Committee					
			Audit, Risk, Sustainability, and Compliance Committee		Remuneration, Nomination, People, and Culture Committee		Safety Committee	
Director	Attended[2]	Held[3]	Attended[2]	Held[3]	Attended[2]	Held[3]	Attended[2]	Held[3]
Peter Warne[4]	6	6	1	1	3	3	1	1
Ryan Cotton[5]	12	14	4	5	4	5	4	4
Melinda Conrad[6]	3	3	–	–	1	1	–	–
Dimitri Courtelis[7]	4	4	–	–	2	2	–	–
Pippa Downes[8]	6	6	–	1	3	3	1	1
Dave Emerson[9]	3	3	–	–	1	1	1	1
Charles Lawson[10]	11	14	4	5	4	5	1	4
Michael Murphy[11]	11	14	4	5	5	5	2	4
Warwick Negus[12]	14	14	5	5	5	5	4	4
Mark Drusch[13]	3	4	–	1	–	2	–	1
Ray Hass[14]	11	12	5	5	2	4	3	4
Jayne Hrdlicka[15]	7	7	4	4	2	2	1	3
Barnaby Lyons[16]	9	12	–	5	–	4	–	4
Joshua Hartz[17]	3	12	–	5	–	4	1	4
Stephen Pagliuca[18]	3	12	1	5	2	4	1	4

Key

Member Invitee

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[2] Number of scheduled meetings held during the time the Director was a member of the Board or Board Committee.
[3] Number of scheduled Board or Committee meetings that the Director attended as a member. All Directors are invited to, and regularly attend, Committee meetings in an ex officio capacity (attendance noted as Invitee).
[4] Peter Warne was appointed as a Director on 12 March 2025, and as Chair of the Board and members of ARSCC, RNPCC and Safety Committee on 6 June 2025.
[5] Ryan Cotton was previously Chair until 6 June 2025, and was a member of the RNPCC until 6 June 2025.
[6] Melinda Conrad was appointed as a Director and Chair of RNPCC and member of ARSCC on 6 June 2025.
[7] Dimitri Courtelis was appointed as a Director on 1 May 2025, and appointed a member of the ARSCC and Safety Committee on 6 June 2025.
[8] Pippa Downes was appointed as a Director on 12 March 2025, and appointed Chair of ARSCC and Member of RNPPCC and Safety Committee on 6 June 2025.
[9] Dave Emerson was appointed as a Director on 6 June 2025.
[10] Charles Lawson appointed as a Director on 14 March 2025 and member of ARSCC on 6 June 2025. Previously alternate Director for Michael Murphy until 13 March 2025, and was a member of the Safety Committee until 6 June 2025.
[11] Michael Murphy was a member of the ARSCC and Safety Committee until 6 June 2025.
[12] Warwick Negus was a member of the Safety Committee until 6 June 2025.
[13] Mark Drusch was appointed as a Director on 12 March 2025 and ceased 6 June 2025 and was a member of Safety Committee until 6 June 2025.
[14] Ray Hass ceased as a Director on 6 June 2025 and was a member of Safety Committee until 6 June 2025.
[15] Jayne Hrdlicka ceased as Managing Director on 13 March 2025 and was a member of ARSCC, RNPCC and Safety Committee until 13 March 2025.
[16] Barnaby Lyons ceased as Director on 6 June 2025 and was a member of ARSCC, RNPCC and Safety Committee until 6 June 2025.
[17] Joshua Hartz ceased as alternate Director for Barnaby Lyons on 6 June 2025 and was a member of Safety Committee until 6 June 2025.
[18] Stephen Pagliuca ceased as alternate Director for Ryan Cotton on 6 June 2025, and was Chair of RNPCC until 6 June 2025.

Directors' interests

The table below sets out the relevant interests in securities of the Company held, as at the date of this report, by the Directors. These include any interests held by them directly, indirectly or beneficially (including shares held in the name of a trustee, nominee or superannuation fund). Details of these relevant interests have been disclosed to the Australian Securities Exchange (ASX) in accordance with section 205G(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules.

Director	No. of relevant interests in ordinary shares	No. of relevant interests in rights
Peter Warne	100,000	–
Ryan Cotton	–	–
Melinda Conrad	35,000	–
Dimitri Courtelis	10,000	–
Pippa Downes	35,000	–
Dave Emerson[19]	4,130,890	1,034,482
Charles Lawson	–	–
Michael Murphy	–	–
Warwick Negus	70,000	–

Company Secretary

Susan Schneider was appointed Company Secretary on 31 August 2020. Susan's experience and background is set out in the Senior Executives section on page 52.

Corporate Governance Statement

The Corporate governance statement for the Company is located on our corporate website: https://www.virginaustralia.com/au/en/about-us/corporate-governance/.

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[19] Dave Emerson's interests in ordinary shares relate to shares issued and held beneficially for him under the Legacy Management Equity Plan that are held in voluntary escrow until certain conditions are met.

Senior Executives

Profiles of the key members of the Company's executive management team are set out in the table below:

Executive	Experience and background
 **David (Dave) Emerson** Chief Executive Officer and Managing Director	Refer to Directors' Profile above.
 **Race Strauss** Chief Financial Officer	Race was appointed as Chief Financial Officer in March 2023. Race brings over 25 years of experience across financial leadership roles in the airline and consumer sectors. Prior to his appointment, Race was Chief Financial Officer of The a2 Milk Company and held various financial leadership roles at Qantas Group, including Chief Financial Officer of Qantas Airlines and Group CFO of Jetstar Airways. He also held a number of leadership roles at Unilever, including as Vice President of Finance South-East Asia and Australasia. Race has a Bachelor of Business (Double Major in Accounting and Hotel Management) from Griffith University.
 **Nick Rohrlach** Chief Executive Officer – Velocity and Group Executive – VARA	Nick joined Virgin Australia as Chief Executive Officer, Velocity Frequent Flyer, in September 2021. Prior to his appointment, Nick held several executive positions at Jetstar, including Co-CEO and Executive Director (Jetstar Japan) and Executive Manager of Customer and Strategy. He also directed the launch of Jetstar in Hong Kong. Before joining Jetstar, Nick was at The Boston Consulting Group for eight years working in the Sydney and Dubai offices. He was a management consultant, providing advice to a range of international clients, including several airlines. Nick has a Bachelor of Commerce (Honours) from the University of Western Australia.

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Executive	Experience and background
 **Alistair Hartley** Chief Strategy and Transformation Officer	Alistair joined Virgin Australia as Chief Strategy and Transformation Officer in March 2021. Alistair has over 20 years of experience in strategy in the aviation sector, including executive roles at TACA (Central America), Virgin Atlantic Airways (UK) and Jetstar Airways. Before joining Virgin Australia, Alistair spent more than five years at International Airlines Group (IAG) in the United Kingdom, most recently as Director of Strategy. Prior to entering aviation, Alistair worked as a management consultant with Bain & Company working across a range of industries and clients based out of both the Sydney and San Francisco offices. Alistair has a Bachelor of Civil Engineering from the University of Sydney.
 **Libby Minogue** Chief Marketing Officer	Libby joined Virgin Australia as Chief Marketing Officer in April 2021. Libby has more than 25 years of extensive marketing and commercial experience spanning media, content, digital and technology businesses across Australia and United States markets. Prior to joining Virgin Australia, Libby held senior executive roles at various media and technology companies including REA Group, Foxtel Media and FOX Cable Networks in the United States. Libby has a Bachelor of Business from Charles Sturt University.
 **Stuart Aggs** Chief Risk Officer	Stuart joined Virgin Australia in 2004 and was appointed Chief Risk Officer in March 2025. From 2004 to 2019, Stuart held a wide range of operational roles at Virgin Australia across compliance and regulation, safety, and flight operations including serving as Director of Group Flight Operations. In 2019, Stuart was appointed Chief Operations Officer and led the operations group through the COVID-19 pandemic, the recovery, and relaunch of the airline post administration. Prior to joining Virgin Australia, he held roles at Rex and Hazleton Airlines, focused on flight operations, safety, compliance, quality assurance and regulatory affairs. Stuart has a Bachelor of Arts from the University of New England and a Master of Science & Technology in Aviation from the University of New South Wales.
 **Chris Snook** Chief Operations Officer	Chris joined Virgin Australia in 2021 to lead engineering and was appointed Chief Operating Officer in February 2025. A veteran in aviation and airlines, Chris has over 39 years' experience having held senior executive operational and engineering roles at Qantas and Jetstar, domestically and internationally. His comprehensive operational and safety management background is backed by numerous regulatory approvals through the Civil Aviation Safety Authority and International Airworthiness Authorities, covering all aspects of airline operations. Chris is a licensed Aircraft Engineer with technical expertise in Boeing and Airbus aircraft, complemented by specialised Aviation training in safety management systems, accident investigation, human factors and aircraft design.

Executive	Experience and background
 **Christian Bennett** Chief Corporate Affairs and Sustainability Officer	Christian joined Virgin Australia as Chief Corporate Affairs and Sustainability Officer in November 2022. Prior to his appointment, Christian was the Chief Reputation Officer at Woolworths Group. He has extensive experience across senior corporate affairs related appointments including at General Electric, BHP Billiton and Santos. Before entering the private sector, Christian spent 14 years with the Department of Foreign Affairs and Trade, including diplomatic postings to Harare, Washington DC and as Australian High Commissioner to Brunei. He also served on secondments as North Asia adviser in the Foreign Minister's Office and as an international adviser in the Prime Minister's Department. Christian has a Bachelor of Commerce and Bachelor of Law (Honours) from the University of Melbourne as well as a Master of Business Administration from the Melbourne Business School.
 **Susan Schneider** Chief Legal Officer and Company Secretary	Susan joined Virgin Australia in 2012 and was appointed Company Secretary in August 2020 and Chief Legal Officer in March 2021. Susan has more than 20 years of legal and risk experience in Australia and overseas. Prior to joining Virgin Australia, Susan worked in the London office of international law firm Clifford Chance and in the Brisbane office of McCullough Robertson, advising on corporate governance, mergers and acquisitions and corporations law. Susan has a Bachelor of Laws and Bachelor of Arts (Justice Studies) from the Queensland University of Technology.
 **Paul Jones** Chief Commercial Officer	Paul joined Virgin Australia in 2021 and was appointed Chief Commercial Officer in March 2025. Paul has extensive experience in aviation, fast moving consumer goods and technology businesses in Australia, the United Kingdom, and the United States. Before joining Virgin Australia, Paul worked at Qantas in a variety of customer, operations and technology roles including, as Chief Operating Officer. Prior to Qantas, Paul was Chief Information Officer and Vice President of Integration at Mars, based in the United States. In his current role, Paul oversees the Commercial, Customer and digital functions for Virgin Australia. Paul has a Master of Business Administration from the Melbourne Business School.
 **Lisa Burquest** Chief People Officer	Lisa joined Virgin Australia as Chief People Officer in February 2021. Lisa has over 30 years of experience as a people and culture specialist working for ASX-listed companies including BHP, Origin Energy, Jetstar/Qantas Airlines and The a2 Milk Company. Lisa is equipped with strong practical expertise in developing and executing successful 'people and culture' strategies in organisations undergoing significant transformation and growth. Lisa has a Bachelor of Business in Logistics, Materials and Supply Chain Management from RMIT University.

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Significant risks and uncertainties

Virgin Australia operates in a dynamic and rapidly evolving environment across multiple geographies. Risk is an integral and unavoidable aspect of the business.

Virgin Australia aims to ensure that all activities it undertakes are within the Board approved risk appetite. Virgin Australia's approach to risk management includes the identification and management of significant and material risks, in accordance with the Risk Management Framework, which is aligned to the ISO 31000:2018 Risk Management – Guidelines. Material risks are those risks that could adversely affect Virgin Australia's operations, performance and the delivery of the business strategy.

Virgin Australia actively manages a range of financial and non-financial material risks. However, not all material risks may be within the control of the Group. Accordingly, unknown risks, in addition to those outlined below, could adversely affect Virgin Australia.

Further, each of the following risks, individually or in combination, could have the potential to materially disrupt Virgin Australia's business.

Key risk	Description	Our response
Competitive landscape	Virgin Australia competes directly and indirectly against several other airlines on the routes it operates. Our competitors may seek to protect or gain market share through introducing new routes, adding or transferring excess capacity to markets and routes served by us, or undertaking competitive pricing (e.g. deep discounting, matching fares and price points). New competitors may also enter our markets. The new Western Sydney Airport may allow airlines to expand domestically. Our Velocity Frequent Flyer program, is also exposed to competition. Other loyalty programs offering more attractive rewards or earning/redemption partners, may impact our membership base and the renewal of partner agreements, potentially impacting the profitability of our loyalty segment. If we are unable to respond to these competitive challenges, this could adversely affect our financial performance.	Virgin Australia continues to establish major strategic alliance partnerships with other airlines. This enhances our customer proposition and improves our commercial offerings across our products, price points and programs, in response to customer needs, preferences, and competitive actions. We actively monitor changes in pricing, network and capacity and react where necessary. We maintain a rigorous cost control program to optimise operational performance and continued focus on our on-time performance and completion rates. On-going reviews, and execution of and monitoring against our fleet strategy also occur with the ELT and the Board.
Transformation Program	Revenue, cost and Velocity transformation initiatives, may be subject to unexpected delays or interruptions, additional costs, and/or their success may be impacted by customer perceptions, actions of other participants in the industry, regulators and/or general economic conditions. Adverse changes in assumptions underpinning the Transformation Program, or disruptions to Virgin Australia's operations, could impact the achievement of planned Transformation Program benefits.	We implement program and project governance processes including management, monitoring and oversight of key Transformation Program activities. Benefits achieved are tracked and reported to the ELT and Board.

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Key risk	Description	Our response
Fuel and Foreign Exchange	Jet fuel costs constitute one of Virgin Australia's largest operating costs. Jet fuel prices are generally positively correlated with the price of Brent Crude Oil. Accordingly, Virgin Australia is subject to the volatility associated with Brent Crude Oil prices which is influenced by a range of factors including global economic growth, geopolitical events (e.g. war and terrorism), increasing demand from emerging countries, reductions in stockpiles or reserves, speculative trading in Brent Crude Oil, availability and capacity of production and refining facilities, technology changes, and the impact on pricing of coordinated supply decisions of producer cartels. Jet fuel prices are denominated in USD and are therefore subject to fluctuations in the AUD/USD exchange rate. In addition, they are impacted by the cost of converting Brent Crude Oil to jet fuel (refining margins), and jet fuel transportation costs. Significant disruptions to the jet fuel supply chain and/or a significant negative change in the value of the AUD could adversely impact our financial performance to the extent we are unable to protect against such changes through hedging or other offsetting arrangements. In addition, we purchase a range of goods and services including aircraft spare parts, aircraft lease, debt and maintenance payments, and other general supplier payments in USD. We are therefore exposed to foreign currency and translation risk on those purchases and liabilities denominated in other currencies.	Our Treasury team manages these risks under a Board approved Treasury Risk Management Policy. This policy sets out risk appetite, approved hedging instruments, counterparty exposure limits, and prescribed hedging ranges. A significant amount of the hedging is undertaken with options to allow participation to favourable price moves. A summary of the Group's hedging positions is reported to the Board monthly. Where possible, the Group also borrows funds in AUD and holds a portion of its cash balances in USD to further reduce translation risk.
Macro-economic conditions	Customer demand for Virgin Australia's air travel services may be affected by significant changes in domestic and global economic conditions. Several factors impacting economic conditions have included wars in the Middle East and Ukraine, central bank monetary policies, and the residual effects of the COVID-19 pandemic (including global inflation and supply chain disruption). Recent changes in trade positions globally, driven by ongoing changes to tariffs, has increased volatility in global financial markets and created further economic uncertainty. Pro-longed deterioration in economic conditions, further rises in global interest rates, or delayed recovery in domestic real household disposable income, could negatively impact GDP, business and consumer confidence and discretionary spending. If we are unable to absorb any cost increases, including from suppliers who seek to pass on cost increases from recent tariffs, this may negatively impact demand.	The ELT and Board regularly review our financial performance. Monitoring and modelling external factors (e.g. tariffs), is undertaken when required. Testing a range of downside or 'shock' scenarios ensures we retain liquidity and a capital structure designed to allow us to withstand unexpected changes in the aviation business cycle. This provides us with sufficient flexibility to adjust capacity, pricing, or respond to changing market conditions.

Key risk	Description	Our response
Major safety or security incident	As a major player in the aviation industry, Virgin Australia is engaged in activities that inherently exposes our people, customers, the community, and our assets to safety and security risks. Safety incidents could arise from factors such as, human factors, technical failures, weather and environmental conditions, operational pressures, runway safety issues, ageing aircraft fleet or near misses with other aerial vehicles. Security incidents could arise from several factors such as, terrorism and sabotage, disruptive passengers, airport security gaps, geopolitical tensions and conflicts. The occurrence of, or failure to prevent or respond effectively to a major safety or security incident, across our network (including flights operated by our strategic alliance partners under VA flight numbers), could impact our people, customers, their families, the community and our assets. This could cause brand, reputational, regulatory breach and financial damage.	Virgin Australia maintains a comprehensive, CASA approved, Safety Management System (SMS) and other applicable Air Operators Certificates (AOCs), which directly supports the management of operational safety. Our team members, contractors, subcontractors and temporary workers covered under the SMS undergo on-going training, to stay updated on the latest safety protocols. We have an ongoing operational safety assurance program. It seeks to validate essential processes and controls operate effectively and are compliant to regulatory obligations. Our Security Management System is a risked based, outcomes focused method of integrating security into our day-to-day operations and management systems. The Safety Committee (a Board sub-committee) provides governance and oversight of operational safety and security.

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Key risk	Description	Our response
Significant operational disruption	Significant disruptions could arise from security or other safety incidents, geopolitical events (including warfare) weather conditions, airport incidents, power failure, unavailability of sufficient personnel or resources, unscheduled aircraft maintenance, or other causes beyond the control of Virgin Australia, such as pandemics, mandatory regulatory grounding, and industrial action by third-party suppliers/workers. Significant delays or disruptions could impact our operations and revenue generation.	The Group maintains a Corporate Emergency Response Plan (CERP). Departments with business-critical systems have Business Continuity Plans. These plans provide a coordinated response to crisis situations.
Supply chain	Virgin Australia procures goods and services from third parties including aircraft and engine manufacturers, aircraft maintenance, catering, airport services, aircraft lessors, strategic alliances, fuel, software and IT services, global distribution systems and credit card issuers. Supply chain disruptions could arise from supplier constraints or delays. Fleet supply chain risks could result from certification or regulatory delays, mandatory regulatory groundings, service bulletin directives replacing aircraft components earlier than scheduled and shortage of engine and component availability across the industry. Changes in trade positions and tariff imposition could impose further stress and create inflationary cost environments in our supply chain. Any unplanned or unforeseen events and/or failure of our suppliers and providers to perform their obligations could adversely impact our business.	While some parts of the supply chain are outside of our ability to directly manage or influence, we proactively engage and work with our critical suppliers and strategic alliance partners to understand any potential disruption within their supply chains. Business Continuity Plans help with supply chain disruptions. We also identify alternative sources of supply to provide flexibility within our operations.
Industrial relations	Over 70% of Virgin Australia employees are covered by enterprise bargaining arrangements. Negotiations with unions and employees over renewal terms and conditions could become protracted, or break down. Virgin Australia may also be exposed to industrial action along our supply chain as we depend on several third parties with unionised workforces. Protracted industrial disputes, either within our unionised workforce or through our supply chain, could result in industrial action, causing significant operational disruption, and adversely affect our business performance and reputation. Further, any variations to underpinning awards or industrial legislation could impact Virgin Australia's cost base, negotiating position, and the ability to implement organisational changes.	We engage regularly and directly with our frontline team members, foster constructive relationships with unions and have a collaborative bargaining framework. Our Enterprise Agreements are tailored to specific workgroups, addressing their unique needs. Consultative committees within workgroups help us resolve disputes and provide a forum to discuss organisational change. Business Continuity Plans help provide continuity of operations in the event of industrial action.

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Key risk	Description	Our response
Talent attraction and retention	The tight labour market conditions in Australia, high level of demand for certain skilled labour globally, and wage expectations across the industry due to inflationary pressures, could affect our ability to attract and/or retain the right talent, including for critical frontline roles (e.g. pilots, licensed aircraft maintenance engineers). This could impact our ability to deliver our strategy and Transformation Program, resulting in adverse outcomes to our revenue and/or cost base.	Our people and belonging policies help to build a safe and inclusive culture. Our people strategy focuses on upskilling, leadership and development opportunities. Regular employee culture and engagement surveys include targeted action plans to address concerns and emphasise what our teams love about working with us. Our Virgin Flair program helps our people feel valued and recognised, fostering a culture of celebration and camaraderie.
Dependence on information technology systems and changes in technology	Virgin Australia relies heavily on information and operating technology to operate our business uninterruptedly, generate revenues and reduce costs. We are also reliant on other third parties to deliver some technology services. Outages or failure of these systems, including other systems we are substantially dependent on, could impact us. Not investing in critical ageing applications and infrastructure, could also lead to disruption or outages. Further, while artificial intelligence (AI) presents new opportunities to drive efficiencies in our business and enhance our guest experiences, we need to appropriately manage potential risks. Damage to, disruption of, or failure of our critical systems, could cause significant operational disruption. Not being able to develop or procure information technology, including AI functionality, could adversely impact our market share, customer experience and financial performance.	Post voluntary administration, we invested substantially in upgrading our information technology platforms. An IT investment prioritisation and approval process, informed by our technology wellness roadmap, allows us to identify, assess and prioritise critical technology spend. Our critical systems have redundancies, backups are regularly performed, and restoration testing for critical systems also occurs. Business Continuity Plans help stabilise operations and maintain continuity during disruption.
Cyber security	The cyber threat environment continues to evolve and remains challenging for all organisations, including airlines. The emerging use of AI to conduct attacks has accelerated attempts to gain unauthorised access to systems and databases. As this risk evolves rapidly, Virgin Australia will retain a certain level of potential exposure to cyber breaches. Virgin Australia's systems and third-party systems and processes may be targeted by cyberattacks, ransomware attacks, data security breaches, loss or unauthorised release of data, denial of service attacks and other cyber events. Cyber security incidents may also be caused, or contributed to, by human error intentionally, or unintentionally by internal and external third-parties. If a cyber security breach were to occur, this could result in significant operational disruption with significant financial, brand and reputation and regulatory impacts.	Virgin Australia invests in layered defences to protect customer data and secure our systems. We continually improve our cyber security posture through prioritised investment in capabilities to mature our defences, and to deliver against our Cyber Security Strategy and Information Security Uplift Program. Our Information Security Management System includes policies, standards and procedures, helping us identify and address security risks, and comply with relevant laws. Our Cyber Security Awareness Programs and campaigns improve staff and third-party resilience against cyber threats. Regular simulation exercises help test and refine our response.

Key risk	Description	Our response
Privacy	Continuing to enhance our privacy and cyber security frameworks and protections is essential for complying with privacy laws, maintaining trust with our people, customers, the community, our regulators and achieving our strategic objectives. Privacy related incidents could arise from cyber breaches, human error, improper or inadequate security controls and/or collection and use of personal information that is illegal or at odds with stakeholder expectations. Privacy law reforms are expected in 2025 and beyond. Combined with the new statutory tort for serious privacy breaches potentially increases the risk of litigation, leading to loss of trust of our people, customers and the community, causing brand and reputational damage. Any significant business changes arising from future privacy law reforms could increase our compliance costs.	Our Privacy Policy outlines how we collect, use and manage customer personal information. Our Code of Conduct communicates expectations of our team members around respecting privacy rights. Privacy Impact Assessments support our teams embed Privacy by Design and pro-actively manage privacy risks. Our Data Breach Policy and Data Breach Response Plans are reviewed periodically, with data breach response capabilities tested regularly. Regular privacy awareness and training activities occur.
Climate change	Virgin Australia's operations are subject to short- and long-term climate-related physical and transition risks. Increases in the occurrence and intensity of weather events, including increased variability in weather patterns, could interrupt operations, cause damage to our fleet and other equipment and pose a greater risk to the safety of our people. Climate-related physical risks may also impact financial performance through increased fuel usage, higher maintenance costs and insurance premiums. Transitioning to low-carbon options is currently restrained by the limitations and availability of alternative fuel (Sustainable Aviation Fuel – SAF). Transition entails extensive regulatory, technology and market changes to address climate change mitigation and adaptation requirements. Increasing policy and legal requirements around monitoring, reporting and disclosing our carbon emissions exist under the Safeguard Mechanism and CORSIA. Public perception of how Virgin Australia responds to climate change may impact our reputation and consumer behaviour. We may be adversely impacted by increased costs of complying with carbon pricing schemes and performance standards. Failing to comply with increasing policy and legal requirements, may expose us to enforcement actions.	Our Sustainability Strategy includes our carbon offset program; modernising our fleet through our fleet replacement program; maximising the efficiency of our fleet; transitioning motorised ground support equipment (GSE) fleet to alternate power sources; adopting other viable renewable energy sources for our buildings; and using alternative fuels, where commercially viable. We work with governments and key industry players to address the challenges associated with the development of SAF. We have initiatives with Viva Energy, Qatar Airways and Boeing around SAF and other decarbonisation initiatives. Virgin Australia is also enhancing our climate related risk identification and reporting disclosures under the new Australian Sustainability Reporting Standards, commencing FY26.

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Key risk	Description	Our response
ESG stakeholder expectations	There are increasing stakeholder expectations to transparently disclose organisations' environmental, social and governance (ESG) strategies. There is a risk that Virgin Australia makes commitments and statements around ESG matters, or the actions it takes around these matters, may not meet our stakeholder expectations. There is also increased scrutiny on the aviation sector around sustainability claims. Not meeting stakeholder expectations, may arise from perception differences around the pace and scope of change we make, stigmatisation of the aviation sector, our association with a supplier or strategic alliance partner that is misaligned with our strategy and goals, or competitors and other airlines increasing expectations across the industry. Not meeting our stakeholder expectations could impact customer demand, ability to access debt markets, increase cost of doing business and negatively impact our reputation.	We have extensive stakeholder engagement strategies including frameworks, systems and processes supporting our engagement. We engage regularly with communities including not-for-profit groups, Federal, State and Territory governments, industry bodies, local councils and unions on our sustainability initiatives. We continually make improvements to our Customer Value Proposition around customer expectations. The Audit, Risk, Sustainability and Compliance Committee oversees material business risks (including ESG related risks).

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Key risk	Description	Our response
Loss of slots	Virgin Australia is subject to individual airport slot allocation processes (the rights allocated to schedule a landing or departure during a specific time). An important factor relates to whether a series of slots has been used at least 80% of the time, in the previous comparable season. Further, slots may be constrained due to air traffic congestion and may be subject to a formal slot management scheme (e.g. Sydney Airport). A material diminution in demand for air travel or a high rate of cancellations, could place Virgin Australia at risk of losing its slot allocations. Further, changes to the slot allocation rules could impact us, resulting in a suboptimal slot portfolio and network schedule, adversely affecting our competitiveness and financial performance.	We are continuing to invest in tools and processes to improve compliance to slot utilisation requirements and have established processes for escalating slot retention risk decisions. We regularly engage with our stakeholders and slot coordinators and have developed a comprehensive regulatory engagement plan.
Regulatory and legal compliance	Virgin Australia is subject to extensive regulatory and legal requirements, based on the jurisdictions we operate in. This includes airport operation and access, environment (including noise abatement and carbon emissions), civil aviation safety, workplace health and safety, competition, consumer protection, privacy, data protection, corporate governance, industrial relations, employment and tax. We may fail to meet our regulatory and legal obligations. Further, increasing obligations could adversely impact our operations, increasing our costs and impacting our business model and competitiveness. Increasing obligations include: • The Australian Government's Aviation White Paper, which includes 56 new initiatives proposed by the Federal Government including new aviation-specific disability standards, an Aviation Industry Ombuds Scheme and an Aviation Customer Rights Charter. The White Paper sets a vision for 2050, and while some initiatives will be implemented sooner, further changes are unknown, including their impact on Virgin Australia. • The RBA's Review of Merchant Card Payment Costs and Surcharging. The July 2025 formal consultation paper proposes changes to the RBA's surcharging framework, including potentially banning merchants from surcharging customers and reducing credit card fee caps. These changes, if made, could impact: – Virgin Australia's financial performance, if it is no longer able to surcharge on Visa and Mastercard payments, and Virgin Australia cannot pass these costs on to customers; and – Velocity Frequent Flyer's credit card and merchant partners, who may be financially impacted and seek to renegotiate/terminate commercial agreements. This could impact Velocity's revenue and earnings if those partners reduce activities or withdraw from the program completely.	Our teams continually monitor our compliance obligations through a structured Ethics & Compliance program. The program seeks to align how we do business with our values and applicable laws and regulations in countries we operate. Policies and procedures and on-going training and awareness sessions help safeguard our approach to regulatory and legal risks. Regular regulatory horizon scanning processes help us keep abreast of changing requirements. We proactively engage in regulatory and industry forums to help shape aviation industry policy outcomes that are fit for purpose. We recently uplifted our corporate governance processes in response to the corporate governance principles and recommendations relevant for ASX-listed entities.

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Message from the Chair of the Remuneration, Nomination, People and Culture Committee

On behalf of the Board, I am pleased to present the Remuneration Report for FY25.

FY25 was marked by strong operational performance delivering uplifting experiences for our guests, strong financial performance and further progress on our transformation journey. We saw major milestones in the second half of the year as Virgin Australia entered into a deeper strategic partnership with Qatar Airways Group and we returned Virgin Australia to public ownership when we listed on the ASX in June.

Executive and Board changes

FY25 saw Dave Emerson take over as CEO from his prior role as Chief Commercial Officer as Jayne Hrdlicka transitioned out of the business. Following an external and internal benchmarking exercise, Dave's fixed remuneration was adjusted, as detailed in the Remuneration Report, to reflect his appointment as CEO.

Changes to the Board in preparation for IPO included the appointment of Peter Warne as Chair, and Pippa Downes and myself as Independent Non-Executive Directors. Dimitri Courtelis joined the Board as Qatar Airways Group's Nominee Non-Executive Director.

Former Chair, Ryan Cotton remains on the Board as a BC Hart Investments L.P. (Bain Capital) Nominee Non-Executive Director. Michael Murphy and Charles Lawson also remain on the Board as Bain Capital Nominee Non-Executive Directors, and Warwick Negus remains as Virgin Group Nominee Non-Executive Director.

Full changes to Board membership are detailed in section 1 of the Remuneration Report.

Transition from private ownership

The IPO marked a significant milestone in Virgin Australia's recovery and transformation journey, which commenced in November 2020 when the Company was acquired by Bain Capital and exited voluntary administration.

Executive remuneration paid during this recovery and transformation period has been below market levels, with a private equity incentive structure in place where participant outcomes are aligned with those of investors, and typically reward is only delivered towards the end of a multi-year period subject to meeting performance conditions.

The Legacy Incentives Schemes, previously detailed in the Prospectus and referred to within the Remuneration Report as the Legacy Management Equity Plan (MEP), which key management personnel (KMP) and certain other employees have participated in, saw 'A' Class Shares convert to ordinary shares at IPO, with a progressive release from escrow over the coming years. This scheme was put in place in 2021 as Virgin Australia's recovery process commenced amidst a global pandemic and when the Company was privately owned by Bain Capital. It was designed to attract and retain a high calibre CEO and executive team and incentivise the transformation from voluntary administration to a successful, profitable business.

This scheme has been discontinued, and in preparation for transition from private to public ownership, the Board has designed a new executive remuneration framework which will come into effect from FY26 and is detailed in the Prospectus and in this report.

In addition to the redesign of the executive remuneration framework in preparation for IPO, the Board was also committed to ensuring that all employees have the opportunity to become shareholders in Virgin Australia and benefit from Virgin Australia's future success. Therefore, a one off VA Take-Off Grant of 1,034 Share Rights per employee was made to just under 8,000 active employees, with rights converting into ordinary shares after a two-year vesting period. Executive KMP and other employees who were participants in the MEP were not eligible to receive the VA Take-Off Grant.

The CEO and CFO received One-Off Equity Grants of Share Rights at IPO, as detailed in the Prospectus and in the Remuneration Report.

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Remuneration outcomes: Pre-IPO framework (FY25)

The Board has considered a number of factors in determining FY25 remuneration outcomes for the CEO and other Executive KMP. In determining the Short Term Incentive (STI) pool for the FY25 plan, performance has been assessed against a range of financial and non-financial measures in our Company Scorecard.

- FY25 has seen Virgin Australia deliver strong operational performance, with OTP and completion rates above industry averages for the year. This has enabled us to deliver the reliability for our guests which is reflected in customer satisfaction.
- Virgin Australia's FY25 financial performance reflected this strong operational performance, as well as the efforts of the ongoing Transformation Program, achieving Underlying EBIT[1] of $664.4 million and statutory net profit after tax of $478.5 million.
- Our people are our most valuable asset and it is the Virgin Flair they bring to work every day which provides uplifting experiences for our guests. Our employee engagement results have continued to improve during FY25 and tell us that our people are proud to work for Virgin Australia. We have made significant investment in our people during FY25 through continued investment in Enterprise Agreements, the introduction of new incentive and benefit programs, and continued focus on the safety of our people and guests.

The FY25 Company Scorecard outcome of 131% reflects strong financial and non-financial performance over the year.

In addition, during FY25, Virgin Australia delivered a successful IPO and entered into a deeper strategic partnership with the Qatar Airways Group, including a 25% equity investment and enhanced integrated alliance.

STI outcomes for the CEO and Executive KMP are calculated with reference to the above Company Scorecard outcome and an individual performance modifier. FY25 STI outcomes for all Executive KMP range from 75% to 86% of maximum opportunities, with 83% for the current CEO. The FY25 STI for Executive KMP represents the last year of the pre-IPO plan.

At IPO, 'A' Class Shares held under the MEP were converted to ordinary shares, with shares held in escrow and subject to forfeiture prior to being released from escrow over the next two years under certain non-compete, cessation of employment and clawback provisions. The Remuneration Report details the shares earned by the CEO, former CEO and other Executive KMP, as well as details of remuneration paid to the former CEO upon her departure from the business in March 2025.

Go-forward remuneration arrangements: Post-IPO framework (FY26 and beyond)

The Board spent considerable time during the year designing a new executive remuneration framework which came into effect from 1 July 2025 as Virgin Australia transitioned to public ownership. This framework is made up of STI and Long Term Incentive (LTI) plans, detailed in Section 6 of the Remuneration Report, as well as market competitive Total Fixed Remuneration (TFR). The underpinning principles of this framework were:

- a market-aligned structure that supports retention of the current executive team and enables the attraction of new talent as required;
- a market competitive package where the total value of an individual's remuneration is aligned appropriately in the market for the underlying role size;
- to drive high performance with metrics aligned to shareholder interests; and
- to support the transition from a private company remuneration structure.

Looking ahead

Virgin Australia embarks on the next chapter of our journey with optimism. The introduction of our go-forward executive remuneration framework in FY26 will support the delivery of strong results for shareholders and the appropriate alignment of executive remuneration.



Melinda Conrad
Chair, Remuneration, Nomination, People & Culture Committee

[1] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Remuneration Report

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1. Key Management Personnel (KMP)

1.1. Non-Executive Directors

Name	Position	Term as KMP during FY25
Peter Warne	Chair, Independent Non-Executive Director	Commenced 12 March 2025 (Chair from 6 June 2025)
Melinda Conrad	Independent Non-Executive Director	Commenced 6 June 2025
Pippa Downes	Independent Non-Executive Director	Commenced 12 March 2025
Dimitri Courtelis	Non-Executive Director	Commenced 1 May 2025
Ryan Cotton	Non-Executive Director	Full Year (Chair until 6 June 2025)
Charles Lawson	Non-Executive Director	Commenced 14 March 2025 (Alternate Director until 13 March 2025)
Michael Murphy	Non-Executive Director	Full year
Warwick Negus	Non-Executive Director	Full year

1.2. Former Non-Executive Directors

Name	Position	Term as KMP during FY25
Mark Drusch	Non-Executive Director	Commenced 12 March 2025 – Ceased 6 June 2025
Ray Hass	Non-Executive Director	Ceased 6 June 2025
Barnaby Lyons	Non-Executive Director	Ceased 6 June 2025
Joshua Hartz	Alternate Director	Ceased 6 June 2025
Stephen Pagliuca	Alternate Director	Ceased 6 June 2025

1.3. Executive KMP

Name	Position	Term as KMP during FY25
Dave Emerson	Chief Executive Officer, Managing Director	Commenced 14 March 2025 (Managing Director from 6 June 2025)
Nick Rohrlach	Chief Executive Officer - Velocity Frequent Flyer	Full year
Race Strauss	Chief Financial Officer	Full year

1.4. Former Executive KMP

Name	Position	Term as KMP during FY25
Jayne Hrdlicka	Chief Executive Officer, Managing Director	Ceased 13 March 2025

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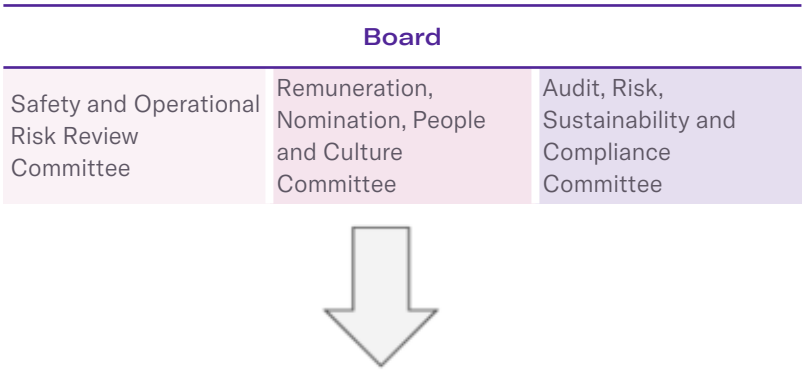
2. Remuneration Principles & Governance

Virgin Australia strives to be the most loved airline in Australia - by our people, our guests and our owners.

The underpinning principles of our Executive Remuneration framework are:

- a market-aligned structure that supports retention of the current executive team and enables the attraction of new talent as required;
- a market competitive package where the total value of an individual's remuneration is aligned appropriately in the market for the underlying role size;
- to drive high performance with metrics aligned to shareholder interests; and
- in the short-medium term, to support the transition from a private company remuneration structure.

Our remuneration framework supports our strategic priorities and our values and culture with a robust governance structure which sets the principles for how remuneration is determined and managed.



The Remuneration, Nomination, People and Culture Committee (RNPCCo):

supports the Board in fulfilling its responsibilities for corporate governance and oversight of Virgin Australia's remuneration, nomination, people and culture strategies, policies, systems, frameworks and practices.

The RNPCCo comprises only Non-Executive Directors, a majority of whom are independent.

RNPCCo has delegated responsibility for:

- recruitment of Directors and Senior Executives;
- remuneration policies and framework;
- reviewing and approving terms including performance conditions, and outcomes under incentive plans;
- monitoring and reviewing senior management performance;
- evaluation of board composition and board performance; and
- diversity and inclusion.

Management has responsibility for:

- providing information relevant to remuneration, people and culture decisions to assist the RNPCCo; and
- this includes external market data and insights, legal advice, tax advice and accounting advice.

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3. Overview of Remuneration Framework for FY25 (Pre-IPO)

This section sets out the remuneration philosophy and arrangements that applied in FY25, reflective and consistent with that of a private equity ownership structure. The Board has approved a new Executive Remuneration Framework which is typical of a listed organisation and drives focus on shareholder value. Details of the new framework which will take effect from 1 July 2025 are outlined in Section 6.

3.1. KMP Remuneration Mix

Executive KMP received TFR and a 30% of TFR target opportunity (52.2% maximum opportunity[1]) under the FY25 STI.

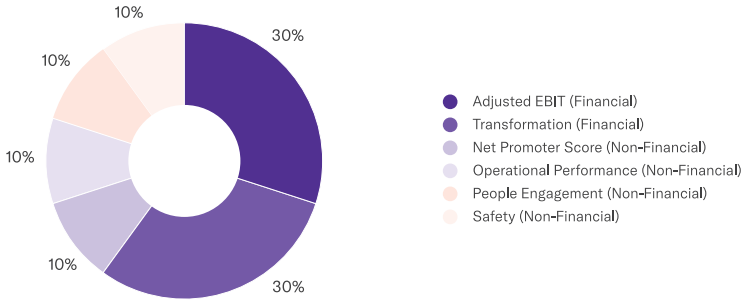
The MEP was implemented to underpin the efforts of Senior Executives in transforming Virgin Australia and delivering a successful return to public ownership. For full details of this arrangement, refer to Section 5.1.

3.2. Fixed Remuneration

TFR comprises base salary, superannuation and is inclusive (where relevant) of Director's fees. TFR was set based on individual experience and performance set at a level to attract and retain talent relevant to our industry peers.

3.3. FY25 Short Term Incentive Plan (Pre-IPO)

The STI Plan is the annual incentive arrangement for Executive KMP and Senior Management. Details of the pre-IPO STI are set out below.

Performance period	Measured over a 1 year performance period from 1 July 2024 to 30 June 2025.
Company Scorecard components	The Company Scorecard includes 60% financial measures and 40% non-financial measures which drive shared accountability for delivering outcomes for shareholders, customers and our people. Each measure is assessed independently against threshold, target and stretch levels of achievement. Achievement outcomes are calculated on a straight line basis within the following range: • Below threshold = nil • Threshold = 50% • Target = 100% • Stretch or above = 150% The overall Company Scorecard outcome is calculated from the sum of the weighted achievement outcome of each measure with an overall scorecard maximum of 145% (as there is no stretch opportunity on the Safety measure). 

[1] This maximum opportunity results from maximum company scorecard and individual performance modifier outcomes.

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Performance gateway	Airline safety - zero operational incidents leading to fatalities of employees, contractors or guests. Entitlement to STI ceases if this gateway is not met.
Individual performance	• Individual performance is assessed against Objective and Key Results (OKRs) which are ambitious and challenging goals that are set for each individual and support a focus on strategic priorities, and increased performance and results. • Individual performance is also assessed against demonstration of behaviours consistent with our values. • Through this assessment process an annual achievement outcome is determined at the end of the financial year. • An individual modifier between 0% and 120% is applied for each STI participant based on their individual achievement outcome.
FY25 STI Outcome	The STI outcomes for FY25 were calculated as: • FY25 TFR x 30% STI target x 131% Company Scorecard assessment x individual modifier, with a maximum outcome of 52.2% of TFR. • Under the pre-IPO STI structure, award outcomes for FY25 are to be paid in cash.

For detailed Company Scorecard and company performance outcomes, refer to Section 4.

3.4. CEO Transition

Incoming CEO

Dave Emerson was appointed CEO by the Board in March 2025. Prior to this appointment, he was Virgin Australia's Chief Commercial Officer having joined the Group in 2021. During Dave's tenure, he has played a key role in Virgin Australia's commercial transformation and growth.

Remuneration arrangements relating to Dave's appointment included:

- TFR of $1,300,000;
- FY25 STI calculated on a pro-rated basis for time served as CEO and Chief Commercial Officer;
- One-Off Equity Grant of Share Rights with a face value of $3,000,000 as a sign on bonus as detailed in the Prospectus and Section 5.2 of this Remuneration Report;
- FY26 STI target opportunity of 167% of TFR (maximum opportunity of 251% of TFR); and
- FY26 LTI opportunity of 67% of TFR.

ASX granted a waiver from the requirement under ASX Listing Rule 10.14 to seek shareholder approval for the issue of Share Rights and Performance Rights to the CEO under the One-Off Equity Grant, FY26 LTI and FY26 STI.

An overview of the remuneration framework for the CEO and Executive KMP for FY26 is provided in Section 6.

Former CEO

Jayne Hrdlicka served as Virgin Australia's CEO from November 2020 until March 2025. During her tenure, Jayne successfully led the Group's exit from voluntary administration, stand up of the airline following the COVID-19 pandemic and the transformation of Virgin Australia into a profitable and sustainable business. In addition, during FY25 Jayne led Virgin Australia's deeper strategic partnership with the Qatar Airways Group, including a 25% equity investment and enhanced strategic alliance.

The following remuneration arrangements applied upon cessation of Jayne's employment:

- FY25 STI calculated on a full year basis, as detailed in Section 4.3;
- 6,829,738 'A' Class Shares issued under the MEP were forfeited with 10,244,606 remaining on foot as a good-leaver; and
- Statutory termination payments and performance related payments in recognition of the value created within the business during Jayne's tenure as CEO, of which a portion was held in escrow by BC Hart Investments L.P., to be released progressively over a three year period post-departure subject to compliance with post-employment conditions. Details are contained in Section 7 of this Remuneration Report.

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4. Link between Performance and Reward

This section provides an overview of key financial outcomes and details Company Scorecard performance comprising financial and non-financial measures used to determine STI outcomes.

4.1. Financial Performance Overview

Key FY25 Financial Figures:

Statutory net profit after tax ($m)	Underlying EBIT ($m)[1]	Underlying EBIT margin (%)[1]	Adjusted Net Debt to Underlying EBITDA[1]
▼ 12.3%	▲ 27.9%	▲ 1.7ppts	▼ (0.5)x
to $478.5m	to $664.4m	to 11.4%	to 1.1x
(FY24: $545.4m)	(FY24: $519.4m)	(FY24: 9.7%)	(FY24: 1.6x)

The FY25 Statutory net profit after tax of $478.5 million (FY24: $545.4 million) was heavily impacted by a number of Significant Items, including $115.9 million of costs related to the IPO (including transaction related remuneration) and Qatar Airways Group transaction. In addition, FY24 included the one-off gain of $277.9 million from pre-administration Future Flight Credits, which was not repeated in the FY25 results. Refer to Appendix A for further details of these Significant Items. FY25 also included an income tax benefit of $225.7 million (FY24: nil). Underlying EBIT[1] is the primary reporting measure used by Virgin Australia to understand the performance of the business before Significant Items and independently of its financing arrangements and the impacts of tax. Underlying EBIT[1] increased by $145.0 million (from FY24) driven by strong revenue, disciplined controllable costs management, and the ongoing benefits from the Transformation Program.

Further details of Virgin Australia's financial performance in FY25 are included in the Operating and Financial Review section of this Annual Report.

The Company Scorecard results have also historically been strongly tied to financial performance. In addition to the current year results above, the following table outlines a five-year history of the key financial metrics.

		FY25	FY24	FY23	FY22	FY21[2]
Statutory net profit/(loss) after tax	$m	478.5	545.4	129.1	(565.5)	3,722.7
Underlying EBIT	$m	664.4	519.4	439.4	(278.2)	(71.6)
Underlying EBIT margin	%	11.4	9.7	8.8	(12.5)	(4.6)
Adjusted Net Debt to Underlying EBITDA	$m	1.1x	1.6x	1.6x	(67.3)x	3.7x
Basic earnings per share	cents	65.4	74.5	17.6	(77.3)	508.8

[1] This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).
[2] Performance in both FY22 and FY21 was heavily impacted by the effects of COVID-19. In addition, FY21 results include a period during which Virgin Australia was in voluntary administration. The statutory results include the benefit relating to the creditor relief on effectuation of the Deed of Company Arrangements and other administration related costs, which are excluded from the underlying results.

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4.2. FY25 Company Scorecard Performance

The FY25 Company Scorecard performance outcome was 131% with the breakdown across each measure detailed in the table below. This scorecard outcome reflects a year of strong company performance across both financial and non-financial measures, where profits and transformation benefits were higher than forecast, and operational performance improved throughout the year to above industry average levels.

Category	Objective	Weighting	Measure	Threshold (▲ 50%)	Target (▲ 100% ACHIEVED)	Stretch (150% ▲)	Outcome as % of Target	Outcome as % of Max
Financial	Achieve profitability and continue to transform the business	30%	Adjusted EBIT ($m)	565	603	620	120	80
		30%	Gross benefit of Transformation ($m)	365	406	447	150	100
Customer	Deliver a great experience for our guests	5%	Operational Net Promoter Score (%)	FY24 +5	FY24 +8	FY24 +11	123	82
		5%	Strategic Net Promoter Score (%)	21	25	29	129	86
Operations		5%	D15 On-time Performance	FY24 +2	FY24 +5	FY24 +8	130	87
		5%	Completion Rate	97	97.4	98	150	100
People	Engage and look after our people	10%	Team Member Engagement (%)	FY24 -2%	FY24 +2%	FY24 +3%	150	100
Safety		10%	Safety Assessment (%)	75	90		88	88
						Total Outcome	**131**	**90**

Financial Performance

In FY25, Virgin Australia benefitted from lower fuel costs. This was partly due to a successful hedging program and partly due to uncontrollable changes in market price. The FY25 Adjusted EBIT therefore only recognises part of the fuel benefit. As a result, the FY25 Adjusted EBIT outcome is less than the Underlying EBIT of $664.4 million. The Board is satisfied that this outcome is appropriately reflective of the strong underlying earnings performance delivered during FY25 and other significant business achievements. The definition of Adjusted EBIT will be different from FY26 and is defined in Section 6.3 of this Remuneration Report.

Virgin Australia's Transformation Program delivered strongly against its FY25 targets and exceeded the stretch goal in the Company Scorecard. Primary drivers of over delivery were in revenue, led by strong SME market share growth and performance of pricing excellence initiatives; and in costs, through stability benefits and increased operational efficiency in Airport Experience and Engineering and Maintenance areas.[3]

[3] Gross transformation benefits are stated before the impact of cost escalation, one-off implementation costs and potential competitive actions on Virgin Australia's operations and their associated impact on revenue and contribution to profitability.

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Net Promoter Score	Customer satisfaction, measured through both operational and strategic Net Promoter Score (NPS), was above target for FY25. Operational NPS showed material improvement on the prior year due to improved operational resilience, particularly during the second half of the year where the number of guests delayed was significantly reduced. On strategic NPS Virgin Australia led the market for 7 months of the year, driven by guests rating Virgin Australia number one in market for "value for money", "customer service" and "brand love". Operational NPS is based on 'Likelihood to Recommend' of passengers flying on the Virgin Australia or VARA network, including wet lease operators, surveyed within 24 hours of their flight. Strategic NPS is based on a monthly market survey commissioned by Virgin Australia and conducted by a third party. Approximately 1,000 Australian travellers are asked to rate their likelihood to recommend each domestic airline they have flown with in the prior 12 months.
Operational Performance	D15 OTP of 76.8% and a completion rate of 98.4% for FY25 exceed the mainline industry averages of 75.2% and 98.0% respectively and outperform the largest domestic competitors. Above target performance was achieved for D15 OTP and above stretch performance for completion rate.[4]
People Performance	Employee engagement improved significantly during FY25, reflecting the impact of targeted initiatives aligned to key engagement drivers. Our results show strong correlation between engagement and pride in working for Virgin Australia, which was elevated through our successful IPO, the strategic partnership with the Qatar Airways Group, and a continued focus on belonging and community. Other people initiatives that have supported engagement include: • investment in new Enterprise Agreements; • investment in leadership development; • the refresh of employee reward and recognition programs; • improvements to the physical work environment; and • the enhancement of wellbeing benefit offerings. Stretch levels of achievement were met across both frontline and corporate workgroups.[5]
Safety Performance	A safety performance gateway underpins the STI: zero aircraft incidents leading to fatalities of employees, contractors or guests. This gateway was passed in FY25. The Board's assessment of safety within the Company Scorecard is set at a very high level to reflect safety being our number one priority. The FY25 safety assessment was based on a range of safety measures, as detailed below, and was assessed at 88%. • Regulatory compliance; • Total Recordable Injury Frequency Rate (TRIFR); • High or extreme risk events; and • Unstable aircraft approaches. There is no stretch opportunity associated with the safety measure therefore maximum achievement is 100%.

[4] D15 OTP is the percentage of flights which depart within 15 minutes of their scheduled departure time. D15 OTP and cancellation rate are industry standard metrics, measured and published by the Bureau of Infrastructure and Transport Research Economics (BITRE). The completion rate measure in Virgin Australia's Company Scorecard is calculated as 100% minus cancellation rate.

[5] Virgin Australia calculates team member engagement across a suite of questions contained within the annual team member engagement survey.

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4.3. FY25 STI Outcomes

FY25 performance assessment and individual STI modifier outcome for the current and former CEO are detailed below.

Individual Performance Assessment

	Performance Assessment	Individual STI Modifier
Dave Emerson, CEO and Managing Director	The following deliverables were assessed during Dave's tenure as CEO: • Building brand as the new CEO internally and externally, and establishing key relationships • Successful launch of the first wet lease flights in partnership with Qatar Airways Group • Delivery of a successful IPO	110%
Jayne Hrdlicka, Former CEO and Managing Director	The following deliverables were considered in assessment of Jayne's performance as CEO upon her departure: • Leadership of establishing the strategic partnership with the Qatar Airways Group • Readiness for IPO	n/a

Individual performance for other Executive KMP was assessed with reference to individual OKRs and demonstration of Virgin Australia's values.

Individual STI modifiers are detailed below.

FY25 STI Outcomes

Individual outcomes awarded under the FY25 STI for Executive KMP are detailed below.

	Target STI Opportunity[6]	Maximum STI Opportunity[7]	Company Scorecard Outcome	Individual Performance Modifier	Individual STI Outcome[8]	% of Maximum STI Earned
Executive KMP						
Dave Emerson[9]	$116,466	$202,650	131%	110%	$167,827	83%
Nick Rohrlach	$236,843	$412,106	131%	100%	$310,264	75%
Race Strauss	$286,262	$498,097	131%	110%	$412,504	83%
Former Executive KMP						
Jayne Hrdlicka[10]	$424,399	$738,454	–	–	$636,598	86%

[6] Represents the target potential STI opportunity, adjusted for any variation in TFR during FY25. If the minimum threshold performance is not met, the potential STI payment is nil.
[7] Represents the maximum STI opportunity based on a maximum Company Scorecard outcome of 145% and a maximum individual performance modifier of 120%.
[8] Outcomes for current Executive KMP will be paid in cash in September 2025.
[9] Represents the period Dave Emerson held a KMP role.
[10] As a good-leaver a combined company and individual performance modifier of 1.5 times the target opportunity was applied for Jayne Hrdlicka at the time she ceased employment, and was calculated based on her target opportunity for the full year.

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5. Pre-IPO Equity Incentive Arrangements

5.1. Legacy Management Equity Plan (MEP)

Virgin Australia's MEP structure was established in May 2021 and reflects a core remuneration principle that is common in a private capital environment: to align the long-term remuneration outcomes of senior members of the management team with the investment outcomes of Virgin Australia's owners and investors. The MEP was designed to attract and incentivise senior management to join what had been an unprofitable business for many years. In late 2020 Virgin Australia exited voluntary administration and was continuing to experience significant impacts of the COVID-19 global pandemic with domestic and international borders closed and great uncertainty as to when services would recommence. Senior management has transformed Virgin Australia into a high-performing organisation in a robust financial position, which was ultimately returned to public ownership in June 2025. The significant progress made to rebuild Virgin Australia has resulted in us again providing an award winning service, Virgin Australia continuing to bring much needed competition to the aviation market, greater value and choice for the travelling public and the employment of 8,000 plus team members.

As such, the MEP payout, earned over the prior four years during which executives received a below market annual remuneration package is heavily weighted to the period following a successful IPO and remains subject to escrow conditions to support ongoing sustainable value creation.

Detailed information about the MEP was set out in the Prospectus. The MEP has been discontinued with no further grants of equity instruments under this scheme for any participant beyond FY25. The terms of the MEP were modified prior to the IPO in June 2025 as outlined below.

Key Features Prior to Modification

Under the terms of the original MEP, participants were issued with fully paid 'A' Class Shares and were provided with a limited recourse loan to fund their acquisition. The limited recourse loans had an initial term of a maximum of 10 years with recourse limited to the outstanding amount of the loan or the 'A' Class Shares issued. This limited recourse loan arrangement was assessed to represent a grant of options in accordance with AASB 2 Share-based Payments and AASB 139 Financial Instruments: Recognition and Measurement. The options are exercised on the date when the loan has been repaid in full.

The 'A' Class Shares vested on the occurrence of an exit event which included the sale of the Group and/or an IPO. Vesting conditions included a service condition requiring the individual participant to be an employee at the time of the exit event and performance conditions related to the achievement of certain share price targets associated with the terms of the exit event. The number of 'A' Class Shares forfeited on cessation of employment was subject to the Board's discretion under "good leaver" provisions outlined in the MEP.

Market vesting conditions were included in assumptions used to determine the original grant date fair value. Non-market vesting conditions were included in assumptions about the number of options that were expected to vest.

Vesting of options issued under the MEP is subject to continuing employment. Subject to the Board's discretion, the treatment of options on cessation of employment will depend on whether the individual ceased employment as a result of:

- their death, permanent incapacity, redundancy or any other reason approved by the Board (a "Good Leaver");
- genuine retirement; or
- any other circumstance (a "Bad Leaver").

Impact of Modifications Prior to IPO

On 6 June 2025, immediately prior to the Group's IPO, the Group modified the terms and conditions of the MEP as follows:

- all 'A' Class Shares were converted to ordinary shares that rank equally in all respects with existing ordinary shares and have the same rights and entitlements including dividends;
- all performance vesting conditions were considered to be satisfied or waived on completion of the IPO;
- the ordinary shares were placed into 3 tranches with each tranche being subject to escrow and trading restrictions over FY26-FY28. While in escrow, the shares held by employees are subject to forfeiture under non-compete, cessation of employment and clawback provisions. Forfeiture remains subject to the Board's discretion under the good leaver provisions outlined in the original terms of the MEP; and

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- progressively following the release of each tranche of shares from escrow, the Group agreed to pay certain of the MEP participants a bonus of $1 per ordinary share. These bonuses must be automatically applied to reduce the outstanding balance of the participant's limited recourse loan. All Executive KMP are eligible to receive this bonus as they were participants in the MEP at the time of the capital return in June 2023.

Shares issued under the MEP to Executive KMP are held in 3 equal tranches which are subject to the below escrow schedule:

MEP escrow schedule		
Trading day following the release of results for half-year ending 31 December 2025 (estimated to be on or around 28 February 2026)	Trading day following the release of results for half-year ending 31 December 2026 (estimated to be on or around 28 February 2027)	Trading day following the release of results for financial year ending 30 June 2027 (estimated to be on or around 31 August 2027)
Tranche 1	Tranche 2	Tranche 3

The number of Shares funded by limited recourse loans for Executive KMP as at 30 June 2025 are as follows:

Name	Shares held under the MEP
Executive KMP	
Dave Emerson	4,130,890
Nick Rohrlach	4,130,890
Race Strauss	2,753,925
Former Executive KMP	
Jayne Hrdlicka	10,244,606

5.2. One-Off Equity Grant

A one-off offer of Share Rights was made to Dave Emerson and Race Strauss at IPO. The key features of the One-Off Equity Grant are outlined in the table below.

Rationale	Dave's One-Off Equity Grant was offered to him as a sign on bonus following commencement in the CEO role and as a part of a wider remuneration package Virgin Australia believes secures and motivates Dave to apply his depth of experience and capability to growing the Group's business. Race's One-Off Equity Grant was offered to him as a true-up of his MEP allocation and to ensure his remuneration is more aligned with his peer group. As a result, Race's vesting period is for longer than Dave's vesting period.[1]
One-Off Equity Grant	Dave was granted 1,034,482 Share Rights with a face value of $3,000,000 and Race was granted 1,724,137 Share Rights with a face value of $5,000,000. The number of Share Rights was calculated by dividing the face value of the grant by the IPO Offer Price of $2.90.
Issue price and exercise price	Nil

[1] The One Off Equity Grant was awarded to Race Strauss with the objective of more closely aligning his total remuneration, inclusive of MEP, with his peers.

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Vesting period	Dave Emerson • 12 months from the date of grant (26 June 2026) Race Strauss • 50% will vest 12 months from the date of grant (26 June 2026) and the remaining 50% will vest 24 months from the date of grant (26 June 2027)
Performance and vesting conditions	Share Rights granted are subject to the participant remaining employed at the end of each vesting period. They are not subject to performance conditions.
Automatic exercise	Share Rights are subject to automatic exercise.
Expiry Date	6 months from each vesting date in respect of those Share Rights that have vested on that vesting date.
Cessation of Employment	Vesting of Share Rights is subject to continuing employment. Subject always to the Board's discretion, the treatment of Share Rights on cessation of employment will depend on whether the individual ceased employment as a result of: • their death, permanent incapacity, redundancy or any other reason approved by the Board (a "Good Leaver"); • genuine retirement; or • any other circumstance (a "Bad Leaver").
Restrictions on dealing	Other than to the extent provided under the Securities Trading Policy, there will be no restriction on disposing or dealing with any Shares participants receive upon their One-Off Equity Grants vesting and being automatically exercised.
Dividend Equivalent Payments	Share Rights do not entitle participants to dividends, however, following vesting, participants may be entitled to receive (at the Board's discretion) either a cash payment or equivalent number of ordinary shares that equates to the value of dividends declared (if any) over the vesting period.
Malus / Clawback	In certain circumstances, the Board may decide to reduce or extinguish Share Rights. This may include circumstances in which a participant has acted fraudulently or dishonestly or committed a material breach of obligations to Virgin Australia. Where an Award has vested, the Board may take any actions it considers appropriate in relation to Awards and resulting shares to address the undue benefit or unfair advantage. The Board may take any actions it considers appropriate in such a circumstance, including: • requiring any Awards (vested or unvested) or resulting shares to be forfeited or compulsorily divested in any manner determined by the Board (consistent with applicable laws); • by adjusting the terms and conditions of existing Awards (including by determining that the vesting of an Award be reversed); and • where any resulting shares have been sold, requiring the repayment of an amount equal to all or part of the net proceeds of that sale to Virgin Australia.

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6. Overview of Remuneration Framework for FY26 (Post-IPO)

With effect from 1 July 2025, a new remuneration framework has been implemented which is more aligned with Virgin Australia's status as a listed organisation and places significant focus on alignment with shareholder value.

Fixed remuneration is set taking into account benchmarks from peer companies which includes companies with similar revenue and those in comparable industries, and this approach remains unchanged for FY26. A comprehensive exercise was undertaken during FY25 to benchmark executive fixed remuneration against the external market to ensure alignment when determining FY26 pay.

When setting remuneration for Dave Emerson as incoming CEO, the Board considered external market pay levels as well as relativity to the prior CEO and other Senior Executives.

The mix between fixed and variable remuneration for the CEO and other Executive KMP is detailed below. This places a 70% weighting on variable remuneration for the CEO, and close to 60% for other Executive KMP. The variable remuneration component is split between:

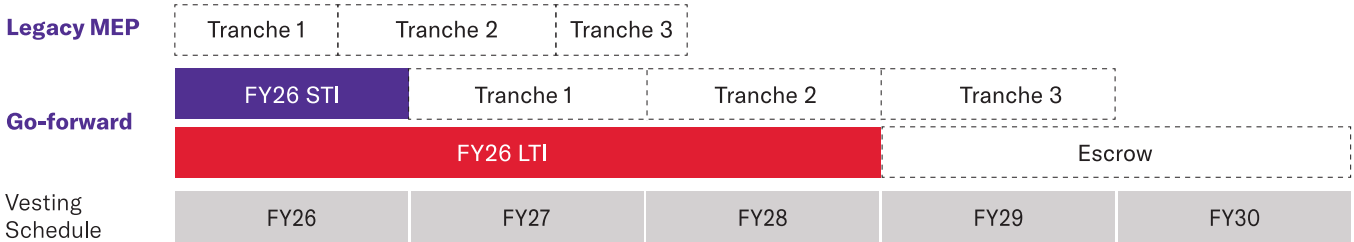
- A STI with performance assessed over a 1-year performance period aligned to the financial year which delivers 25% in cash at the end of the performance period and 75% in deferred Share Rights vesting over 3 years in three equal tranches; and
- A LTI with performance assessed over a 3-year performance period and delivered wholly in performance rights which vest at the end of the performance period subject to the achievement of performance criteria, with shares received on vesting held in escrow for a further 2 years.

In designing the post-IPO remuneration framework, the Board decided to place a higher relative weighting on the STI in recognition of the importance of this component in delivering sustainable shareholder value through growth and transformation of the business. In-year strategic transformational goals are included in the FY26 Company Scorecard in addition to measures which focus on sustained, strong operational performance, customer experience and employee engagement, in order to drive long-term shareholder value. In addition the weighting on the STI supports retention of the senior executive team by ensuring a smooth transition from the pre to post-IPO frameworks.

The higher STI opportunity is supplemented with a larger proportion deferred into equity for a longer than typical market deferral period to ensure appropriate management focus on investment and growth strategies, and long-term value creation. As such three quarters of the in-year STI outcome is deferred in Share Rights over the following 3-year period. Vesting of Share Rights is dependent on continued employment, with the ultimate value received reflective of share price movements over the following 3 year period.

6.1. Vesting Timeline

Executive KMP will receive fully vested outcomes under the new FY26 incentive arrangements by the end of FY29, with the escrow in relation to the FY26 LTI extending for a further year to the end of FY30. Outcomes under the MEP will continue being released from escrow through to FY28. This vesting timeline seeks to smooth the transition from pre-IPO to post-IPO remuneration arrangements for senior executives and support retention of key talent within Virgin Australia's ELT.



As illustrated in the above vesting schedule, the cash component and the first tranche of deferred Share Rights in relation to the FY26 STI will have been paid and vested respectively, prior to the final tranche of the MEP being released from escrow; with participants 2 years into the 5 year vesting timeline of the combined FY26 STI and LTI plans. Careful consideration was given to the respective vesting timelines of the pre-IPO and post-IPO remuneration arrangements to achieve an appropriate balance of realised and on-foot remuneration.

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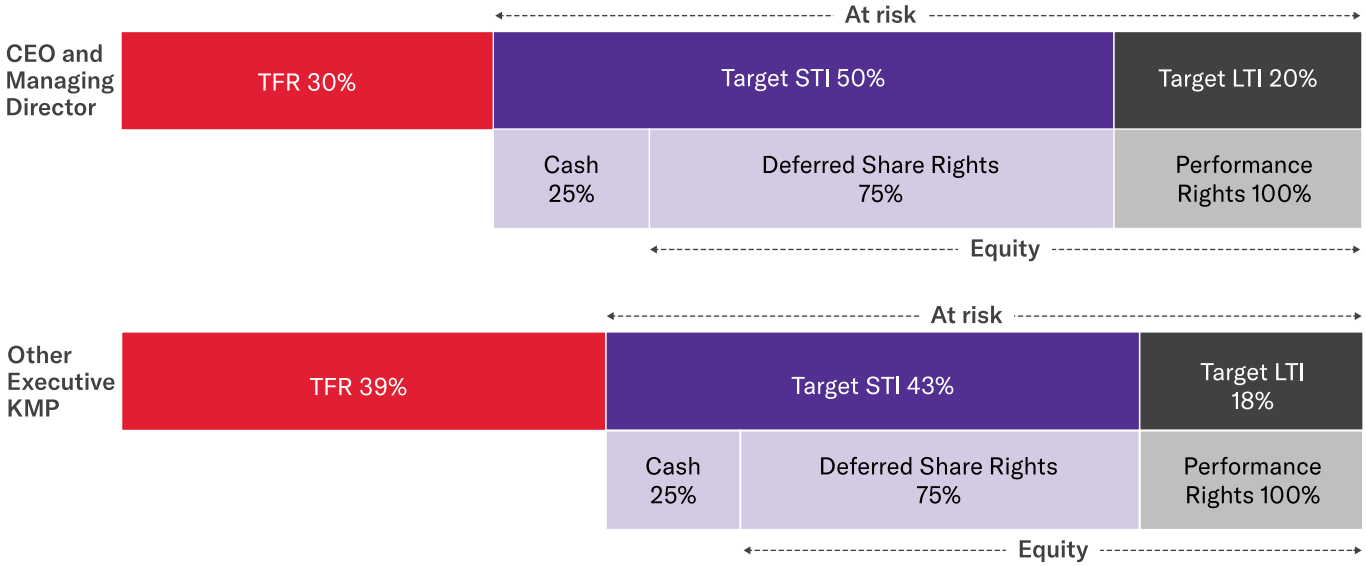
6.2. KMP Remuneration Mix

The mix of fixed and variable remuneration for Executive KMP is detailed below.



6.3. Short Term Incentive Plan

The STI will continue to be assessed against an annual Company Scorecard which comprises a mix of financial and non-financial measures; and modified based on each Executive KMP's individual achievement of OKRs and demonstration of behaviours consistent with our values. The key changes for the new STI arrangements are revised STI target opportunities and the introduction of a deferred equity component as set out in the table below.

The revised STI target opportunities have been set with consideration of external market benchmarks, and are based on a pay mix for the CEO as detailed in Section 6.2 with target opportunities for other Executive KMP representing two-thirds of the CEO target opportunities.

STI Opportunity

The target STI opportunity will be:

- for the CEO, 167% of TFR with the maximum opportunity capped at 150% of target; and
- for other Executive KMP, 111% of TFR with the maximum opportunity capped at 150% of target.

Delivery of STI

75% of any outcome will be awarded as deferred Share Rights and 25% will be awarded as cash.

Performance Metrics

Performance will be assessed against a Company Scorecard comprising 60% financial and 40% non-financial measures as set out below. An individual performance modifier will apply based on individual achievement outcomes as assessed through the annual review process.

Category	Measure	Weighting
Financial	Adjusted EBIT[1]	40 %
	Gross Benefit of Transformation	20 %
Customer	Net Promoter Score (Operational and Strategic)	12.5 %
Operations	D15 OTP	7.5 %
People	Team Member Engagement	10 %
Safety	Safety Scorecard	10 %

Two gateways must be achieved in order for any STI outcome to apply. For FY26 these are:

- Airline safety – zero operational incidents leading to fatalities of employees, contractors or guests
- Financial threshold – Positive Underlying NPAT

[1] Adjusted EBIT is derived by adjusting "Statutory Profit Before Net Finance Costs and Tax" for the year to exclude the following Significant Items: Foreign exchange revaluation on aircraft leases, Impairment of assets and accelerated depreciation, Covid Credit expiry, IPO and transaction costs (including the share-based payments expense relating to the MEP).

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Deferral Period	Share Rights will be awarded in three equal tranches which will vest annually over a 3-year period, subject to continued employment.
Cessation of Employment	Vesting of Share Rights is subject to continuing employment. Subject to the Board's discretion, the treatment of share rights on cessation of employment will depend on whether the individual ceased employment as a result of: • their death, permanent incapacity, redundancy or any other reason approved by the Board (a "Good Leaver"); • genuine retirement; or • any other circumstance (a "Bad Leaver").
Dividend Entitlements and Voting Rights	Share Rights do not entitle participants to dividends, however, following vesting, participants may be entitled to receive (at the Board's discretion) either a cash payment or equivalent number of ordinary shares that equates to the value of dividends declared (if any) over the vesting period. Share Rights do not carry voting rights.
Malus / Clawback	In certain circumstances, the Board may decide to reduce or extinguish Share Rights. This may include circumstances in which a participant has acted fraudulently or dishonestly or committed a material breach of obligations to Virgin Australia or has exhibited significant under-performance which has had an adverse impact on the Group. Where an Award has vested, the Board may take any actions it considers appropriate in relation to Awards and resulting Shares to address the undue benefit or unfair advantage, including: • requiring any Awards (vested or unvested) or resulting Shares to be forfeited or compulsorily divested in any manner determined by the Board (consistent with applicable laws); • by adjusting the terms and conditions of existing Awards (including by determining that the vesting of an Award be reversed); and • where any resulting Shares have been sold, requiring the repayment of an amount equal to all or part of the net proceeds of that sale to Virgin Australia.
Change of Control Event	The Board may determine that all, a specified number of, or none of an eligible employee's unvested awards will vest or cease to be subject to vesting conditions where there is a change of control event.

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6.4. Long Term Incentive Plan

The LTI Plan is designed to align the interests of Executive KMP with shareholders with a focus on sustainable long-term growth. Performance Rights under the FY26 LTI have yet to be granted to Executive KMP. Key details of the LTI that will be implemented for FY26 are set out below:

LTI Opportunity	The maximum LTI opportunity will be: • For the CEO, 67% of TFR • For other Executive KMP, 45% of TFR
Delivery of LTI	The LTI will be awarded as performance rights which entitle Executive KMP to fully paid ordinary shares upon vesting.
Performance Metrics[2]	Performance will be measured over a three-year performance period against: • Return on Invested Capital (ROIC) - 50% weighting • Adjusted Earnings per Share (EPS) CAGR- 50% weighting These measures were chosen as they closely align with Virgin Australia's strategic ambitions and will drive value creation over the long term.
Vesting Schedule	At the completion of the 3-year performance period the performance rights will vest subject to the achievement of performance-based hurdles. If any applicable vesting condition, including service condition is not met the award will lapse. Each measure is assessed separately and is mutually exclusive.
Cessation of Employment	Vesting of performance rights is subject to continuing employment. Subject always to the Board's discretion, the treatment of performance rights on cessation of employment will depend on whether the individual ceased employment as a result of: • their death, permanent incapacity, redundancy or any other reason approved by the Board (a "Good Leaver"); • genuine retirement; or • any other circumstance (a "Bad Leaver").
Disposal Restrictions	A two-year escrow period will apply where Executive KMP are restricted from disposing of their shares received on exercise.
Dividend Entitlements and Voting Rights	Performance Rights do not attract dividends or dividend equivalent payments, and do not carry voting rights prior to vesting.
Malus / Clawback	In certain circumstances, the Board may decide to reduce or extinguish Performance Rights. This may include circumstances in which a participant has acted fraudulently or dishonestly or committed a material breach of obligations to Virgin Australia or has exhibited significant under-performance which has had an adverse impact on the Group. Where an Award has vested, the Board may take any actions it considers appropriate in relation to Awards and resulting Shares to address the undue benefit or unfair advantage, including: requiring any Awards (vested or unvested) or resulting Shares to be forfeited or compulsorily divested in any manner determined by the Board (consistent with applicable laws); by adjusting the terms and conditions of existing Awards (including by determining that the vesting of an Award be reversed); and where any resulting Shares have been sold, requiring the repayment of an amount equal to all or part of the net proceeds of that sale to Virgin Australia.
Change of Control Event	The Board may determine that all, a specified number of, or none of an eligible employee's unvested awards will vest or cease to be subject to vesting conditions where there is a change of control event.

[2] Return on Invested Capital (ROIC) % is a non-statutory measure and is calculated as: Adjusted EBIT (as defined in Section 6.3) ÷ Average Invested Capital. Average Invested Capital is Invested Capital derived by adjusting Net Assets to exclude lease liabilities and interest-bearing liabilities. Average Invested Capital is equal to the average of the Invested Capital at each half year end for the year. Adjusted Earnings per Share (EPS) CAGR is the compound annual growth rate in Adjusted EPS during the measurement period. It is a non-statutory measure and is calculated as: [(Adjusted EBIT - Net Financing Costs) x (1 - Notional Tax Rate)] ÷ Weighted Average Diluted Shares Outstanding.

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6.5. Executive KMP FY26 Remuneration Summary

This section summarises the FY26 remuneration package for Executive KMP based on actual TFR, STI target opportunity and LTI opportunity. STI maximum opportunity is equal to 150% of STI target opportunity. Both plans have the potential to pay out between zero and target if performance conditions are not or only partially met.

Executive KMP	FY26 TFR	FY26 STI Target Opportunity[3]	FY26 LTI Opportunity[4]	FY26 Total Target Remuneration
Dave Emerson	$1,300,068	$2,171,113	$871,045	$4,342,226
Nick Rohrlach	$813,228	$902,683	$365,953	$2,081,864
Race Strauss	$982,902	$1,091,021	$442,306	$2,516,229

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[3] FY26 STI target opportunity is 167% of TFR for CEO and 111% of TFR for other Executive KMP.
[4] FY26 LTI opportunity is 67% of TFR for the CEO and 45% of TFR other Executive KMP.

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7. FY25 Executive KMP Remuneration Tables

7.1. Realised Remuneration Paid to Executive KMP in FY25 (unaudited)

This section uses non-IFRS information to show the actual remuneration received by Executive KMP in FY25. This disclosure is intended to show the realised remuneration received in the financial year. For FY25 this reflects a period of private ownership and therefore includes a disclosure of the number of shares held in the MEP. This will not feature in this table in future years.

As detailed in Section 5.1 Virgin Australia's MEP structure was established in May 2021 and reflects a core remuneration principle that is common in a private capital environment: to align the long-term remuneration outcomes of senior members of the management team with the investment outcomes of Virgin Australia's owners and investors. The MEP was designed to attract and incentivise senior management to join what had been an unprofitable business for many years. In late 2020 Virgin Australia exited voluntary administration and was continuing to experience significant impacts of the COVID-19 global pandemic with domestic and international borders closed and great uncertainty as to when services would recommence. Senior management has transformed Virgin Australia into a high-performing organisation in a robust financial position, which was ultimately returned to public ownership in June 2025. The significant progress to rebuild Virgin Australia has resulted in us again providing an award winning service, Virgin Australia continuing to bring much needed competition to the aviation market, greater value and choice for the travelling public and the employment of 8,000 plus team members.

As such, the MEP payout, earned over the prior four years during which executives received a below market annual remuneration package, is heavily weighted to the period following a successful IPO and remains subject to escrow conditions to support ongoing sustainable value creation.

Refer to Section 7.2 for details of FY25 Statutory remuneration determined in accordance with the Corporations Act and Australian Accounting Standards.

Name	TFR[1] $'000	Non-monetary Benefits[2] $'000	FY24 STI[3] $'000	Other cash payments[4] $'000	Subtotal (excluding MEP) $'000	Shares held under the MEP[5] # Shares	Value of shares at IPO[6] $'000	TOTAL $'000
Executive KMP								
Dave Emerson[7]	388	3	–	1,350	1,741	4,130,890	11,980	13,721
Nick Rohrlach	789	21	285	2,772	3,867	4,130,890	11,980	15,847
Race Strauss	954	13	329	1,823	3,119	2,753,925	7,986	11,105
Former Executive KMP								
Jayne Hrdlicka[8]	1,201	6	526	18,416	20,149	10,244,606	29,709	49,858

[1] Total Fixed Remuneration includes base salary, paid leave and superannuation paid in cash in FY25.
[2] Includes the value of non-monetary benefits received for FY25 consistent with the Statutory Remuneration Table in Section 7.2.
[3] Represents the FY24 STI which was paid in cash in September 2024, excluding Dave Emerson's STI as this relates to a period prior to being in a KMP role.
[4] Includes discretionary payments linked to specific performance outcomes. For Jayne Hrdlicka, this also includes termination payments and FY25 STI paid.
[5] Limited Recourse Loans apply to MEP shares as detailed in Section 5.1 and shares remain subject to vesting conditions under the terms of the MEP.
[6] Value calculated using IPO Offer Price of $2.90.
[7] Remuneration for Dave Emerson reflects the period of time in a KMP role (14 March 2025 - 30 June 2025).
[8] Remuneration for Jayne Hrdlicka reflects the period of time in a KMP role (1 July 2024 - 13 March 2025).

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7.2. Executive KMP Statutory Remuneration Table

The following table details remuneration for Executive KMP, prepared in accordance with the requirements of the Corporations Act and relevant Australian Accounting Standards.

		Short-term Employee Benefits						Equity-settled Share Based Payments	Post-employment Benefits			Long-term Benefits		
Name	Year	Salary $'000	Short-term Incentive Cash Bonus[1] $'000	Annual Leave $'000	Non-monetary Benefits[2] $'000	Other Cash Payments[3] $'000	Sub-total $'000	Options / Rights $'000	Super-annuation $'000	Travel Benefits[4] $'000	Termination Benefits[5] $'000	Long-service Leave $'000	Total $'000	Performance Related Remuneration %
Executive KMP														
Dave Emerson[6]	**2025**	**343**	**168**	**30**	**3**	**1,350**	**1,894**	**486**	**7**	**94**	**–**	**2**	**2,483**	**81%**
	2024	–	–	–	–	–	–	–	–	–	–	–	–	–
Nick Rohrlach	**2025**	**690**	**310**	**61**	**21**	**2,772**	**3,854**	**453**	**30**	**50**	**–**	**29**	**4,416**	**80%**
	2024	692	285	59	23	67	1,126	98	27	–	–	16	1,267	36%
Race Strauss	**2025**	**878**	**413**	**73**	**13**	**1,823**	**3,200**	**1,508**	**30**	**63**	**–**	**17**	**4,818**	**78%**
	2024	883	329	71	148	–	1,431	72	27	–	–	8	1,538	26%
Former Executive KMP														
Jayne Hrdlicka[7]	**2025**	**1,159**	**637**	**92**	**6**	**13,786**	**15,680**	**8,603**	**30**	**–**	**4,158**	**–**	**28,471**	**81%**
	2024	1,580	526	130	58	–	2,294	387	27	–	–	50	2,758	33%
TOTAL	**2025**	**3,070**	**1,528**	**256**	**43**	**19,731**	**24,628**	**11,050**	**97**	**207**	**4,158**	**48**	**40,188**	**80%**
	2024	3,155	1,140	260	229	67	4,851	557	81	–	–	74	5,563	32%

[1] FY25 STI that will be paid in cash in September 2025, and FY25 STI paid to Jayne Hrdlicka as a good-leaver at termination.
[2] Includes the value of travel and flight benefits (as detailed in Section 9), relocation expenses and executive health benefits. This also includes access to the Velocity Beyond Lounge which is a complimentary membership with no notional value as this benefit cannot be commercially purchased.
[3] Includes discretionary payments linked to specific performance outcomes.
[4] Post-employment travel benefits are accrued for accounting purposes and measured as the present value of the expense to Virgin Australia of providing this future benefit (with reference to commercial fares). Refer to section 9 for further details. The travel benefits policy applicable to Directors and Executive KMP was introduced in the current period resulting in an entitlement to post-employment travel benefits for a term equal to length of service. The accounting expense for FY25 reflected in the table above represents the incremental cost accrued for all past service. In future years, the accounting expense will represent the cost accrued for service during the current period only.
[5] Termination benefits paid to the former CEO include a payment in lieu of notice, post-employment travel benefit and a departure payment that is held in escrow by BC Hart Investments L.P..
[6] Remuneration for Dave Emerson reflects the period of time in a KMP role (14 March 2025 - 30 June 2025).
[7] Remuneration for Jayne Hrdlicka reflects the period of time in a KMP role (1 July 2024 - 13 March 2025).

8. Contractual Terms and Policies

8.1. Service Agreements

Executive KMP are engaged on permanent employment contracts which may be terminated by either party providing the notice outlined in the table below.

Name	Notice Period
Dave Emerson	6 months
Nick Rohrlach	6 months
Race Strauss	6 months

An Executive KMP's employment agreement may be terminated with immediate effect in certain circumstances, including where an Executive KMP engages in serious or wilful misconduct or is seriously negligent in the performance of their duties.

8.2. Additional Information

Minimum Shareholding Policy

Virgin Australia recognises the importance of aligning the interests of its Senior Executives and Non-Executive Directors with the long-term interests of Shareholders. This policy aims to achieve this by prescribing minimum shareholding requirements applicable to the Company's senior executives and Directors while holding their respective roles.

KMP are required to achieve the below minimum levels of shareholding within a four-year period, from the later of the IPO or commencement date in role:

Role	Minimum shareholding
CEO	150% of TFR
Senior Executive	75% of TFR
Non-Executive Director[1]	100% of Annual Base Fee

Details of current KMP's shareholding value is set out in Section 10.

Securities Trading Policy

All Virgin Australia employees are required to comply with the Securities Trading Policy and Executive KMP as Designated Persons are required to obtain prior clearance to trade.

Loans and other Transactions with KMP

In connection with Nick Rohrlach's employment offer he was provided with an interest free loan of $106,000 in recognition of forgone vested bonuses in connection with his former employment.
The short-term loan was to be repaid over a three-year period by applying the net (after tax) proceeds of a retention bonus that formed part of Nick's offer of employment. The retention bonus was made up of three annual bonuses of $66,666 (before tax) payable on each anniversary date of the commencement of Nick's employment. The value of the bonus paid in the current and prior year has been included in Other Cash Bonuses within the statutory remuneration table in Section 7. The short-term loan had an outstanding balance of $35,333 at 1 July 2024 and was fully repaid in FY25.
Based on an arm's length interest rate of 7.0%, referencing publicly available interest rates applicable to unsecured personal loan, total interest of $655 would have been charged on the loan in FY25 (FY24: $3,210).

Use of Remuneration Consultants

External remuneration consultants were engaged by the RNPCCo to provide benchmarking and market insights in relation to executive remuneration arrangements. The remuneration consultants did not provide a Remuneration Recommendation as defined in the Corporations Act during FY25.

[1] Applicable for Non-Executive Directors who are not nominated by Shareholders.

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9. Non-Executive Director Remuneration

Fee structure

The maximum aggregate Non-Executive Directors' remuneration is $2,200,000 per annum. All Directors' fees include superannuation payments required by law to be made as well as any applicable taxation.

The following annual base fees are payable to Directors other than Bain Capital Nominee Directors Ryan Cotton, Michael Murphy and Charles Lawson. The fee paid to the Chair is inclusive of Committee fees.

Independent Director Board and Committee Fees	Chair	Member
Base Fee	$535,000	$191,000
Audit, Risk, Sustainability & Compliance Committee	$45,000	$22,500
Remuneration, Nomination, People & Culture Committee	$45,000	$22,500

Travel benefits for Directors and Executive KMP

In addition to their director fees, the Directors receive travel entitlements as part of their annual remuneration package. In addition to the customary travel benefits all employees receive (such as unlimited standby flights), each Director and Executive KMP is entitled to Additional Flight Benefits, which include:

- two return, international, business class tickets within the Virgin Australia network for each immediate family member; and
- six return, domestic, business class tickets for each immediate family member.

These travel benefits lapse if not used within each fringe benefits tax reporting year ending 31 March. Similarly, tickets cannot be transferred or cashed in. Directors and Executive KMP also receive complimentary:

- Velocity Beyond membership for themselves and their partner; and
- comprehensive travel insurance.

The travel benefits policy applicable to Directors and Executive KMP was introduced in the current period resulting in an entitlement to the following on departure from Virgin Australia for a term equal to their length of service:

- receive:
  - for the CEO and Chair, 100% of the Additional Flight Benefits; or
  - for all other Directors and Executive KMP, 50% of the Additional Flight Benefits (ie one return, international business class ticket and three return, domestic, business class tickets);
- receive company wide post-employment travel benefits; and
- keep their Velocity Beyond membership for themselves and their partner,

unless the individual works for a competitor of Virgin Australia.

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Non-Executive Director Statutory Remuneration Table

The following table details fees paid to Non-Executive Directors, prepared in accordance with the requirements of the Corporations Act and relevant Australian Accounting Standards.

		Short-term Employee Benefits		Post-employment Benefits		
Name	Year	Fees[1] $'000	Non-monetary Benefits[2] $'000	Super-annuation $'000	Travel Benefits[3] $'000	Total $'000
Non-Executive Directors						
Peter Warne[4]	2025	**146**	**2**	**17**	**5**	**170**
	2024	–	–	–	–	–
Melinda Conrad[5]	2025	**16**	**–**	**2**	**2**	**20**
	2024	–	–	–	–	–
Pippa Downes[6]	2025	**64**	**2**	**7**	**6**	**79**
	2024	–	–	–	–	–
Dimitri Courtelis[7]	2025	**24**	**4**	**–**	**5**	**33**
	2024	–	–	–	–	–
Ryan Cotton	2025	**–**	**1**	**–**	**122**	**123**
	2024	–	1	–	–	1
Charles Lawson	2025	**–**	**14**	**–**	**122**	**136**
	2024	–	20	–	–	20
Michael Murphy	2025	**–**	**40**	**–**	**153**	**193**
	2024	–	36	–	–	36
Warwick Negus[8]	2025	**155**	**4**	**–**	**147**	**306**
	2024	116	7	–	–	123
Former Non-Executive Directors						
Mark Drusch	2025	–	–	–	–	–
	2024	–	–	–	–	–
Ray Hass	2025	**–**	**12**	**–**	**134**	**146**
	2024	–	7	–	–	7
Barnaby Lyons	2025	**–**	**–**	**–**	**–**	**–**
	2024	–	–	–	–	–
Joshua Hartz	2025	**–**	**10**	**–**	**54**	**64**
	2024	–	9	–	–	9
Stephen Pagliuca	2025	–	–	–	–	–
	2024	–	–	–	–	–
TOTAL	2025	**405**	**89**	**26**	**750**	**1,270**
	2024	116	80	–	–	196

[1] Bain Capital and Qatar Airways Group Nominee Directors Ryan Cotton, Charles Lawson, Michael Murphy and former Nominee Directors Mark Drusch, Ray Hass, Barnaby Lyons, Joshua Hartz and Stephen Pagliuca were not remunerated by either Virgin Australia, Bain Capital or Qatar Airways Group for their role as Non-Executive Directors of the Company.

[2] Includes the value of travel and flight benefits. Non-Executive Directors also received access to the Velocity Beyond Lounge which is a complimentary membership with no notional value as this benefit cannot be commercially purchased.

[3] Post-employment travel benefits are accrued for accounting purposes and measured as the present value of the expense to Virgin Australia of providing this future benefit (with reference to commercial fares). The accounting expense is based on an individual calculation, including immediate family members, for each Director. Six out of eight current Directors have up to three children included in the valuation of their post-employment travel benefit. Refer above for further details. The travel benefits policy applicable to Directors and Executive KMP was introduced in the current period resulting in an entitlement to post-employment travel benefits for a term equal to length of service. The accounting expense for FY25 reflected in the table above represents the incremental cost accrued for all past service. In future years, the accounting expense will represent the cost accrued for service during the current period only.

[4] Reflects the period of time as a Non-Executive Director (12 March 2025 - 30 June 2025).

[5] Reflects the period of time as a Non-Executive Director (6 June 2025 - 30 June 2025).

[6] Reflects the period of time as a Non-Executive Director (12 March 2025 - 30 June 2025).

[7] Reflects the period of time as a Non-Executive Director (1 May 2025 - 30 June 2025). Fees include amounts paid/payable by Qatar Airways Group for the period from appointment to the date of IPO and amounts paid/payable by Virgin Australia from 24 June 2025.

[8] Includes amounts reimbursed from Virgin Australia to Virgin Group in consideration for Warwick Negus being Virgin Group's Nominee Director. From 24 June 2025 fees were paid by Virgin Australia directly to Warwick Negus.

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10. KMP Equity Holdings

10.1. Executive KMP Share-Based Remuneration

The table below shows the movements during FY25 in the number of equity instruments granted to Executive KMP under the MEP.

Name	Grant date	Balance at start of the year[1]	Granted[2]	Forfeited[3]	Other changes during the year[4]	Balance at the end of the year[5]
Executive KMP						
Dave Emerson	1 October 2021	4,130,890	–	–	–	4,130,890
Nick Rohrlach	1 October 2021	4,130,890	–	–	–	4,130,890
Race Strauss	27 January 2023	550,785	–	–	–	550,785
	23 July 2024	–	2,203,140	–	–	2,203,140
Former Executive KMP						
Jayne Hrdlicka	13 May 2021	17,074,344	–	(6,829,738)	(10,244,606)	–

None of the equity instruments granted to Executive KMP under the MEP vested or were exercised during the year and those held by Executive KMP at year end are not vested and exercisable. The terms and conditions of the equity instruments granted during the year are outlined in Section 5.1.

The table below shows the movement during FY25 in the number of Share Rights granted to Executive KMP under the One-Off Equity Grant.

Name	Grant date	Balance at start of the year	Share Rights granted[6]	Balance at the end of the year
Executive KMP				
Dave Emerson	6 June 2025	–	1,034,482	1,034,482
Nick Rohrlach	–	–	–	–
Race Strauss	6 June 2025	–	1,724,137	1,724,137

None of the Share Rights vested or were exercised during the year and those held by Executive KMP at year end are not vested and exercisable. The terms and conditions of the equity instruments granted during the year are outlined in Section 5.2.

[1] Represents 'A' Class Shares held under the MEP.
[2] Represents additional 'A' Class Shares granted to Race Strauss on 23 July 2024 under the MEP. The total value of equity instruments granted was $1,329,228. The value of the equity instruments granted is the fair value calculated at grant date which will be recognised as remuneration over the vesting period.
[3] 'A' Class Shares were forfeited by Jayne Hrdlicka on termination of employment.
[4] Jayne Hrdlicka ceased employment on 13 March 2025. Jayne was considered a good-leaver and retained her remaining 'A' Class Shares under the MEP which subsequently converted to ordinary shares at IPO. Under the terms of the MEP, these ordinary shares are vested and exercisable at the end of the year but remain subject to applicable escrow arrangements, as detailed in Section 5.1.
[5] 'A' Class Shares converted to ordinary shares at IPO, however remain subject to service vesting conditions and are held in escrow, as detailed in Section 5.1.
[6] The total value of Share Rights granted to Dave Emerson was $3,000,000 and the total value of Share Rights granted to Race Strauss was $5,000,000. The value of Share Rights granted is the fair value calculated at grant date which will be recognised as remuneration over the vesting period.

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10.2. Fair Value of Equity Instruments Granted or Modified

The table below shows the fair values of equity instruments (deemed to be options under the requirements of AASB 2 Share-based payments) granted to Executive KMP under the MEP. The terms and conditions of the MEP are outlined in Section 5.1.

As outlined in Section 5.1, the terms and conditions of the MEP were modified during FY25 and, in accordance with the requirements of AASB 2, modifications that result in an increase in the fair value of the equity instruments granted must be recognised over the modified vesting period. The incremental fair value resulting from the modifications to the MEP has been measured at the modification date, being 6 June 2025. The share price on the modification date was $2.90.

Grant date	Tranche	Fair value at grant date	Fair value prior to modification	Fair value post modification	Exercise price prior to modification	Exercise price post modification	Vesting date prior to modification	Vesting date post modification	Expiry date
13 May 2021	Tranche 1	$0.39	$2.00	$2.90	$1.00	$—	24 February 2025	28 February 2026	8 May 2031
	Tranche 2	$0.27	$2.01	$2.90	$1.00	$—	20 September 2025	28 February 2027	
	Tranche 3	$0.15	$2.02	$2.90	$1.00	$—	30 September 2026	31 August 2027	
1 October 2021	Tranche 1	$0.38	$2.01	$2.90	$1.00	$—	24 February 2025	28 February 2026	26 September 2031
	Tranche 2	$0.25	$2.01	$2.90	$1.00	$—	20 September 2025	28 February 2027	
	Tranche 3	$0.13	$2.02	$2.90	$1.00	$—	30 September 2026	31 August 2027	
27 January 2023	Tranche 1	$0.86	$1.25	$1.97	$2.10	$1.10	24 February 2025	28 February 2026	21 January 2033
	Tranche 2	$0.83	$1.27	$1.99	$2.10	$1.10	20 September 2025	28 February 2027	
	Tranche 3	$0.65	$1.31	$2.00	$2.10	$1.10	30 September 2026	31 August 2027	
23 July 2024[7]	Tranche 1	$0.62	$1.60	$2.36	$1.65	$0.65	24 February 2025	28 February 2026	18 July 2034
	Tranche 2	$0.62	$1.61	$2.37	$1.65	$0.65	20 September 2025	28 February 2027	
	Tranche 3	$0.57	$1.64	$2.38	$1.65	$0.65	30 September 2026	31 August 2027	

[7] Share price on grant date was $1.65.

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The table below shows the fair value of Share Rights that were granted to Executive KMP under the One-Off Equity Grant during FY25. The terms and conditions of the One-Off Equity Grant are outlined in Section 5.2. As outlined in Section 5.2, of the Share Rights granted to Race Strauss, 50% were allocated to Tranche 1 and 50% were allocated to Tranche 2. Of the Share Rights granted to Dave Emerson, 100% were allocated to Tranche 1.

Grant date	Tranche	Grant type	Fair value at grant date	Exercise price	Vesting date	Expiry date
6 June 2025	Tranche 1	Share Rights	$2.90	$0.00	26 June 2026	26 December 2026
	Tranche 2	Share Rights	$2.90	$0.00	26 June 2027	26 December 2027

10.3. Details of Equity Incentives Affecting Future Remuneration

Details of vesting profile of the equity instruments granted to Executive KMP are detailed in Section 10.2. The table below shows the minimum and maximum value of the equity instruments yet to vest. The maximum value is determined based on the amount of the grant date fair value that is yet to be expensed. The minimum value is nil since the equity instruments will be forfeited if the vesting conditions are not met. Amounts relating to former Executive KMP have not been included in the table below as the full value of the equity instruments has been recognised upon cessation of employment with no amounts to be recognised in future financial years.

Executive KMP	Plan	Grant Date	Minimum value yet to vest $'000	Maximum value yet to vest $'000
Dave Emerson	MEP	1 October 2021	–	3,549
	One-Off Equity Grant	6 June 2025	–	2,806
Nick Rohrlach	MEP	1 October 2021	–	3,549
Race Strauss	MEP	27 January 2023	–	425
	MEP	23 July 2024	–	1,908
	One-Off Equity Grant	6 June 2025	–	4,755

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10.4. KMP Shareholdings as at 30 June 2025

During FY25 KMP and their related parties held Virgin Australia shares directly, indirectly or beneficially as follows:

Name	Balance At The Start Of The Year	Other Changes During The Year[8]	Balance At The End Of The Year[9]	Unvested Rights To Shares[10]	Progress Against Minimum Shareholding Policy[11]
Non-Executive Directors					
Peter Warne	–	100,000	100,000	–	Progressing
Melinda Conrad	–	35,000	35,000	–	Progressing
Pippa Downes	–	35,000	35,000	–	Progressing
Dimitri Courtelis	–	10,000	10,000	–	n/a
Ryan Cotton	–	–	–	–	n/a
Charles Lawson	–	–	–	–	n/a
Michael Murphy	–	–	–	–	n/a
Warwick Negus	–	70,000	70,000	–	Meets
Executive KMP					
Dave Emerson	–	–	–	5,165,372	Meets
Nick Rohrlach	–	–	–	4,130,890	Meets
Race Strauss	–	–	–	4,478,062	Meets
Former KMP					
Mark Drusch	–	–	–	–	n/a
Barnaby Lyons	–	–	–	–	n/a
Ray Hass	–	–	–	–	n/a
Joshua Hartz	–	–	–	–	n/a
Stephen Pagliuca	–	–	–	–	n/a
Jayne Hrdlicka[12]	–	–	–	–	n/a

KMP are required to achieve minimum levels of shareholdings within a four-year period.

[8] Shares were acquired by Non-Executive Directors as part of the Group's IPO. Compliance with the Group's Minimum Shareholding Policy is assessed with reference to the historical value of shares acquired on market.
[9] Potential ordinary shares received by Executive KMP under the MEP and One-Off Equity Grant are excluded given these remain subject to vesting conditions under the terms and conditions of these arrangements.
[10] This represents ordinary shares and Share Rights held by Executive KMP that are subject to vesting conditions under the terms of the MEP and the One-Off Equity Grant. Unvested rights to shares which are solely subject to service conditions count towards a person meeting the Group's Minimum Shareholding Policy.
[11] Ryan Cotton, Michael Murphy and Charles Lawson as nominees of Bain Capital, and Dimitri Courtelis as nominee of Qatar Airways Group are not subject to the Group's Minimum Shareholding Policy.
[12] Jayne Hrdlicka ceased employment on 13 March 2025. Jayne was considered a good-leaver and retained her remaining 'A' Class Shares under the MEP which subsequently converted to ordinary shares at IPO. Under the terms of the MEP, these ordinary shares are vested and exercisable at the end of the year but remain subject to applicable escrow arrangements, as detailed in Section 5.1.

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Share Options

Details of all unissued shares under option are included in note 29 Share-based payments of the financial statements. There were no shares issued as a result of the exercise of options during the year (2024: nil).

Environmental Regulation

The Group is subject to environmental regulations under Federal, State, Territory, local and international jurisdictions. The Group is committed to environmental sustainability and meeting all of its regulatory obligations. These objectives are managed through:

- regular environmental risk and compliance reporting to management, the Board and external stakeholders;
- accountability assigned for environmental performance and compliance to relevant executives across the Group;
- a robust Environmental Management Systems (EMS) to identify environmental issues/risks, implement management programs and monitor the effectiveness of actions. The EMS is aligned to ISO:14001; and
- engagement with regulators to maintain oversight and support the evolution of regulatory obligations.

Based on the information provided and enquiries made, the Board is not aware of any material non-compliances during this reporting period.

Significant changes in the state of affairs and key developments

During the financial year, Virgin Australia listed on the ASX and welcomed a 25 per cent[1] investment from the Qatar Airways Group. In addition, Dave Emerson replaced Jayne Hrdlicka as CEO of Virgin Australia in March 2025.

Other than the above, there was no significant change in the state of affairs of Virgin Australia during the financial year.

Dividends

For the year ended 30 June 2024, as detailed in the Directors' report for that financial year, the following dividends were declared:

- an unfranked dividend of 50.09 cents per share, paid to the holders of fully paid ordinary shares on 4 June 2024; and
- an unfranked dividend of 16.67 cents per share, paid to the holders of 'A' class shares on 16 August 2024.

For the year ended 30 June 2025, an interim unfranked dividend of 13.67 cents per share was paid to the holders of fully paid ordinary shares on 16 December 2024.

For the year ended 30 June 2025, the Directors do not recommend the payment of a final dividend.

Likely developments

The operating and financial review sets out information on the business strategies and prospects for future financial years and refers to likely developments in Virgin Australia's operations and the expected results of those operations in future financial years. Information is provided to enable stakeholders to make an informed assessment about the business strategies and prospects for future financial years of Virgin Australia. Information that could give rise to likely material detriment to Virgin Australia, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included.

Significant events subsequent to balance date

No matters or circumstances have arisen since the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

[1] The equity holding has subsequently reduced to 23.4% as a result of the conversion of Class A shares to ordinary shares immediately prior to IPO. See Shareholder Information section for further information.

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Indemnification and insurance of officers and auditors

The Company has agreed to indemnify the Directors and Officers of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as a director or an officer of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company has Directors' and Officers' liability insurance contracts in place, for all current and former Officers of the Company (including Directors and the Company Secretary). The Directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability insurance contracts, as such disclosure is prohibited under the terms of the insurance contract.

Non-audit services

Details of amounts paid or payable for non-audit services provided during the year by the auditor are outlined in note 31 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act.

The Directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence, for the following reasons:

- All non-assurance services have been approved by Those Charged with Governance as set out in APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) issued by the Accounting Professional & Ethical Standards Board (APES 110)
- All the services comply with the general principles relating to auditor independence as set out in APES 110, including not assuming management responsibilities or reviewing or auditing the auditor's own work, and ensuring threats to independence are either eliminated or reduced to an acceptable level.

The above Directors' statements are in accordance with the advice received from the Audit, Risk, Sustainability and Compliance Committee.

Auditor independence

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is included in this Directors' report.

Rounding

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191* dated 24 March 2016 and in accordance with that instrument, amounts in the consolidated financial statements and Directors' report have been rounded to the nearest one hundred thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors:



Peter Warne

Chair
Brisbane



David Emerson

Chief Executive Officer
Brisbane

This report is made on 12 September 2025.

Auditor's independence declaration

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

To the Directors of Virgin Australia Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Virgin Australia Holdings Limited for the financial year ended 30 June 2025 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Suzanne Bell
Partner

Brisbane
12 September 2025

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Financial Report



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Financial Report

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Consolidated statement of profit or loss

For the year ended 30 June 2025

	Notes	2025 $m	2024 $m
Revenue and income			
Airline passenger and freight revenue	2	5,408.8	5,287.4
Loyalty program revenue	2	373.2	334.6
Other income		27.7	12.1
Revenue and income		**5,809.7**	**5,634.1**
Expenditure			
Labour and staff related	3	(1,380.1)	(1,212.8)
Fuel and oil		(1,091.4)	(1,196.2)
Airport charges, navigation and station operations		(1,072.9)	(965.3)
Depreciation and amortisation	4	(424.1)	(341.0)
Commissions, other marketing and reservations		(419.0)	(421.4)
Contract and other maintenance		(397.7)	(327.0)
Communications and technology		(154.4)	(124.2)
Aircraft variable leases		(84.6)	(91.2)
Net foreign exchange (loss)/gain		(8.8)	4.4
Impairment of assets		–	(0.8)
Other		(352.2)	(275.9)
Expenditure		**(5,385.2)**	**(4,951.4)**
Statutory profit before net finance costs and tax		**424.5**	**682.7**
Finance income		49.9	56.0
Finance costs		(221.6)	(193.3)
Net finance costs	5	**(171.7)**	**(137.3)**
Statutory profit before tax		**252.8**	**545.4**
Income tax benefit	6	225.7	–
Statutory profit		**478.5**	**545.4**

		cents	cents
Basic earnings per share	7	65.4	74.5
Diluted earnings per share	7	65.2	74.5

The consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

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Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2025

	2025 $m	2024 $m
Statutory profit	**478.5**	**545.4**
Items that are or may be subsequently reclassified to profit or loss		
Foreign currency translation of foreign entities	(11.9)	1.3
Effective portion of changes in fair value of cash flow hedges[1]	5.2	26.7
Net change in hedge reserve for time value of options[1]	(46.3)	(27.4)
Transfer of effective hedging losses to profit or loss[1]	18.9	7.8
De-designation of ineffective cash flow hedges transferred to profit or loss[1]	(0.4)	–
Total other comprehensive (loss)/income	**(34.5)**	**8.4**
Total comprehensive income	**444.0**	**553.8**

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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[1] Net of tax.

Consolidated statement of financial position

As at 30 June 2025

	Notes	2025 $m	2024 $m
Current assets			
Cash and cash equivalents	17	1,035.2	875.6
Term deposits at bank	17	83.0	129.0
Receivables	9	367.7	280.3
Inventories	10	29.0	29.3
Derivative financial instruments	22	11.5	14.4
Other financial assets	11	44.9	22.9
Total current assets		**1,571.3**	**1,351.5**
Non-current assets			
Receivables	9	116.2	36.9
Other financial assets	11	86.9	108.5
Property, plant and equipment	14	2,712.6	2,441.6
Intangible assets	15	41.9	46.5
Deferred tax assets	6	343.2	–
Total non-current assets		**3,300.8**	**2,633.5**
Total assets		**4,872.1**	**3,985.0**
Current liabilities			
Payables		581.9	532.2
Unearned revenue and income	12	1,663.4	1,513.6
Lease liabilities	18	230.2	212.1
Interest-bearing liabilities	19	513.3	404.6
Provisions	13	346.4	273.7
Derivative financial instruments	22	17.5	–
Current tax liabilities	6	102.8	–
Total current liabilities		**3,455.5**	**2,936.2**
Non-current liabilities			
Lease liabilities	18	754.1	751.1
Interest-bearing liabilities	19	798.1	972.2
Provisions	13	679.0	504.2
Total non-current liabilities		**2,231.2**	**2,227.5**
Total liabilities		**5,686.7**	**5,163.7**
Net liabilities	33(e)	**(814.6)**	**(1,178.7)**
Equity			
Share capital	20	2,240.2	2,240.2
Reserves		(540.6)	(526.2)
Accumulated losses		(2,514.2)	(2,892.7)
Total equity		**(814.6)**	**(1,178.7)**

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Consolidated statement of changes in equity

For the year ended 30 June 2025

	Notes	Share capital $m	Foreign currency translation reserve $m	Hedge reserve $m	Share-based payment reserve $m	Other reserves[1] $m	Accumulated losses $m	Total equity $m
Balance at 1 July 2024		**2,240.2**	**11.9**	**(10.8)**	**26.3**	**(553.6)**	**(2,892.7)**	**(1,178.7)**
Statutory profit		**–**	**–**	**–**	**–**	**–**	**478.5**	**478.5**
Other comprehensive income								
Foreign currency translation of foreign entities		–	(11.9)	–	–	–	–	(11.9)
Effective portion of changes in fair value of cash flow hedges[2]		–	–	5.2	–	–	–	5.2
Net change in hedge reserve for time value of options[2]		–	–	(46.3)	–	–	–	(46.3)
Transfer of effective hedging losses to profit or loss[2]		–	–	18.9	–	–	–	18.9
De-designation of ineffective cash flow hedges transferred to profit or loss[2]		–	–	(0.4)	–	–	–	(0.4)
Total other comprehensive profit/(loss)		**–**	**(11.9)**	**(22.6)**	**–**	**–**	**–**	**(34.5)**
Total other comprehensive profit/(loss)		**–**	**(11.9)**	**(22.6)**	**–**	**–**	**478.5**	**444.0**
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged item		**–**	**–**	**(0.2)**	**–**	**–**	**–**	**(0.2)**
Transactions with owners								
Share-based payment transactions	29	–	–	–	20.3	–	–	20.3
Dividends	21	–	–	–	–	–	(100.0)	(100.0)
Total transactions with owners		**–**	**–**	**–**	**20.3**	**–**	**(100.0)**	**(79.7)**
Balance at 30 June 2025		**2,240.2**	**–**	**(33.6)**	**46.6**	**(553.6)**	**(2,514.2)**	**(814.6)**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

[1] Other reserves includes transactions with owners in their capacity as owners.
[2] Net of tax.

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Consolidated statement of changes in equity

For the year ended 30 June 2025

	Notes	Share capital $m	Foreign currency translation reserve $m	Hedge reserve $m	Share-based payment reserve $m	Other reserves[3] $m	Accumulated losses $m	Total equity $m
Balance at 1 July 2023		**2,240.2**	**10.6**	**(19.8)**	**25.3**	**(553.6)**	**(3,062.9)**	**(1,360.2)**
Statutory profit		**–**	**–**	**–**	**–**	**–**	**545.4**	**545.4**
Other comprehensive income								
Foreign currency translation of foreign entities		–	1.3	–	–	–	–	1.3
Effective portion of changes in fair value of cash flow hedges[4]		–	–	26.7	–	–	–	26.7
Net change in hedge reserve for time value of options[4]		–	–	(27.4)	–	–	–	(27.4)
Transfer of effective hedging losses to profit or loss[4]		–	–	7.8	–	–	–	7.8
Total comprehensive income		**–**	**1.3**	**7.1**	**–**	**–**	**–**	**8.4**
Total comprehensive income		**–**	**1.3**	**7.1**	**–**	**–**	**545.4**	**553.8**
Net change in fair value of cash flow hedges transferred to initial carrying value of hedged item		**–**	**–**	**1.9**	**–**	**–**	**–**	**1.9**
Transactions with owners								
Share-based payment transactions	29	–	–	–	1.0	–	–	1.0
Dividends	21	–	–	–	–	–	(375.2)	(375.2)
Total transactions with owners		**–**	**–**	**–**	**1.0**	**–**	**(375.2)**	**(374.2)**
Balance at 30 June 2024		**2,240.2**	**11.9**	**(10.8)**	**26.3**	**(553.6)**	**(2,892.7)**	**(1,178.7)**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

[3] Other reserves includes transactions with owners in their capacity as owners.
[4] Net of tax.

Consolidated statement of cash flows

For the year ended 30 June 2025

	Notes	2025 $m	2024 $m
Cash flows from operating activities			
Receipts from customers		6,542.6	5,791.4
Payments to suppliers and employees		(5,397.9)	(4,891.1)
Net cash from operating activities	8	**1,144.7**	**900.3**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(493.0)	(329.1)
Proceeds from disposal of property, plant and equipment		0.5	6.5
Acquisition of intangible assets		(3.0)	(2.3)
Interest received		51.8	55.5
Payments for term deposits at bank		(267.4)	(187.0)
Proceeds from term deposits at bank		313.4	58.0
Payments for deposits in other financial assets		(45.9)	(43.7)
Proceeds from deposits in other financial assets		41.5	116.9
Net cash used in investing activities		**(402.1)**	**(325.2)**
Cash flows from financing activities			
Proceeds from interest-bearing liabilities	19	128.4	471.0
Payment of transaction costs relating to interest-bearing liabilities	19	(1.4)	(20.7)
Repayment of interest-bearing liabilities	19	(205.9)	(536.2)
Interest paid (interest-bearing liabilities)		(96.1)	(85.6)
Payment of lease liabilities		(231.2)	(181.6)
Interest paid (lease liabilities)		(74.7)	(61.1)
Dividends paid	21	(108.7)	(366.5)
Net cash used in financing activities		**(589.6)**	**(780.7)**
Net increase/(decrease) in cash and cash equivalents		153.0	(205.6)
Cash and cash equivalents at 1 July		875.6	1,087.0
Effect of exchange rate fluctuations on cash and cash equivalents		6.6	(5.8)
Cash and cash equivalents	17	**1,035.2**	**875.6**
Term deposits at bank	17	**83.0**	**129.0**
Cash, cash equivalents and term deposits at bank at the end of the period[1]	17	**1,118.2**	**1,004.6**

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

[1] Total movement in cash and cash equivalents and term deposits from 30 June 2024 was a net increase of $113.6 million represented by increases in cash and cash equivalents $159.6 million less a decrease in term deposits of $46.0 million.

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Notes to the financial statements

A. Results

1. Operating segments

The Group's reportable operating segments have been identified based on the financial information currently provided to the Group's Chief Operating Decision Maker (CODM), the Chief Executive Officer, who is responsible for allocating resources and assessing the performance of the operating segments. The following operating segments have been determined based on the key business activities of the Group:

- Airlines – the Group's aviation activities, including domestic, international, charter (VARA) and freight.
- Velocity – the Group's loyalty program.

2025	Airlines $m	Velocity $m	Eliminations $m	Total $m
External segment revenue and income	5,436.5	376.0	(2.8)	**5,809.7**
Inter-segment revenue	139.6	74.0	(213.6)	**–**
Underlying revenue and income	**5,576.1**	**450.0**	**(216.4)**	**5,809.7**
Underlying EBITDA	**945.3**	**131.2**	**2.4**	**1,078.9**
Underlying depreciation and amortisation[1]	(410.6)	(3.9)	–	**(414.5)**
Underlying EBIT	**534.7**	**127.3**	**2.4**	**664.4**
Finance income				**49.9**
Finance costs				**(221.6)**
Underlying profit before tax				**492.7**
Foreign exchange revaluation on aircraft leases				**(2.5)**
IPO and transaction costs				**(115.9)**
Impairment of assets and accelerated depreciation				**(8.5)**
IT transformation projects				**(54.5)**
Restructuring and transformation costs				**(55.5)**
Other				**(3.0)**
Profit before tax				**252.8**
Income tax benefit				**225.7**
Statutory profit				**478.5**

[1] Total underlying depreciation and amortisation is a non-IFRS measure and excludes $9.6 million (2024: $12.7 million) of accelerated depreciation included in impairment of assets and accelerated depreciation' and 'restructuring and transformation costs' items below underlying profit before tax.

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1. Operating segments (continued)

2024	Airlines $m	Velocity $m	Eliminations $m	Total $m
External segment revenue and income[2]	5,018.8	342.5	(7.9)	5,353.4
Inter-segment revenue	127.1	66.5	(193.6)	–
Underlying revenue and income	**5,145.9**	**409.0**	**(201.5)**	**5,353.4**
Underlying EBITDA	**715.5**	**120.0**	**12.2**	**847.7**
Underlying depreciation and amortisation[1]	(323.5)	(4.8)	–	(328.3)
Underlying EBIT	**392.0**	**115.2**	**12.2**	**519.4**
Finance income				56.0
Finance costs[3]				(182.0)
Underlying profit before tax				**393.4**
Expiry of future flight credits (refer note 12)				277.9
Foreign exchange revaluation on aircraft leases				2.7
IPO planning and preparation costs				(3.3)
Impairment of assets and accelerated depreciation				(14.8)
IT transformation projects				(35.8)
Restructuring and transformation costs				(69.2)
Other				(5.5)
Profit before tax				**545.4**
Income tax benefit				–
Statutory profit				**545.4**

Underlying revenue and income, Underlying EBITDA and Underlying EBIT are used by the CODM to assess the financial performance of the Group's segments. Underlying profit or loss before tax, Underlying revenue and income, Underlying EBITDA and Underlying EBIT are not measures recognised by the Australian Accounting Standards or the International Financial Reporting Standards (IFRS) and are thus non-IFRS information.

Underlying profit or loss before tax represents profit or loss before tax excluding certain revenue and expenses that are considered to be transformational or outside of the Group's normal operating activities and also excludes foreign exchange revaluation gains or losses on aircraft lease liabilities. Underlying EBIT represents underlying profit or loss before tax excluding finance income and finance costs. Underlying EBITDA represents Underlying EBIT excluding segment depreciation and amortisation.

Inter-segment pricing is determined on an arm's length basis or a cost-plus margin basis.

Costs related to the Group's corporate functions (e.g. legal, human resources, finance, information technology, etc) have been primarily included in the results of the Airline segment.

[2] Total Underlying revenue and income excludes $280.7 million of revenue from expiry of future flight credits, which is included in airline passenger revenue in the consolidated statement of profit or loss. Note expiry of future flight credits is net of $2.8 million associated expenses.
[3] Total Underlying finance costs are a non-IFRS measure and excludes $11.3 million of interest and finance charges relating to restructuring costs.

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2. Revenue

Airline passenger revenue is allocated proportionately to the geographic region in which point of sale occurs. During the year, 97% of airline passenger revenue was generated from Australia (2024: 96%). Loyalty program revenue is attributed to the Australian geographic region. Certain other amounts are not allocated to a geographic region as it is impractical to do so.

Accounting policy

Revenue is measured based on the consideration specified in a contract with a customer. The Group considers whether it is a principal or agent in relation to services by considering whether it controls the service prior to that service being transferred to the customer. The Group acts as an agent when collecting revenue in relation to airline passenger services provided by other carriers. Commissions received from other carriers are paid subsequent to carriage being performed, in accordance with normal industry credit terms.

i. Airline passenger revenue

Airline passenger revenue comprises revenue from passenger and charter ticket sales including the provision of ancillary flight benefits, such as baggage and change fees, which are not considered to be distinct from the passenger ticket. Airline passenger and ancillary revenue is recognised in profit or loss when carriage is performed, net of sales discounts, certain commissions and Goods and Services Tax.

Airline passenger revenue is generally received in advance of carriage and is deferred to the consolidated statement of financial position as unearned revenue until the revenue recognition criteria are satisfied.

The Group is a party to various alliance arrangements. Revenue under these arrangements is recognised in profit or loss when the Group performs the carriage or otherwise fulfils all relevant contractual commitments.

The incremental costs in relation to ticket sales are recognised as an expense when incurred on the basis that airline passenger revenue is expected to be recognised within 12 months.

Members of the Velocity Frequent Flyer program accumulate loyalty points by, inter alia, travelling on qualifying airline services. The transaction price related to ticket sales is proportionately allocated to the obligation to provide awards to members and to the ticket sales, based on their relative stand-alone selling prices. The portion allocated to the obligation to provide awards to members is deferred to the consolidated statement of financial position as unearned loyalty program revenue until the revenue recognition criteria are satisfied.

ii. Freight revenue

Freight revenue comprises revenue from freight carried on domestic and international flights. Revenue is recognised in profit or loss when carriage of the freight is performed, net of sales discounts, certain commissions and Goods and Services Tax.

Freight services are generally paid for subsequent to carriage being performed, based on the Group's normal credit terms.

iii. Loyalty program revenue

The Group receives participation fee revenue from participation partners for the rights to have loyalty points allocated to members of the Velocity Frequent Flyer program. This results in an obligation of the Group to provide awards to members when these points are redeemed.

Loyalty program revenue is comprised of two performance obligations. The stand-alone selling price of the obligation to provide awards to members is calculated using expected redemption costs plus a reasonable profit margin and adjusted for the proportion of points not expected to be redeemed (breakage). It is deferred to the consolidated statement of financial position as unearned revenue. The residual amount, which represents marketing services, is recognised when the points are issued, and the Group has a right to invoice the participation partner. This occurs as the service is provided, which occurs over time. The consideration is generally received subsequent to the issue of points based on the Group's normal credit terms.

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3. Labour and staff related

Labour and staff related expenses includes the salary, wages, on-costs, recruitment costs, payments to defined contribution plans and share based payments for the Group.

The Group contributes to several defined contribution plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Such contributions are charged to profit or loss in the periods during which services are rendered by employees. The amount recognised as an expense within labour and staff related expenses for the year ended 30 June 2025 was $101.9 million (2024: $83.1 million).

Share-based compensation benefits are provided to employees via the equity-based remuneration schemes described in note 29. The amount recognised as an expense within labour and staff related expenses for the year ended 30 June 2025 was $20.3 million (2024: $1.0 million).

4. Depreciation and amortisation

	Notes	2025 $m	2024 $m
Depreciation of property, plant and equipment	14	223.9	178.3
Depreciation of right of use assets	14	194.0	154.5
Amortisation of intangibles	15	6.2	8.2
Total depreciation and amortisation		**424.1**	**341.0**

5. Net finance costs

	2025 $m	2024 $m
Interest on cash, cash equivalents and term deposits	49.9	56.0
Total finance income	**49.9**	**56.0**
Interest and finance charges	(95.4)	(103.0)
Interest on lease liabilities	(74.7)	(61.1)
Unwinding of discount on provisions	(51.5)	(29.2)
Total finance costs	**(221.6)**	**(193.3)**
Net finance costs	**(171.7)**	**(137.3)**

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6. Taxation

Virgin Australia Holdings Limited (VAH) and its 100% owned Australian resident subsidiaries are part of the VAH income tax consolidated group (TCG).

The head entity and each of the members of the VAH TCG have entered into a tax sharing agreement. Under the terms of the agreement, the members of the VAH TCG have agreed to pay (or receive) an amount to (or from) the head entity (VAH), based on the notional current tax liability or notional current tax asset of the relevant member.

In addition to its own current and deferred tax amounts, VAH, as head entity of the VAH TCG recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the TCG, subject to the satisfaction of the recognition requirements in AASB 112 *Income Taxes*.

a) Reconciliation of income tax expense

	2025 $m	2024 $m
Statutory profit before tax	**252.8**	**545.4**
Tax expense at the Australian tax rate of 30% (2024: 30%)	(75.8)	(163.6)
Tax effect of amounts which are not included in taxable income:		
Net movements in temporary differences not recognised	(42.7)	(26.9)
Utilisation of previously unrecognised tax losses	21.2	190.5
Recognition of previously unrecognised deferred tax asset[4]	319.7	–
Other non-deductible or non-assessable amounts	3.3	–
Income tax benefit	**225.7**	**–**
Represented by:		
Current tax expense	(103.1)	–
Deferred tax benefit	328.8	–
Income tax benefit	**225.7**	**–**

[4] Of the deferred tax assets recognised at 31 December 2024, $319.7 million was recognised in profit or loss and partially offset by $6.5 million recognised within other comprehensive income associated with the hedge reserve.

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6. Taxation (continued)

b) Deferred tax

The composition of the Group's unrecognised net deferred tax asset and the net deferred tax expense recognised in the consolidated statement of profit or loss and other comprehensive income is as follows:

	Consolidated statement of financial position		Consolidated statement of profit or loss		Consolidated statement of other comprehensive income	
	2025 $m	2024 $m	2025 $m	2024 $m	2025 $m	2024 $m
Deferred tax assets						
Provisions	316.8	238.9	77.9	72.4	–	–
Payables	5.9	8.7	(2.8)	1.6	–	–
Unearned loyalty program revenue	188.1	165.2	22.9	16.6	–	–
Other liabilities	18.4	6.8	11.6	(0.1)	–	–
Lease liabilities	289.0	282.5	6.5	44.6	–	–
Other assets	45.7	40.6	5.1	(9.1)	–	–
Equity-raising costs (recognised in equity)	–	–	–	(0.1)	–	–
Cash flow hedges	14.4	–	–	–	14.4	–
Tax losses carried forward	130.9	154.4	(23.5)	(190.5)	–	–
Total deferred tax assets	**1,009.2**	**897.1**	**97.7**	**(64.6)**	**14.4**	**–**
Deferred tax liabilities						
Property, plant and equipment	(466.8)	(417.6)	(49.2)	(73.9)	–	–
Maintenance assets	(68.3)	(48.1)	(20.2)	(25.1)	–	–
Total deferred tax liabilities	**(535.1)**	**(465.7)**	**(69.4)**	**(99.0)**	**–**	**–**
Net deferred tax assets	**474.1**	**431.4**	**28.3**	**(163.6)**	**14.4**	**–**
Represented by:						
Recognised deferred tax assets	343.2	–	328.8	–	14.4	–
Unrecognised deferred tax assets	130.9	431.4	–	–	–	–
Net deferred tax assets	**474.1**	**431.4**	**328.8**	**–**	**14.4**	**–**

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6. Taxation (continued)

c) Deferred tax assets

	Gross		Deferred tax	
	2025 $m	2024 $m	2025 $m	2024 $m
Carried forward tax losses as at 1 July	514.8	1,149.7	154.4	344.9
Carried forward tax losses utilised	(70.8)	(576.0)	(21.2)	(172.8)
Prior year tax adjustments	(7.7)	(58.9)	(2.3)	(17.7)
Tax losses carried forward	**436.3**	**514.8**	**130.9**	**154.4**
Net temporary differences	**1,144.0**	**923.3**	**343.2**	**277.0**
Net deferred tax assets	**1,580.3**	**1,438.1**	**474.1**	**431.4**
Represented by:				
Recognised deferred tax assets	1,144.0	–	343.2	–
Unrecognised deferred tax assets	436.3	1,438.1	130.9	431.4
Total net deferred tax assets	**1,580.3**	**1,438.1**	**474.1**	**431.4**

Critical accounting estimates and judgements

Deferred tax assets for deductible temporary differences and carried forward tax losses are recognised only to the extent that it is probable that taxable profit will be available against which they can be utilised. Judgement is required in determining the probability, timing and extent of future taxable profits, particularly where there is a history of losses.

The Group generated a taxable profit in the year ended 30 June 2025 representing a continuation of taxable profits generated in the years ended 30 June 2023 and 30 June 2024. As the Group has utilised all of its available carry forward tax losses over this period (excluding those relating to pre-administration activities – refer below), the Group has recognised income tax payable at 30 June 2025 of $102.8 million in its current liabilities and a corresponding amount of current income tax expense in the statement of profit or loss.

At 31 December 2024, the Group updated its assessment of the recognition of deferred tax assets under the requirements of AASB 112 *Income Taxes*. This assessment utilised the Group's FY25 forecast and 5-year plan to demonstrate it is probable that sufficient taxable profits will be available in future years to support the recoverability of deferred tax assets arising from temporary differences. As a result, the Group recognised a net deferred tax asset of $313.2 million at 31 December 2024 and a corresponding amount of deferred income tax benefit in profit or loss or other comprehensive income as no deferred tax asset had been previously recognised. The Group updated its assessment at 30 June 2025, which supported the continued recognition of deferred tax assets. In updating its assessment, the Group used forecasts consistent with those presented to the Board. The forecasts of taxable profits considered a range of factors including recent operating performance, current market conditions, competitor behaviour and relevant business risks including the outlook for fuel prices and foreign exchange rates. The use of forward-looking information increases the degree of judgement required. Revisions to estimates of future taxable profits (including the timing of these profits) and the tax positions of the Group could necessitate future adjustments to the deferred tax balances recognised in the financial report. The increase in recognised deferred tax assets of $30.0 million between 31 December 2024 and 30 June 2025 has been recognised in profit or loss and other comprehensive income.

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6. Taxation (continued)

c) Deferred tax assets (continued)

The unrecognised deferred tax asset at 30 June 2025 of $130.9 million relates to tax losses carried forward from the Group's activities prior to entering voluntary administration. The quantum of these tax losses able to be used by the Group remains subject to completion of the administration process, including payment of final dividends to creditors, and an assessment of the tax impacts of the final amount of debts forgiven. There is the risk that the quantum of the historical losses may reduce and no longer be available to the Group as a result of this process. Given the availability of these tax losses remain subject to uncertainties, the Group has not recognised them as deferred tax assets at 30 June 2025. Should it be determined that these pre-administration losses are available to the Group on completion of the voluntary administration process, they will be used to offset the Group's current tax liability generated in the current and future reporting periods.

Any tax losses that are carried forward by the Group will be subject to Australia's loss integrity provisions, should they be utilised in future periods.

The Group's unused tax losses do not expire under current tax legislation.

d) Pillar Two top up tax

The Organisation for Economic Cooperation and Development (OECD) introduced a global framework that seeks to ensure that multinationals with turnover exceeding EUR 750 million would be subject to a 15% global minimum tax.

Based on the assessment performed by the Group, no material top up taxes have been recognised.

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

e) Franking credits

The Group has no franking credits available at 30 June 2025.[5]

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[5] This excludes franking credits of $102.8 million which may be available to the Group upon settlement of the current tax liability with the ATO. This remains subject to finalising the assessment of tax losses arising prior to the Group's entry into voluntary administration.

7. Earnings per share

	2025 $m	2024 $m
Statutory profit	478.5	545.4

	No '000	No '000
Weighted average number of ordinary shares for basic EPS	732.0	731.8
Effect of share options and share rights on issue[6]	1.8	–
Weighted average number of ordinary shares adjusted for the effect of dilution	733.8	731.8

	cents	cents
Basic earnings per share	65.4	74.5
Diluted earnings per share	65.2	74.5

Basic earnings per share (EPS) is calculated by dividing the statutory profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS adjusts the basic EPS for the effects of any instruments that could potentially be converted to ordinary shares, including share options and share rights issued under the Group's equity-based remuneration schemes as detailed in Note 29. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

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[6] In both the current and prior periods, 'A' Class Shares issued under the Group's Legacy Incentive Schemes are excluded from the calculation of diluted EPS on the basis that their conversion to ordinary shares was contingent on either the listing or sale of the Group. Prior to the Group's listing on 24 June 2025, all 'A' Class Shares were converted to ordinary shares. To the extent these relate to share-based payment plans that have vested, they have been included in the calculation of basic EPS from this date. To the extent these relate to share-based payment arrangements that remain subject to vesting conditions and are treated as Treasury Shares, these are included in the calculation of diluted EPS from this date. Refer to note 29 for details of the number of options this relates to.

8. Reconciliation of statutory profit to net cash from operating activities

	2025 $m	2024 $m
Statutory profit	**478.5**	**545.4**
Adjustments for non-cash items		
Depreciation and amortisation	424.1	341.0
Share-based payments expense	20.3	1.0
Impairment losses	–	0.8
Unrealised foreign exchange (gains)/losses	4.3	(13.3)
Net change in fair value of cash flow hedges	(22.8)	9.0
Net finance costs	171.7	137.3
Other non-cash items	(1.0)	–
Net adjusted profit after adjusting for non-cash items	**1,075.1**	**1,021.2**
Changes in assets and liabilities		
Decrease/(increase) in receivables	(154.2)	(47.4)
Decrease/(increase) in inventories	0.3	3.0
Decrease/(increase) in deferred tax assets	(328.8)	–
Decrease/(increase) in derivative financial instruments	20.4	(4.0)
Increase/(decrease) in payables	72.7	59.9
Increase/(decrease) in tax liabilities	103.1	–
Increase/(decrease) in provisions	206.3	210.2
Increase/(decrease) in unearned revenue	149.8	(342.6)
Net cash from operating activities	**1,144.7**	**900.3**

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B. Working capital and other assets and liabilities

This section sets out information relating to the working capital and other assets and liabilities of the Group. Working capital includes the assets and liabilities that are used in the day-to-day trading operations of Group.

9. Receivables

	2025 $m	2024 $m
Trade receivables	210.5	196.2
Maintenance receivables	138.6	28.4
Other receivables	74.6	65.1
Allowance for expected credit losses	(4.0)	(5.8)
Prepayments	64.2	33.3
Total receivables	**483.9**	**317.2**
Current	367.7	280.3
Non-current	116.2	36.9
Total receivables	**483.9**	**317.2**

Accounting policy

Maintenance receivables represent amounts held at amortised cost owing from aircraft lessors in relation to contractually agreed contributions by the lessors to maintenance overhauls conducted by the Group.

10. Inventories

	2025 $m	2024 $m
Engineering expendables	25.1	25.0
Consumables stores	3.9	4.3
Total inventories	**29.0**	**29.3**

Accounting policy

Inventories are measured at the lower of cost and net realisable value. The costs of engineering consumables and uniforms are assigned to the individual items of inventory based on weighted average costs. Cost of catering inventory is determined using the first-in, first-out (FIFO) cost method. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Inventories expensed during the financial year totalled $30.2 million (2024: $29.9 million). In addition, inventories have been reduced by $5.4 million (2024: $5.8 million) as a result of a write down to net realisable value.

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11. Other financial assets

	2025 $m	2024 $m
Deposits	32.8	66.3
Maintenance reserve deposits	99.0	65.1
Total other financial assets	**131.8**	**131.4**
Current	44.9	22.9
Non-current	86.9	108.5
Total other financial assets	**131.8**	**131.4**

Additional maintenance reserve deposits of $39.2 million (2024: $32.8 million) were paid during the current financial year with $5.3 million (2024: $4.6 million) of deposits drawn to fund scheduled maintenance and other revaluation adjustments.

Accounting policy

Deposits include aircraft and other security deposits which are recognised at amortised cost. Maintenance reserve deposits are payments made to lessors under lease agreements and are measured at fair value with any resulting gains or losses recognised in the consolidated statement of profit or loss.

12. Unearned revenue and income

	2025 $m	2024 $m
Unearned passenger revenue	1,030.0	947.1
Unearned loyalty program revenue	630.2	553.3
Other unearned income	3.2	13.2
Total unearned revenue and income	**1,663.4**	**1,513.6**
Current	1,663.4	1,513.6
Total unearned revenue and income	**1,663.4**	**1,513.6**

Revenue of $854.0 million (2024: $960.5 million) was recognised in the current financial year that was included in the opening balance of unearned revenue.

Critical accounting estimates and judgements

i. Unearned passenger revenue

The Group issues credit vouchers in a range of circumstances and classifies these as current as there are no restrictions on the ability of passengers to utilise these credits. Credit vouchers are recognised as revenue when carriage is performed, following redemption of the voucher or when the likelihood of a passenger utilising the voucher becomes remote, based on historical and expected future trends.

Judgement is used in estimating the revenue to be recognised from the proportion of unused tickets and credit vouchers which are expected to expire. In determining the proportion of passengers who are not expected or able to utilise their ticket or credit voucher in the financial year, management have considered the terms and conditions associated with credit vouchers issued by the Group, including the extended period of time provided to passengers to utilise these credits.

At 30 June 2025, the Group holds a total of $168.2 million (2024: $187.8 million) of flight credits (included within unearned passenger revenue) after recognising the impact of passengers who are not expected to utilise their credits. This includes credits issued between 21 April 2020 and 31 July 2022 (COVID credits) of $93.4 million with an expiry date of 30 June 2026 (2024: $107.0 million). Remaining credits have expiry terms of 12 months from issuance date.

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12. Unearned revenue and income (continued)

In the prior period, the Group recognised $280.7 million of revenue associated with the expiry of Future Flight Credits in line with published terms and conditions. These bookings were made before the previous Virgin Australia business entered voluntary administration on 20 April 2020, when all funds were placed under the control of external administrators. Post administration Virgin Australia did not hold the funds associated with these bookings.

ii. Unearned loyalty program revenue

At each reporting date, the Group estimates the amount of outstanding points that are expected to be redeemed based on the terms and conditions of the program, experience, historical and future trends. Changes in this estimate are recognised as revenue. In the current financial year, the following areas have been considered in forming assumptions relating to the behaviour of partners and members in the Velocity Frequent Flyer program which in turn impact upon the estimated stand-alone selling price and breakage rate applicable to loyalty points:

- inherent uncertainty in future member behaviour and engagement with the loyalty program;
- the expected level of engagement by members with new partner arrangements; and
- initiatives to engage with partners and members in the program.

Accounting policy

Refer to note 2 for the Group's revenue recognition policies.

Unearned passenger revenue comprises revenue from passenger ticket sales received in advance of carriage and is classified as current as all passenger tickets are expected to be used within 12 months. It is recognised as revenue when carriage is performed or, in the case of passengers not uplifted, when a passenger is not expected or able to utilise their ticket based on historical and future trends and fare rules.

Unearned loyalty program revenue comprises the obligation to provide awards to members in relation to points which have been issued but not yet redeemed. It is recognised as revenue when the points are redeemed or, in the case of points redeemed for qualifying airline services provided by the Group, when carriage is performed. Revenue per point is recognised using a weighted average value based on the balance of unearned loyalty program revenue divided by the number of points expected to be redeemed. Unearned loyalty revenue is classified as current as there are no restrictions on the ability of members to redeem their points. The Group expects a portion of the balance to be redeemed beyond 12 months.

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13. Provisions

	2025 $m	2024 $m
Maintenance	757.3	520.4
Employee benefits	226.0	213.3
Dividend	–	8.7
Other provisions	42.1	35.5
Total provisions	**1,025.4**	**777.9**
Current	346.4	273.7
Non-current	679.0	504.2
Total provisions	**1,025.4**	**777.9**

Provision movements

2025	Maintenance $m	Dividend $m	Other $m	Total $m
Balance at 1 July 2024	520.4	8.7	35.5	564.6
Provisions made	264.0	–	5.2	269.2
Provisions utilised	(41.9)	(8.7)	–	(50.6)
Provisions reversed	(40.2)	–	–	(40.2)
Unwinding of discount	50.1	–	1.4	51.5
Effect of exchange rate fluctuations	4.9	–	–	4.9
Balance at 30 June 2025	**757.3**	**–**	**42.1**	**799.4**

Critical accounting estimates and judgements

The calculation of the maintenance provision requires the use of significant estimates and judgements. These include the expected use of the aircraft during the lease term, required timing of prescribed shop visits and forecast or contractual maintenance costs. The provision is discounted using corporate bond rates at the reporting date which most closely match the terms of maturity of the related provision. Changes in judgements and estimates relating to forecast costs and discount rates are recognised in the consolidated statement of profit or loss.

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13. Provisions (continued)

Accounting policy

A provision is a liability of uncertain timing or amount. A provision is recognised when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate and the unwinding of the discount is recognised as a finance cost.

i. Employee benefits

Liabilities for annual leave are measured at their nominal amounts and represent the amounts expected to be paid when the liabilities are settled.

Provisions for long-term employee benefits, such as long service leave, represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to the reporting date. It is calculated using expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using high quality corporate bond rates at the reporting date which most closely match the terms of maturity of the related liabilities.

A liability for bonuses is recognised in the employee benefits provision when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

There are formal terms in the plan for determining the amount of the benefit;

- the amounts to be paid are determined before the time of completion of the Group's annual report; or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

ii. Maintenance

If the Group is obligated under its lease agreements to complete an overhaul prior to return of the aircraft based on either use or condition of the aircraft, a provision is recognised for the present value of the expected payment either:

- at inception of the lease, with a corresponding amount recognised in the cost base of the corresponding right-of-use asset. Changes in this provision are recognised as an adjustment to the right-of-use asset; or
- over the life of the lease, as obligations arise, which is recognised as an expense in the consolidated statement of profit or loss.

iii. Dividend

Dividend provisions for dividends declared prior to 30 June 2024 and paid prior to 30 June 2025.

iv. Other

The other category includes provisions for make good on leased property and legal costs.

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C. Tangible assets

14. Property, plant and equipment

2025	Aircraft and aeronautic $m	Plant and equipment $m	Buildings and property $m		Computer equipment $m	Work in progress $m	Other $m	Total $m
Owned/leased	**Owned[1]**	**Leased**	**Owned**	**Owned**	**Leased**	**Owned**	**Owned[1]**	**Leased**	
Balance at 1 July 2024	1,517.8	623.9	42.1	4.5	118.9	19.0	104.6	10.8	2,441.6
Additions	170.7	125.4	1.9	–	32.1	3.9	269.7	–	603.7
Lease modifications	–	85.4	–	–	4.4	–	–	–	89.8
Transfers from work in progress (WIP)	188.9	–	10.8	1.0	(3.5)	3.0	(200.2)	–	–
Transfers between categories	–	–	0.3	(0.3)	–	–	–	–	–
Disposals	(4.5)	–	(0.1)	–	–	–	–	–	(4.6)
Depreciation	(204.2)	(161.7)	(10.4)	(0.4)	(27.7)	(8.9)	–	(4.6)	(417.9)
Balance at 30 June 2025	**1,668.7**	**673.0**	**44.6**	**4.8**	**124.2**	**17.0**	**174.1**	**6.2**	**2,712.6**
At cost	2,771.5	1,258.0	218.3	19.1	304.8	66.4	174.1	27.6	4,839.8
Accumulated depreciation and impairment	(1,102.8)	(585.0)	(173.7)	(14.3)	(180.6)	(49.4)	–	(21.4)	(2,127.2)
	1,668.7	**673.0**	**44.6**	**4.8**	**124.2**	**17.0**	**174.1**	**6.2**	**2,712.6**
Total pledged as security against interest-bearing liabilities	1,284.2	–	9.5	–	–	–	–	–	1,293.7

[1] Includes deposits and other costs incurred in respect of aircraft which have not yet been delivered of $412.3 million (30 June 2024: $301.2 million). These amounts are not being depreciated.

14. Property, plant and equipment (continued)

2024	Aircraft and aeronautic $m	Plant and equipment $m	Buildings and property $m	Computer equipment $m	Work in progress $m	Other $m	Total $m
Owned/leased	**Owned[1]**	**Leased**	**Owned**	**Owned**	**Leased**	**Owned**	**Owned[1]**	**Leased**	
Balance at 1 July 2023	1,393.3	404.7	47.5	4.8	134.5	10.8	58.3	11.5	2,065.4
Additions	98.3	278.7	0.5	–	2.0	4.0	261.7	3.8	649.0
Lease modifications	–	64.6	–	–	8.3	–	–	–	72.9
Transfers from work in progress (WIP)	201.4	–	3.1	0.2	–	10.3	(215.0)	–	–
Transfers between categories	–	–	0.3	(0.3)	–	–	–	–	–
Impairment	(0.8)	–	–	–	–	–	–	–	(0.8)
Disposals	(11.3)	–	(0.4)	–	–	–	(0.4)	–	(12.1)
Depreciation	(163.1)	(124.1)	(8.9)	(0.2)	(25.9)	(6.1)	–	(4.5)	(332.8)
Balance at 30 June 2024	**1,517.8**	**623.9**	**42.1**	**4.5**	**118.9**	**19.0**	**104.6**	**10.8**	**2,441.6**
At cost	2,480.4	1,062.0	212.8	18.5	272.0	59.7	104.6	27.6	4,237.6
Accumulated depreciation and impairment	(962.6)	(438.1)	(170.7)	(14.0)	(153.1)	(40.7)	–	(16.8)	(1,796.0)
	1,517.8	**623.9**	**42.1**	**4.5**	**118.9**	**19.0**	**104.6**	**10.8**	**2,441.6**
Total pledged as security against interest-bearing liabilities	1,194.5	–	11.4	–	–	–	–	–	1,205.9

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14. Property, plant and equipment (continued)

Accounting policy

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price plus any costs directly attributable to the acquisition. This may include gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are capitalised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of day-to-day servicing of owned and leased aircraft, including minor airframe checks are recognised in profit or loss as incurred. The cost of major cyclical maintenance and modifications to aircraft are capitalised as improvements where future economic benefits are expected and depreciated over the shorter of the remaining lease term, the estimated useful life of the improvement or the time to the next major maintenance event. The useful life is revised at each reporting date to match the timing of the next scheduled maintenance event.

Refer to note 18 for the Group accounting policy in relation to right-of-use assets.

If the Group is obligated under its lease agreements to complete an overhaul prior to return of the aircraft based on either use or condition of the aircraft, a provision is recognised at inception of the lease, or as obligations arise, for the present value of the expected payment. Where the maintenance expenditure is expected to give rise to economic benefits over the term of the lease, a corresponding asset is also recognised, reflecting the maintenance components within the payments. The asset is depreciated on a straight-line basis over the life of the lease.

Depreciation is recognised on a straight-line basis over the estimated useful life, taking into account estimated residual values. Assets are depreciated from the date they are purchased and are ready for use, or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Where parts of an item of property, plant and equipment have different useful lives they are accounted for as separate items (major components) of property, plant and equipment. Depreciation methods, useful lives and residual values are reviewed at each reporting date. The estimation of useful lives and residual values requires judgement. Australian dollar residual value estimates are based on US dollar market estimates of future aircraft values and estimates of future use of the aircraft, including maintenance profiles. The estimated useful lives in years of each class of asset are as follows:

	2025	2024
Buildings	10-40	10-40
Aircraft and aeronautic related assets		
– Modifications to leased aircraft	6-13	6-13
– Rotables and maintenance parts	9-22	9-22
– Airframe, engines and landing gear	5-22	5-22
– Major cyclical maintenance	1-10	1-10
Plant and equipment		
– Leasehold improvements	1-15	1-15
– Other	5-26	5-26
Computer equipment	3-5	3-5
Right-of-use assets		
– Aircraft	1-9	1-9
– Property	1-33	1-33
– Other	1-5	1-5

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15. Intangible assets

2025	Software $m	Contract assets $m	Work in progress $m	Total $m
Balance at 1 July 2024	8.7	35.5	2.3	46.5
Additions	–	–	3.0	3.0
Disposals	–	(1.4)	–	(1.4)
Amortisation	(3.3)	(2.9)	–	(6.2)
Balance at 30 June 2025	**5.4**	**31.2**	**5.3**	**41.9**
At cost	141.1	46.3	5.3	192.7
Accumulated amortisation and impairment	(135.7)	(15.1)	–	(150.8)
Total intangible assets	**5.4**	**31.2**	**5.3**	**41.9**

2024	Software $m	Contract assets $m	Work in progress $m	Total $m
Balance at 1 July 2023	13.9	38.5	–	52.4
Additions	–	–	2.3	2.3
Amortisation	(5.2)	(3.0)	–	(8.2)
Balance at 30 June 2024	**8.7**	**35.5**	**2.3**	**46.5**
At cost	141.1	47.5	2.3	190.9
Accumulated amortisation and impairment	(132.4)	(12.0)	–	(144.4)
Total intangible assets	**8.7**	**35.5**	**2.3**	**46.5**

The Group's software assets have useful lives of between 1 and 5 years (2024: 1 and 5 years). An intangible contract asset was recognised during a prior financial year following the completion and commencement of use of Terminal 1 at Perth Airport. The asset has a useful life of 20 years. The remaining amortisation period is 11 years (2024: 12 years).

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D. Capital structure and financial risks

16. Capital management

The Group has a Capital Allocation Framework designed to help ensure the resilience of the business for the long term, whilst maintaining the flexibility to allow it to invest in value accretive growth opportunities (including the Transformation Program) and to provide distributions to Shareholders where appropriate.

The Group's Capital Allocation Framework comprises the following three components:

- prioritising balance sheet and 'business as usual requirements'
- excess cash investment into growth opportunities
- surplus cash returned to shareholders

Refer to note 22 for information regarding key market, credit and liquidity risks.

The following table summarises the Group's net cash/debt position as monitored by key management personnel:

	Notes	2025 $m	2024 $m
Cash, cash equivalents and term deposits	17	1,118.2	1,004.6
Current lease liabilities	18	(230.2)	(212.1)
Current interest-bearing liabilities	19	(513.3)	(404.6)
Adjusted current net cash (non-IFRS measure)		**374.7**	**387.9**
Non-current lease liabilities	18	(754.1)	(751.1)
Non-current interest-bearing liabilities	19	(798.1)	(972.2)
Adjusted net debt (non-IFRS measure)		**(1,177.5)**	**(1,335.4)**

Undrawn facilities

As at 30 June 2025, the Group has committed undrawn facilities of $500.0 million (2024: nil) as disclosed in note 19.

17. Cash, cash equivalents and term deposits

	2025 $m	2024 $m
Cash at bank and on hand	504.8	211.8
Short-term deposits	530.4	663.8
Total cash and cash equivalents	**1,035.2**	**875.6**
Term deposits at bank	**83.0**	**129.0**
Total cash, cash equivalents and term deposits	**1,118.2**	**1,004.6**

A portion of the Group's cash is held by the independent trustee as liquidity for The Loyalty Trust, or pledged by the Group as security for certain arrangements. The amount of cash and cash equivalents not available for use of the Group is $123.8 million (2024: $118.2 million).

Term deposits at bank are bank term deposits with an initial term of between 4 – 6 months of which $35.0 million matures by 30 September 2025 and all mature before 31 December 2025. The amount of term deposits at bank not available for use of the Group is $76.3 million (2024: nil).

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18. Lease liabilities

2025	Aircraft leases $m	Property leases $m	Other leases $m	Total $m
Balance at 1 July 2024	808.5	142.3	12.4	963.2
Additions	125.4	27.5	–	152.9
Modifications or cessations	85.3	4.4	–	89.7
Interest	63.2	10.8	0.7	74.7
Repayments	(263.2)	(37.2)	(5.5)	(305.9)
Foreign exchange revaluation	10.0	–	(0.3)	9.7
Balance at 30 June 2025	**829.2**	**147.8**	**7.3**	**984.3**
Current	196.9	27.9	5.4	230.2
Non-current	632.3	119.9	1.9	754.1
Total lease liabilities	**829.2**	**147.8**	**7.3**	**984.3**

2024	Aircraft leases $m	Property leases $m	Other leases $m	Total $m
Balance at 1 July 2023	632.6	165.0	13.4	811.0
Additions	278.7	2.0	3.9	284.6
Modifications or cessations	64.6	–	–	64.6
Interest	48.8	11.4	0.9	61.1
Repayments	(201.1)	(36.1)	(5.5)	(242.7)
Foreign exchange revaluation	(15.1)	–	(0.3)	(15.4)
Balance at 30 June 2024	**808.5**	**142.3**	**12.4**	**963.2**
Current	181.3	25.6	5.2	212.1
Non-current	627.2	116.7	7.2	751.1
Total lease liabilities	**808.5**	**142.3**	**12.4**	**963.2**

In addition to the above, the Group has entered into lease commitments for the right to use aircraft and property which have yet to be delivered as at 30 June 2025. This includes aircraft and property due for delivery in FY26 with an undiscounted value of contractual lease commitments of $386.8 million (2024: $288.2 million) and lease terms varying from 5 to 12 years (2024: 6 to 20 years). The related right of use assets and lease liabilities will be recognised in the period in which the leases commence in accordance with the requirements of AASB 16 *Leases*.

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18. Lease liabilities (continued)

Accounting policy

The Group leases assets, including aircraft, engines, real estate property, ground support equipment and aircraft spare parts. Under AASB 16 *Leases,* a contract is a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Right-of-use (ROU) assets are presented in property, plant and equipment (see note 14) and are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. ROU assets are subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability. Each separately identifiable component of an ROU asset is depreciated over the lesser of the lease term or the component's useful life.

Lease liabilities are presented in interest-bearing liabilities and are initially measured at the present value of future lease payments, discounted using the incremental borrowing rate. The lease liability is subsequently increased to reflect the accretion of interest and reduced for lease payments made. The carrying amount of lease liabilities is remeasured if there is a change in the scope, lease term, in-substance fixed lease payments or assessment to purchase the underlying asset. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or profit and loss if the ROU asset is already reduced to zero. The Group remeasures its foreign currency denominated lease liabilities using the exchange rate at each reporting date. Any changes to the lease liabilities due to exchange rate changes are recognised in profit or loss. Variable lease payments that do not depend on an index or a rate are recognised as an aircraft variable lease expense in the period during which the event or condition that triggers the payment occurs.

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group is subjected to customary restrictions in aircraft leases which limit the Group from subleasing aircraft to third parties without lessor consent. Property leases are also subjected to similar restrictions whereby the Group cannot assign, sublease or license certain properties without consent.

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19. Interest-bearing liabilities

	2025 $m	2024 $m
Secured aircraft finance facilities	730.1	798.8
Secured loan	435.1	431.8
Unsecured loan	146.2	146.2
Total interest-bearing liabilities	**1,311.4**	**1,376.8**
Current	513.3	404.6
Non-current	798.1	972.2
Total interest-bearing liabilities	**1,311.4**	**1,376.8**

For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 22.

New funding facility – corporate facility

In June 2025, VBNC5 Pty Ltd (VBNC5) (a wholly owned subsidiary of the Group) entered into a $500.0 million revolving cash facility. The facility is secured over the assets of VBNC5 Pty Ltd and certain subsidiaries and guaranteed by entities outlined in note 25 footnote (2). The facility has a term of 3 years and 3 months and matures on 26 September 2028. There are no periodic repayments required under the facility with all outstanding amounts to be paid in full on its termination date.

As of August 2025, $166.5 million has been drawn of which $146.2 million was applied to repay the unsecured loan held by the Group. The remaining undrawn capacity of $333.5 million will be available to support the Group's liquidity and used for general corporate purposes.

The facility includes net leverage and interest cover covenants. The covenants will be tested at 30 June and 31 December each year, with the first testing date being 30 June 2025. The Group was compliant with these covenants at 30 June 2025 and expects to remain compliant for the 12-month period following the reporting date.

Secured aircraft finance facilities

The Group has a number of secured aircraft finance facilities with an overall carrying value of $730.1 million at 30 June 2025 (2024: $798.8 million). These facilities are secured over aircraft, engine and other aviation assets with various maturities up to 2036. One facility with a balance at 30 June 2025 of $40.8 million (2024: $50.8 million) requires that the specified loan-to-security value ratio is no greater than 70%. The covenant is tested each time a letter of credit is issued under the facility (refer to Assets pledged as security below). The Group was compliant with this covenant during the reporting period and is expected to remain compliant for the 12-month period following the reporting date. The other facilities have no financial covenants.

Secured loan

The Group has a secured loan with a carrying value of $435.1 million at 30 June 2025 (2024: $431.8 million). The facility is secured over the assets of Velocity Frequent Flyer Holdco Pty Ltd and certain subsidiaries and guaranteed by entities outlined in note 25 footnote (5). The facility comprises an amortising tranche which matures in April 2029 and a bullet tranche which matures in April 2030. The facility includes net leverage and interest cover covenants.

The covenants are tested quarterly commencing 31 December 2024. The Group was compliant with this covenant at 30 June 2025 and expects to remain compliant for the 12-month period following the reporting date.

Unsecured loan

The Group has an unsecured loan with a carrying value of $146.2 million at 30 June 2025 (2024: $146.2 million). The loan was scheduled to mature in November 2025 but was repaid in August 2025 from proceeds drawn under the new facility obtained by VBNC5. The loan contains covenants that substantially all of the net assets of the Group entities guaranteeing the facility shall at all times represent substantially all of the net assets of the Group. The Group was compliant with this covenant during the reporting period.

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19. Interest-bearing liabilities (continued)

Facility terms

	Currency	Calendar year of maturity	2025 Carrying/ drawn amount $m	2025 Facility limit $m	2024 Carrying/ drawn amount $m	2024 Facility limit $m
Secured aircraft finance facilities						
– Aircraft	AUD	2025-2031	344.1	344.1	393.6	393.6
– Aircraft	USD	2025-2036	357.9	357.9	380.6	380.6
– Aircraft	JPY	2028	28.1	28.1	24.6	24.6
Secured loans						
– Bank	AUD	2026-2030	435.1	435.1	431.8	431.8
– Bank	AUD	2025-2028	–	500.0	–	–
Unsecured loan						
– Shareholder	AUD	2025	146.2	146.2	146.2	146.2
			1,311.4	1,811.4	1,376.8	1,376.8

Assets pledged as security

The Group has $184.2 million of available standby letters of credit and guarantee facilities, of which, $119.5 million is drawn (2024: $131.9 million and $78.1 million respectively). At 30 June 2025 standby letters of credit and bank guarantees on issue were secured with cash collateral or secured over property and equipment. The carrying amount of property, plant and equipment pledged as security for interest-bearing liabilities is disclosed in note 14.

Reconciliation of movements in interest-bearing liabilities to cash flows

	2025 $m	2024 $m
Balance at 1 July	1,376.8	1,454.5
Changes from financing cash flows		
Repayment of interest-bearing liabilities	(205.9)	(536.2)
Proceeds from borrowings	128.4	471.0
Transaction costs capitalised	(1.4)	(20.7)
Total changes from financing cash flows	**(78.9)**	**(85.9)**
Other changes		
Foreign exchange revaluation	9.2	(3.2)
Interest capitalised to loan balance	0.7	0.7
Amortisation of deferred borrowing costs	3.6	10.7
Total other changes	**13.5**	**8.2**
Balance at 30 June	**1,311.4**	**1,376.8**

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20. Share capital

a) Ordinary share capital

	2025		2024	
	# shares (m)	$m	# shares (m)	$m
Balance at 1 July	731.8	2,240.2	731.8	2,240.2
Issued through IPO[1]	–	–	–	–
Conversion of 'A' Class Shares	50.2	–	–	–
Balance at 30 June	**782.0**	**2,240.2**	**731.8**	**2,240.2**
Less Treasury Shares[2]	**(35.0)**	**–**	**–**	**–**
Net ordinary share capital	**747.0**	**2,240.2**	**731.8**	**2,240.2**

Ordinary shares carry one vote per share and carry the right to dividends. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. All authorised shares have been issued and fully paid and have no par value.

b) 'A' Class Shares

'A' Class Share related to equity instruments issued under the Group's Legacy Incentive Schemes outlined in note 29.

During the current financial year, 4,979,000 'A' Class Shares (2024: nil) backed in full by a limited recourse loan, were granted to employees under the Management Equity Plan (MEP). The 'A' Class Shares are held in trust until they vest in accordance with the rules of the MEP. Immediately prior to the Group's IPO in June 2025, all 'A' Class Shares were converted to ordinary shares. Further details are outlined in note 29.

'A' Class Shares carry no voting rights other than on resolutions which only holders of 'A' Class Shares can vote on. In the event of a winding up of the Company, 'A' Class Shares rank pari passu with ordinary shares (provided that in the case of a distribution/dividend to ordinary shares prior to a winding up of the Company, 'A' Class Shares will only participate in such distribution/dividend if so determined by the Board of the Company in its absolute discretion). While 'A' Class Shares were held by employees under the terms of the Legacy Incentive Schemes, they were considered to represent Treasury Shares.

21. Dividends

The following unfranked dividend was declared and paid by Virgin Australia Holdings Limited (VAH) for the financial year.

	2025 $m	2024 $m
13.67 cents per ordinary share (2024: 50.09)	100.0	366.5
Nil per 'A' Class Share (2024: 16.67)	–	8.7
Total dividends declared	**100.0**	**375.2**

During the year dividend payments of $108.7 million were made, consisting of a $100.0 million dividend declared in December 2024 and $8.7 million dividend declared in June 2024.

[1] One new ordinary share was issued as part of the Group's IPO.
[2] To the extent that ordinary shares granted to employees under share-based payment arrangements remain subject to vesting conditions, these are treated as Treasury Shares. For further details, refer to note 29.

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22. Financial risk management

The Group has exposure to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. There have been no significant changes in the Group's risk management strategy from the previous period.

The Group manages these risk exposures using various financial instruments. The Board has determined hedging limits for financial risks and these are documented in the Treasury Risk Management Policy. Transactions entered into must be carried out within these guidelines unless otherwise approved by the Board. Implementation of this policy is delegated to management, who have flexibility to act within the bounds of the authorised policy limits. The Group's policy is to not enter, issue or hold derivative financial instruments for speculative trading purposes. Compliance with the policy is monitored on an ongoing basis through regular reporting to the Board.

a) Market risk

Market risk is the risk that changes in market prices, such as fuel prices, foreign exchange rates and interest rates, will affect the Group's cash flows and profits. The objective of market risk management is to manage and control market exposures, within tolerances.

The Group enters into derivatives and non-derivative financial assets to manage market risks relating to fuel prices (commodity and currency risk) and currency risk on USD denominated operating and capital expenditure. Derivatives are recognised at fair value, both initially and on an ongoing basis. On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group assesses, both at the inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be 'highly effective'.

Hedges of highly probable forecast transactions which are exposed to variations in cash flows that could ultimately affect profit or loss are called cash flow hedges. Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss. Cumulative gains and losses in other comprehensive income, including those relating to discontinued hedges, are recognised in profit or loss in the periods in which the hedged item will affect profit or loss.

Changes in the fair value of derivative financial instruments that are not designated in a hedge relationship are recognised immediately in profit or loss.

The following table summarises the fair value of the Group's derivative financial assets and liabilities as at the reporting date:

	2025 $m	2024 $m
Assets		
Forward foreign exchange contracts - fair value through other comprehensive income	1.4	1.6
Forward foreign exchange contracts - fair value through profit and loss	0.1	–
Fuel hedging contracts - fair value through other comprehensive income	10.0	12.8
	11.5	**14.4**
Liabilities		
Forward foreign exchange contracts - fair value through other comprehensive income	(10.5)	–
Forward foreign exchange contracts - fair value through profit and loss	(4.3)	–
Fuel hedging contracts - fair value through other comprehensive income	(2.7)	–
	(17.5)	**–**

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22. Financial risk management (continued)

a) Market risk (continued)

i. Fuel price risk management

Fuel price risk arises on the Group's exposure to jet fuel prices. The underlying contracted purchase price for jet fuel is denominated in USD and is referenced to market movements in crude oil prices and refining margins. Expenditure on jet fuel represents a material cost to the Group. Exposure to movements in jet fuel prices gives rise to two separate underlying risks to be managed:

- foreign exchange risk relating to movements in the AUD/USD exchange rate; and
- commodity price risk resulting from movements in crude oil prices and refining margins.

The Group's fuel price risk management strategy aims to provide the airline with protection against sudden and significant increases in fuel prices while ensuring that the airline is not competitively disadvantaged in the event of a substantial decrease in the price of fuel.

The Group's risk management policy is to hedge anticipated jet fuel consumption subject to limits determined by the Board. This exposure is managed by using Singapore Jet Kerosene and Brent Crude Oil commodity swaps, option contracts and other fuel related derivatives. These contracts are designated as hedges of price risk on specific volumes of future jet fuel consumption. The Group considers Brent Crude Oil to be a separately identifiable and measurable component of Singapore Jet Kerosene. Over the long term, the price of Brent Crude Oil has been highly correlated with the price of Singapore Jet Kerosene.

Ineffectiveness on fuel derivatives can arise from timing differences on the notional amount between the hedging instrument and hedged item, or changes in market dynamics which may cause the Group to reassess exposure to jet fuel. For the financial year ended 30 June 2025, the Group has nil hedging ineffectiveness on fuel derivative positions (2024: nil).

Realised gains or losses on fuel hedging contracts arise due to differences between the actual fuel prices on settlement, the forward rates of derivative contracts and the cost of option premiums paid.

	2025 $m	2024 $m
Fuel hedging loss recognised in fuel and oil expenses	(36.6)	(9.0)

The following table sets out the notional amount and the hedged price range (minimum and maximum strike/contract rates) of the Group's fuel hedging instruments:

	Hedged prices[3] $/bbl	Notional amount bbl(m)	Carrying amount $m	Change in fair value of hedged instrument[4] $m	Change in fair value of hedged item[4] $m
AUD fuel costs					
2025	99-145	4.9	7.3	7.3	(7.3)
2024	120-151	3.9	12.8	12.8	(12.8)

[3] The Group's hedge price reflects the range of strikes on call options which protect against upward movements in price while retaining full participation to downward movements.
[4] The change in fair value of the hedge instrument and the hedged item are used in assessing hedge effectiveness.

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22. Financial risk management (continued)

a) Market risk (continued)

The following table summarises the sensitivity of the Group's financial assets and liabilities to a reasonably possible change in fuel prices. The Group hedges the majority of its fuel price exposure with Brent Crude Oil as there is relatively lower liquidity in hedging products for Singapore Jet Kerosene. An AUD 20 per barrel (bbl) (2024: AUD 20 bbl) increase or decrease in the price of Brent Crude Oil (with no change in refining margin) would have increased/(decreased) equity and the profit or loss (before tax) by the amounts shown below. This assumes all other variables remain constant and is based on the designated hedge relationship at the reporting dates. The impacts below would have an equal but opposite impact on the carrying value of the financial asset/liability.

	2025		2024	
	Profit/(loss)[5] $m	Equity $m	Profit/(loss)[5] $m	Equity $m
Net derivative financial assets				
AUD 20/bbl increase (2024: 20/bbl)	–	71.6	–	52.2
AUD 20/bbl decrease (2024: 20/bbl)	–	(51.2)	–	(3.7)

ii. Foreign exchange risk management

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group undertakes transactions in US dollars, including the cost of purchasing fuel, aircraft, aircraft lease payments, some maintenance costs, the sale of airline passenger tickets and the repayment of USD debt and interest. The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
AUD/USD	0.65	0.66	0.66	0.67

iii. Exposure to foreign exchange risk

The Group is predominately exposed to USD foreign exchange risk. The Group's financial assets and liabilities exposed to USD foreign exchange risk at the reporting date was as follows, based on notional amounts (presented in AUD equivalents):

	Notes	2025 $m	2024 $m
Cash and cash equivalents	17	670.4	503.7
Receivables	9	80.7	41.3
Other financial assets	11	130.0	115.6
Derivative financial instruments	22	(6.0)	13.4
Payables		(91.8)	(102.6)
Lease liabilities	18	(835.5)	(818.7)
Interest-bearing liabilities	19	(359.0)	(270.1)
Net financial assets/(liabilities) position exposure		**(411.2)**	**(517.4)**

[5] As all derivatives impacted by the sensitivity to market movements are designated as effective hedges, there is no profit or loss impact.

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22. Financial risk management (continued)

a) Market risk (continued)

To protect against exchange rate movements, the Group uses foreign exchange forward and option contracts to hedge highly probable forecasted purchases of jet fuel and other operating and capital expenditure for the ensuing financial periods. Realised gains or losses on these contracts arise due to differences in exchange rates from the hedge designation to maturity of the hedge relationship.

The Group also holds derivatives recognised at fair value through profit or loss to offset near term balance sheet exposures to foreign exchange rate fluctuations such as the current portion of aircraft lease liabilities and debt repayments which are denominated in USD.

Ineffectiveness on foreign exchange derivatives can arise from timing differences on the notional amount between the hedged instrument and hedged item. For the financial year ended 30 June 2025, there was $0.5 million of hedging ineffectiveness on foreign exchange derivative positions recorded in other expenses (2024: nil).

	2025 $m	2024 $m
FX hedging gains recognised in aircraft variable leases, contract and other maintenance, fuel and oil, commissions, other marketing and reservations, net foreign exchange gain/(loss), other expenses and finance costs	12.0	1.4
Realised and unrealised gains/(losses) recognised in foreign exchange gain/(loss)	(0.6)	2.1

The following table sets out the notional amount and the hedged rate of the Group's foreign exchange hedging instruments:

	Hedged prices AUD/USD	Notional amount US$m	Carrying amount $m	Change in fair value of hedged instrument[6] $m	Change in fair value of hedged item[6] $m
USD operating costs					
2025	0.60-0.66	1,048.2	(13.3)	(13.3)	13.3
2024	0.65-0.67	593.5	1.6	1.6	(1.6)

[6] The change in fair value of the hedge instrument and the hedged item are used in assessing hedge effectiveness.

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22. Financial risk management (continued)

a) Market risk (continued)

iv. Sensitivity to foreign exchange rates

The following table summarises the sensitivity of the Group's foreign currency denominated financial assets and liabilities to a reasonably possible change in the exchange rate to the US dollar. This excludes monetary assets and liabilities denominated in a foreign currency which are held by controlled entities with a US dollar functional currency for which changes in exchange rates are recognised within the foreign currency translation reserve. A 10% (2024: 10%) appreciation or depreciation of the AUD against the USD would have increased/(decreased) equity and profit or loss (before tax) by the amounts shown below. This assumes all other variables remain constant.

		10% appreciation in AUD		10% depreciation in AUD	
	Carrying amount $m	Profit/(loss) $m	Equity $m	Profit/(loss) $m	Equity $m
2025					
Net-derivative financial liability	(6.0)	(13.9)	(99.7)	16.8	116.1
Non-derivative financial asset	881.1	(80.1)	–	97.9	–
Non-derivative financial liability	(1,286.3)	116.9	–	(142.9)	–
	(411.2)	**22.9**	**(99.7)**	**(28.2)**	**116.1**
2024					
Net-derivative financial liability	13.4	–	(1.2)	–	1.5
Non-derivative financial asset	660.6	(60.1)	–	73.4	–
Non-derivative financial liability	(1,191.4)	108.3	–	(132.4)	–
	(517.4)	**48.2**	**(1.2)**	**(59.0)**	**1.5**

v. Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from cash and cash equivalents and interest-bearing liabilities. The carrying value of these financial instruments is set out in the table below. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk by entering into fixed and floating rate debt and lease arrangements. The residual exposure to variable interest rates is managed by holding floating rate assets to create a natural hedge and may include entering into floating-to-fixed interest rate swaps to hedge part of this exposure (no interest rate swaps were in place in the current or prior financial years). The Group accounts for variable rate financial assets and financial liabilities at amortised cost using the effective interest rate method. There were no gains or losses on interest rate hedging activities for the Group during the current or prior financial years.

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22. Financial risk management (continued)

a) Market risk (continued)

vi. Exposure to interest rate risk and sensitivity to interest rates

The fixed and variable components of the Group's cash, cash equivalents and term deposits and interest-bearing liabilities are set out in the table below. Non-interest-bearing amounts are not reported separately in the table. The impact on profit or loss (before tax) of a 100 basis point increase or decrease in interest rates, assuming all other variables remain constant, is also set out below. There are no impacts on equity.

		Interest rate profile		Profit/(loss) sensitivity	
	Carrying amount	Fixed rate instruments	Variable rate instruments	100 bps increase	100 bps decrease
	$m	$m	$m	$m	$m
2025					
Cash and cash equivalents	1,035.2	–	1,035.2	10.4	(10.4)
Term deposits at bank[7]	83.0	83.0	–	–	–
Lease liabilities	(984.3)	(984.3)	–	–	–
Interest-bearing liabilities	(1,311.4)	(328.4)	(983.0)	(9.8)	9.8
	(1,177.5)	**(1,229.7)**	**52.2**	**0.6**	**(0.6)**
2024					
Cash and cash equivalents	875.6	35.9	839.7	8.4	(8.4)
Term deposits at bank[7]	129.0	129.0	–	–	–
Lease liabilities	(963.2)	(963.2)	–	–	–
Interest-bearing liabilities	(1,376.8)	(622.4)	(754.4)	(7.5)	7.5
	(1,335.4)	**(1,420.7)**	**85.3**	**0.9**	**(0.9)**

[7] At 30 June 2025 the term deposits had a weighted average term to maturity of 96 days (2024: 67 days).

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22. Financial risk management (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. Financial assets include cash and cash equivalents, receivables, derivative financial instruments and other financial assets (including security deposits).

Exposure to credit risk in relation to cash and cash equivalents, derivative financial instruments and other financial assets arises principally from financial institutions and aircraft lessors. The Group limits its exposure to financial institutions via a series of Board approved counterparty credit limits based on the long-term credit rating of the counterparty. Hedging transactions and cash investments in liquid securities are conducted with financial institutions that have an investment grade rating (BBB+ and above) where possible. The Group also limits exposure by transacting with multiple aircraft lessors in various countries.

i.Receivables

Exposure to credit risk in relation to receivables arises principally from trade debtors and other counterparties (travel agents, industry settlement organisations and credit provided direct to customers).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer or counterparty and is assessed based on trading performance of the counterparty. The Group has credit policies in place under which each new trade debtor is analysed individually for creditworthiness before the Group's standard payment terms are offered. Purchase limits are established for each counterparty and reviewed on a regular basis to ensure that sales made on credit terms are made to counterparties with an appropriate credit history. The Group continuously monitors counterparty credit limits on defaults, incorporating this information into credit risk controls.

The demographics of the Group's customer base, including default risk of the industry, have less of an influence on credit risk. A significant proportion of the Group's revenue is received through credit cards, however, there are no significant concentrations of credit risk.

Of the trade receivables as at 30 June 2025, deemed neither past due nor impaired, customers who represent more than 5% of the balance have an investment grade credit rating and the credit exposure is short term in nature with no history of default. The average credit period on revenue is 18 days (2024: 17 days). In the event of a default, the Group would cease trading with the customer and any credit extended would be withdrawn. A provision for doubtful receivables account in respect of trade receivables is used to record expected credit losses (ECLs). The Group uses an allowance matrix to measure the lifetime ECLs of trade receivables from individual customers because trade receivables is comprised of a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable being written off. During the current year an expense of $0.1 million (2024: -$0.8 million) was recognised in relation to bad and doubtful debts.

The Group considers individual customer data and publicly available information, including any forward-looking statements, when assessing whether there has been an increase in credit risk with individual debtors since the initial recognition of the financial assets and when estimating ECLs. The Group considers a financial asset to be in default when the counterparty is unlikely to pay its credit obligations in full. If the Group is satisfied that no recovery of the amount owing is possible, subsequent to engagement with the debtor and any commercial negotiations, the financial asset is written off.

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22. Financial risk management (continued)

b) Credit risk (continued)

An ageing analysis of trade, maintenance and other receivables is included in the table below:

	2025		2024	
	Gross $m	Allowance for credit losses $m	Gross $m	Allowance for credit losses $m
Not past due	374.9	–	246.5	–
1-30 days past due	30.1	–	24.1	–
31-60 days past due	14.2	–	12.3	–
+61 days past due	4.5	(4.0)	6.8	(5.8)
Trade and other receivables	**423.7**	**(4.0)**	**289.7**	**(5.8)**

ii. Exposure to credit risk

The Group's maximum exposure to credit risk at the reporting date equates to the carrying amount of its financial assets and is set out in the table below.

	Notes	2025 $m	2024 $m
Cash, cash equivalents and term deposits at bank	17	1,118.2	1,004.6
Trade, maintenance and other receivables	9	419.7	283.9
Derivative financial instruments	22	11.5	14.4
Other financial assets	11	131.8	131.4
		1,681.2	**1,434.3**

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22. Financial risk management (continued)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The following table summarises the periods in which the cash flows associated with derivatives are expected to occur, as well as the contractual maturities of financial liabilities, including estimated interest payments. The carrying amount of derivative financial instruments that are cash flow hedges is based on the valuation at reporting date and therefore the settled gain or loss may be more or less than this amount. The net inflows/(outflows) relating to derivatives that are net cash settled represent the contractual undiscounted cash flows relating to derivatives held for risk management purposes as at 30 June 2025. Derivative financial instruments may be closed out prior to their contracted maturity date in accordance with the Group's hedging policy. The cash flows relating to derivatives are expected to impact profit or loss in the same periods in which the cash flows are expected to occur.

Interest-bearing liabilities are denominated in AUD, USD and JPY (refer to note 19) and therefore the contractual cash flows noted in the table below may differ as a result of the foreign exchange rate that applies at the date the USD and JPY denominated instrument is settled. Any breach in financial covenants relating to financing arrangements may result in a requirement for the Group to repay the relevant loans earlier than indicated by the contractual cash flows. At the reporting date, the Group was in compliance with its covenants.

The following table summarises the periods in which cash flows are contractually required to occur. Actual timing may differ.

		Contractual cash flows			
	Carrying amount $m	< 1 year $m	1-5 years $m	> 5 years $m	Total $m
2025					
Derivative financial liabilities	(17.5)	(17.3)	(0.2)	–	(17.5)
Payables	(581.9)	(581.9)	–	–	(581.9)
Lease liabilities	(984.3)	(295.8)	(614.4)	(382.6)	(1,292.8)
Interest-bearing liabilities	(1,311.4)	(583.8)	(868.4)	(89.9)	(1,542.1)
	(2,895.1)	**(1,478.8)**	**(1,483.0)**	**(472.5)**	**(3,434.3)**
2024					
Payables	(532.2)	(532.2)	–	–	(532.2)
Lease liabilities	(963.2)	(276.5)	(628.3)	(359.3)	(1,264.1)
Interest-bearing liabilities	(1,376.8)	(482.5)	(907.0)	(297.3)	(1,686.8)
	(2,872.2)	**(1,291.2)**	**(1,535.3)**	**(656.6)**	**(3,483.1)**

The Group also has contractual commitments for the acquisition of property, plant and equipment, which are detailed in note 28.

Liquidity risk management

The Group's primary cash investment objective is to ensure sufficient liquidity is available to run the business in a variety of stressed scenarios, ensuring that the Group can continue to meet its contractual obligations, including operating expenses, debt maturities and capital commitments. Regular cash projections are provided to the Board and senior management and policies include minimum liquidity requirements which must be maintained.

The Group also maintains various lines of credit, which are detailed in note 19. The Group's capital management policies are detailed in note 16. The Group's funding plans and basis of going concern are detailed in note 33(e).

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23. Fair value measurement

Financial assets and liabilities are measured at either fair value or amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the following fair value hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices that are directly or indirectly observable
- Level 3 - Inputs are not observable based on market data

The financial instruments disclosed in the table below are all measured based on level 2 valuation methods. The carrying amounts of financial assets and liabilities not detailed in the following table approximate their fair values.

	2025		2024	
	Carrying value $m	Fair value $m	Carrying value $m	Fair value $m
Financial assets carried at fair value				
Derivative financial instruments	11.5	11.5	14.4	14.4
Financial liabilities carried at amortised cost				
Secured aircraft finance facilities	730.1	726.7	798.8	784.9
Secured loans	435.1	450.0	431.8	450.0
Unsecured loan	146.2	150.7	146.2	150.7
Derivative financial instruments	17.5	17.5	–	–

i. Derivative financial instruments

The fair value of financial instruments that are not traded in an active market (i.e. over-the-counter derivatives) is based on Level 2 inputs. These financial instruments relate to fuel and foreign exchange hedging contracts principally with counterparties with investment grade credit ratings. The fair value of these instruments is determined using estimated discounted cash flows based on the forward curve on fuel prices and foreign exchange rates at the reporting date.

ii. Interest-bearing liabilities

The fair value of the Group's interest-bearing liabilities is determined based on Level 2 inputs by discounting the remaining contractual cash flows at the relevant credit-adjusted market interest rates at the reporting date.

iii. Maintenance reserve deposits

The fair value of maintenance reserve deposits on leased aircraft is based on Level 3 inputs. Fair value is calculated as the present value of the estimated costs of future maintenance events. Key inputs to the fair value calculation include timing of forecast maintenance expenditure and the discount rate. The Group has assessed that any reasonably possible changes in these unobservable inputs would not materially impact the fair value measurement. Refer to note 11 for further disclosure.

iv. Other financial assets and liabilities carried at amortised cost

The fair value of cash, cash equivalents and term deposits, receivables and payables approximate their carrying amounts largely due to the short-term nature of these instruments. The fair value of other financial assets and variable rate liabilities that are not recognised net of transaction costs approximate their carrying amounts.

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24. Offsetting financial assets and liabilities

The Group enters into contractual arrangements such as the International Air Transport Association (IATA) and International Swaps and Derivatives Association (ISDA) Master Agreements where, upon the occurrence of a credit event (such as default), a termination value is calculated and only a single net amount is payable in settlement of all transactions that are capable of offset under the contractual terms.

Amounts are recognised net in the consolidated statement of financial position where the Group has a legally enforceable right to set off and there is intention to settle on a net basis. Where there is no legally enforceable right to offset recognised amounts, the balances are recognised gross.

As at 30 June 2025, the amounts shown as financial assets and financial liabilities (including provisions) would each have been $246.6 million lower (2024: $142.1 million) in the event the right to offset was currently enforceable.

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E. Group structure

This section sets out the legal structure of the Group. It provides information on business combinations, details on controlled entities, joint ventures, associates, non-controlling interests and unconsolidated structures. The parent entity in the Group is Virgin Australia Holdings Limited.

25. Controlled entities

These consolidated financial statements comprise the financial statements of the Company and the following subsidiaries which are wholly owned in the current and prior financial years unless otherwise noted. The reporting period end for all subsidiaries is the same as the parent entity. Country of incorporation is detailed in tables below.

Australia

VBNC5 Pty Ltd[1,2]	VB PDP 2010-11 Pty Ltd[1,2]	BC Hart Company Pty Ltd[1,2]
Virgin Australia Airlines Holdings Pty Ltd[1,2]	Virgin Australia Airlines Pty Ltd[1,2]	Virgin Tech Pty Ltd[1,2]
Short Haul 2017 No. 2 Pty Ltd	Short Haul 2017 No. 3 Pty Ltd[3]	Short Haul 2018 No. 1 Pty Ltd
VA Borrower 2019 No. 2 Pty Ltd[3]	VB Ventures Pty Ltd[2]	VB Leaseco Pty Ltd[1,2,4]
VB Leaseco No 2 Pty Ltd[3]	VB 800 2009 Pty Ltd[3]	Short Haul 2014 No. 1 Pty Ltd[3]
Short Haul 2014 No. 2 Pty Ltd[3]	ULCC Air Pty Ltd[1,2,4]	Virgin Australia Cargo Pty Ltd[1,2,4]
Virgin Australia Regional Airlines Pty Ltd[1,2]	Velocity Frequent Flyer Holdco Pty Ltd[5]	Velocity Frequent Flyer 1 Pty Ltd[5]
Velocity Frequent Flyer 2 Pty Ltd[5]	Velocity Frequent Flyer Pty Ltd[5]	Velocity Rewards Pty Ltd[6]
Torque Solutions (Australia) Pty Ltd[5]	Virgin Australia International Operations Pty Ltd[1,4]	Virgin Australia International Holdings Pty Ltd[2,7]
Virgin Australia International Airlines Pty Ltd[2,7]	ULCC Air International Pty Ltd[2,7]	Virgin Australia Airlines (SE Asia) Pty Ltd[2,7]
VA Borrower 2024 Pty Ltd[3]	VA Treasury Services Pty Ltd[8]	

New Zealand

Virgin Australia (NZ) Employment and Crewing Limited[9]	Virgin Australia Airlines (NZ) Limited[7]

Australia - Trusts

The Loyalty Trust	Key Employee Performance Plan Trust[10]
MEP Trusts[11]	

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[1] These controlled entities are party to a Deed of Cross Guarantee with Virgin Australia Holdings Limited dated 24 March 2021 amended 29 June 2021 (Deed of Revocation) and 29 June 2022 (Deed of Assumption). Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* dated 28 September 2016, where these controlled entities were required under the Corporations Act 2001 to prepare, audit and lodge financial reports, they have been relieved for the financial year ended 30 June 2025, subject to the exceptions as set out below in footnote 4. Refer to note 26 for further information regarding the Deed of Cross Guarantee.

[2] These entities have given security over their assets (other than assets over which security is not available to be granted because of contractual restrictions) to secure the secured funding facility disclosed in note 19.

[3] The issued capital of these entities is pledged as security for the secured aircraft finance facilities in note 19.

[4] For the years 30 June 2024 and 30 June 2025, these companies were ineligible for relief under the Deed of Cross Guarantee, having not met the large proprietary company reporting threshold.

[5] These entities have given security over their assets (other than assets over which security is not available to be granted because of contractual restrictions) to secure the secured bank loan disclosed in note 19.

[6] The Company administers The Loyalty Trust through appointed trustee.

[7] The Company consolidates these entities in accordance with the requirements of Australian Accounting Standards, despite not being wholly owned as the Company is exposed to or has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities and they are therefore controlled entities of the Company.

[8] Incorporated on 8 July 2024.

[9] Entity was in liquidation from 10 June 2020 until it was deregistered on 16 October 2024.

[10] Computershare administers the Key Employee Performance Plan Trust through appointed trustees.

[11] The Group has established and controls 56 bare trusts for the ordinary shares held by employees that remain subject to vesting conditions and escrow arrangements under the terms of the Legacy Incentive Schemes (refer to note 29).

25. Controlled entities (continued)

Accounting policy

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Controlled entities are consolidated from the date on which control commences and are de-consolidated from the date that control ceases. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Significant judgement may be required to determine if an entity is controlled by the Company. The Company consolidates a number of entities in which it holds minimal or no issued capital. There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

26. Deed of Cross Guarantee

Virgin Australia Holdings Limited and certain wholly owned subsidiaries have entered into a Deed of Cross Guarantee (Deed).

Details of the companies which are party to the Deed, or which have entered into a Deed of Revocation or Deed of Assumption to the Deed in the relevant year can be found in note 25 and are marked (1). The effect of the Deed is that Virgin Australia Holdings Limited has guaranteed to pay any outstanding liabilities upon the winding up of any wholly owned subsidiary that is party to the Deed. Wholly owned subsidiaries that are party to the Deed have also given a similar guarantee in the event that Virgin Australia Holdings Limited or another party to the Deed is wound up.

The wholly owned subsidiaries that are identified in note 25 and marked (1) are relieved from the requirements to prepare and lodge audited financial statements or are otherwise ineligible for reporting relief as indicated in the note.

Consolidated statement of profit or loss of the Deed Group

	2025 $m	2024 $m
Revenue and income	5,558.3	5,247.1
Impairment reversal of assets	–	1,026.7
Expenses	(5,128.7)	(4,691.4)
Profit before net finance costs and tax	429.6	1,582.4
Finance income	49.7	62.2
Finance costs	(220.4)	(215.0)
Profit before tax	258.9	1,429.6
Income tax benefit	100.1	141.8
Profit	359.0	1,571.4

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26. Deed of Cross Guarantee (continued)

Consolidated statement of profit or loss and other comprehensive income and accumulated losses of the Deed Group

	2025 $m	2024 $m
Profit	359.0	1,571.4
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss	(34.5)	8.4
Other comprehensive (loss)/income, net of tax	(34.5)	8.4
Total comprehensive profit	324.5	1,579.8
Accumulated losses at 1 July	(2,152.0)	(3,452.9)
Dividends declared	(100.0)	(375.2)
Transfers from reserves	–	96.3
Accumulated losses at 30 June	(1,893.0)	(2,152.0)

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26. Deed of Cross Guarantee (continued)

Consolidated statement of financial position of the Deed Group

	2025 $m	2024 $m
Current assets		
Cash and cash equivalents	837.0	749.1
Term deposits at bank	–	50.0
Receivables	523.2	348.0
Inventories	29.0	29.3
Derivative financial instruments	11.5	14.4
Other financial assets	44.1	22.1
Total current assets	**1,444.8**	**1,212.9**
Non-current assets		
Receivables	316.2	236.8
Other financial assets	86.6	107.6
Investment in subsidiary	1,185.2	1,185.2
Property, plant and equipment	2,704.3	2,431.5
Intangible assets	37.7	39.8
Deferred tax assets	150.0	–
Total non-current assets	**4,480.0**	**4,000.9**
Total assets	**5,924.8**	**5,213.8**
Current liabilities		
Payables	1,434.3	1,323.4
Unearned revenue and income	779.2	724.8
Lease liabilities	229.2	211.2
Interest-bearing liabilities	508.0	404.4
Provisions	341.4	269.0
Derivative financial instruments	17.5	–
Current tax liabilities	103.0	–
Total current liabilities	**3,412.6**	**2,932.8**
Non-current liabilities		
Lease liabilities	747.0	742.9
Interest-bearing liabilities	748.2	920.4
Provisions	678.2	503.3
Total non-current liabilities	**2,173.4**	**2,166.6**
Total liabilities	**5,586.0**	**5,099.4**
Net assets	**338.8**	**114.4**
Equity		
Share capital	2,256.7	2,256.7
Reserves	(24.9)	9.7
Accumulated losses	(1,893.0)	(2,152.0)
Total equity	**338.8**	**114.4**

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27. Parent entity disclosures

	2025 $m	2024 $m
Results of Virgin Australia Holdings Limited		
Profit	121.8	1,672.0
Total comprehensive profit	**121.8**	**1,672.0**
Financial position of Virgin Australia Holdings Limited		
Current assets	730.5	780.1
Total assets	**1,016.5**	**780.1**
Current liabilities	(376.8)	(172.0)
Total liabilities	**(376.8)**	**(172.0)**
Net assets/(liabilities)	**639.7**	**608.1**
Share capital	2,256.7	2,256.7
Reserves	45.4	35.6
Accumulated losses	(1,662.4)	(1,684.2)
Total equity	**639.7**	**608.1**

The Company is party to a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of a number of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed, are disclosed in note 26.

The Company does not have any contractual commitments for the acquisition of property, plant and equipment at 30 June 2025 (2024: nil).

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E. Other items

This section sets out other disclosures that may be relevant to understanding the financial position and performance of the Group.

28. Commitments and contingencies

Capital commitments

At 30 June 2025 the Group has capital expenditure commitments of $2,017.7 million (2024: $2,011.7 million) currently payable from FY26 to FY29 relating to the purchase of property, plant and equipment contracted at the reporting date but not recognised as liabilities. These commitments are predominantly in US dollars. US dollar amounts are translated to Australian dollars at the 30 June 2025 closing exchange rate of 0.6581 (2024: 0.6670). Six of the firm orders for aircraft are committed to be under sale and leaseback arrangements. Aircraft are considered attractive assets by financiers so funding for aircraft is expected to remain available from debt and/or leasing markets where required. Commitments relating to aircraft and property leases are detailed in note 18.

Contingent liabilities

The Group has provided bank guarantees, standby letters of credit and surety bonds to third parties as guarantees of payment for aircraft lease security deposits and maintenance reserve deposits, non-aircraft lease commitments, a workers' compensation self-insurance licence and other arrangements entered into with third parties. As at 30 June 2025, the total outstanding is $119.5 million (2024: $78.1 million). Refer to note 19 for further information on facility limits.

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29. Share-based payments

Plans operated during the year

The Group had the following equity-based remuneration schemes in effect during the year ended 30 June 2025:

- The Virgin Australia Management Equity Plan (Executive Leadership Team) and the Virgin Australia Management Equity Plan (General Managers) were established in or before May 2021 (Legacy Incentive Schemes). The Legacy Incentive Schemes were implemented while the Group was under private ownership and have been discontinued with no further grants occurring beyond the 2025 financial year. The terms of the Legacy Incentive Schemes were modified prior to the Group's IPO in June 2025 as outlined below.
- The Virgin Australia Employee Incentive Scheme (Virgin Australia Incentive Scheme) was implemented in June 2025. The Virgin Australia Incentive Scheme was established as the Group transitioned to public ownership and is designed to align the interests of participants more closely with the interests of shareholders.

Legacy Incentive Schemes

Key features prior to modification

Under the terms of the original Legacy Incentive Schemes, participants were issued with fully paid 'A' Class Shares and were provided with a limited recourse loan to fund their acquisition. The limited recourse loans had an initial term of a maximum of 10 years with recourse limited to the outstanding amount of the loan or the 'A' Class Shares issued. This limited recourse loan arrangement was assessed to represent a grant of options in accordance with AASB 2 *Share-based Payment* and AASB 139 *Financial Instruments: Recognition and Measurement*. The options are exercised on the date when the loan has been repaid in full.

The 'A' Class Shares commenced vesting on the occurrence of an exit event which included the sale of the Group and/or an initial public offering (IPO). Vesting conditions included a service condition requiring the individual participant to be an employee at the time of the exit event and performance conditions related to the achievement of certain share price targets associated with the terms of the exit event. The number of 'A' Class Shares forfeited on cessation of employment was subject to the Board's discretion under 'good leaver' provisions outlined in the Legacy Incentive Schemes.

Market vesting conditions were included in assumptions used to determine the original grant date fair value. Non-market vesting conditions were included in assumptions about the number of options that were expected to vest. At the end of each period, the Group revised its estimate of the number of options that were expected to vest and the expected vesting date. The impact of the revision to original estimates, if any, was recognised as an adjustment to the cumulative amount expensed with a corresponding adjustment to equity.

As the 'A' Class Shares were held in trust until they vested, these were treated as Treasury Shares and accordingly derecognised in the statement of changes in equity in accordance with AASB 2.

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29. Share-based payments (continued)

During 2025, 4,979,000 new 'A' Class Shares subject to limited recourse loans were granted to employees (2024: nil). The weighted average fair value of the equity instruments granted during the year was $0.60 (2024: n/a). Significant inputs used in the measurement of the fair values were as follows:

	2025
Grant date	23 July 2024
Share price on grant date	$1.65
Loan value per share (exercise price)	$1.65
Share price volatility[1]	32 %
Dividend yield	0 %
Risk free rate	4.15% - 4.19%
Weighted average time to maturity (years)	5.7 years
Fair value	**$0.57 - $0.62**

Impact of the modifications prior to IPO

Immediately prior to the Group's IPO on 24 June 2025, the Group modified the terms and conditions of the Legacy Incentive Schemes as follows:

- all 'A' Class Shares were converted to ordinary shares that rank equally in all respects with existing ordinary shares and have the same rights and entitlements including dividends;
- all performance vesting conditions were considered to be satisfied or waived on completion of the IPO;
- the ordinary shares were placed into 3 tranches with each tranche being subject to escrow and trading restrictions over FY26-FY28. While in escrow, the shares held by employees are subject to forfeiture under non-compete, cessation of employment and clawback provisions. Forfeiture remains subject to the Board's discretion under the good leaver provisions outlined in the original terms of the Legacy Incentive Schemes; and
- progressively following the release of each tranche of shares from escrow, the Group agreed to pay certain participants a bonus of $1 per ordinary share. These bonuses must be automatically applied to reduce the outstanding balance of the participant's limited recourse loan.

Under the requirements of AASB 2, modifications that result in an increase in the fair value of the equity instruments granted must be recognised over the modified vesting period. The incremental fair value from the amendments to the Legacy Incentive Schemes outlined above has been measured at the modification date with significant inputs used to determine the fair values immediately prior to and post the modifications as follows:

	Pre-modification	Post-modification
Modification date	6 June 2025	6 June 2025
Share price on modification date	$2.90	$2.90
Loan value per share (exercise price)	$1.00 - $2.10	$0.00 - $1.65
Share price volatility	32 %	32 %
Dividend yield	– %	– %
Risk free rate	3.37% - 3.69%	3.37% - 3.77%
Weighted average time to maturity (years)	3.5	3.7
Fair value	$1.25 - $2.04	$1.60 - $2.90

[1] The expected volatility was determined having regard to the historical share price volatility of the Group prior to its delisting and the volatility of comparable companies.

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29. Share-based payments (continued)

The incremental fair value of $41.9 million will be recognised as an expense over the service period imposed under the modified terms of the Legacy Incentive Schemes. $14.4 million has been included in labour and staff related expenses in the Group's income statement for the year ended 30 June 2025 (2024: nil).

In addition to recognising the impact of the modification, AASB 2 requires the original grant date fair value of the equity instruments granted to be recognised as an expense over the remaining period of the service condition imposed under the original terms of the Legacy Incentive Schemes. This resulted in an expense of $4.4 million being recognised in labour and staff related expenses for the year ended 30 June 2025 (2024: $1.0 million).

The following table provides the movement in options issued to participants under the Legacy Incentive Schemes, and the Weighted Average Exercise Price (WAEP) of these options during the period:

	2025 '000	WAEP $	2024 '000	WAEP $
Outstanding at beginning of year	52,221	1.05	54,700	1.05
Granted during the year	4,979	1.65	–	–
Forfeited during the year	(6,967)	1.02	(2,479)	1.06
Outstanding at the end of the year[2]	50,233	0.15	52,221	1.05
Vested and exercisable at the end of the year[2]	15,202	0.07	–	–

Options outstanding at the end of the period had an exercise price of $0.00 - $1.65 (2024: $1.00 - $2.10), and a weighted average time to maturity of 3.7 years (2024: 7.4 years)

Options forfeited during the period related to certain participants who ceased employment with the Group. Options which vested during the year relate to former employees who retained their entitlements at the Board's discretion under the good leaver provisions of the Legacy Incentives Schemes. While the shares held by former employees are subject to escrow and trading restrictions, no vesting conditions apply.

Virgin Australia Incentive Scheme

The Virgin Australia Incentive Scheme provides the Board with flexibility to grant Share Rights, Performance Rights, Options and/or Shares as incentives, subject to the terms of individual offers and the satisfaction of any conditions determined by the Board from time to time. Based on the requirements of AASB 2, the following equity instruments were deemed to have been granted in the year ended 30 June 2025 under the Virgin Australia Incentive Scheme:

- A once off offer of share rights to key management personnel and one senior executive (One-Off Equity Grant).
- A once off offer of share rights to certain active employees as at the time of IPO who are not participating in the Legacy Incentive Schemes or being offered a Long Term Incentive Award as an incentive (VA Take-Off Grant).

Vesting of the share rights issued under these offers is subject to participants remaining employed by the Group for a specified period. Upon vesting, share rights convert into ordinary shares on a one-for-one basis and have no exercise price. Share rights do not entitle participants to dividends; however, following vesting, participants may be entitled to receive (at the Board's discretion) either a cash payment or equivalent number of ordinary shares that equates to the value of dividends declared (if any) over the vesting period.

[2] Weighted average exercise price of shares outstanding or vested and exercisable at the end of the year includes the impact of the $1 bonus per ordinary share paid to certain participants, which will be automatically applied to reduce the outstanding balance of the participant's limited recourse loan.

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29. Share-based payments (continued)

The weighted average fair value of share rights granted during the year ended 30 June 2025 was $2.90. Significant inputs used in the measurement of the fair value of the share rights granted were as follows:

	2025
Grant date	24 June 2025
Share price on grant date	$2.90
Exercise price	$0.00
Dividend entitlement	Yes
Risk free rate	3.34% - 3.45%
Expected life: One-Off Equity Grant	1 - 2 years
Expected life: VA Take-Off Grant	2 years
Fair value	$2.90

The following table provides the movement in share rights issued to participants under the Virgin Australia Incentive Scheme during the year:

	2025 $'000
Outstanding at beginning of year	–
Granted during the year	11,794
Forfeited during the year	–
Outstanding at the end of the year	11,794

An amount of $1.5 million has been recognised in labour and staff related expenses in relation to the grant of Share Rights during the year.

Critical accounting estimates and judgements

In applying AASB 2 *Share-based Payment*, Virgin Australia makes several critical estimates and judgements that materially impact the valuation and recognition of share-based payment arrangements, particularly in relation to the Legacy Incentive Schemes. The determination of the grant date and/or modification date fair value of equity-settled awards requires significant judgement, including the selection of an appropriate valuation model (e.g. Black-Scholes or Monte Carlo), and the input of assumptions such as the expected volatility of Virgin Australia's share price, expected dividend yield, risk-free interest rate, and the expected life of the instrument. In addition, all awards granted prior to Virgin Australia's IPO involved estimating the share price implicit for each award. The Legacy Incentive Scheme awards have been valued using a combination of Monte-Carlo simulation and Black-Scholes modelling and the Virgin Australia Incentive Scheme awards have been valued using Black-Scholes modelling. Significant inputs used in estimating the fair value of each award granted or modified during the year are detailed in the relevant section above.

Accounting policy

The cost of equity-settled share-based payments is determined by the fair value at the date when the grant is made. That cost is recognised in the labour and staff related expense within the consolidated statement of profit or loss, together with a corresponding increase in equity reserves, over the period in which the service and any performance conditions are fulfilled (the vesting period).

At the end of each period, the Group is required to revise its estimate of the number of equity instruments that are expected to vest, based on meeting the applicable service requirements (non-market condition). The impact of the revision to original estimates, if any, is recognised as an adjustment to the cumulative amount expensed with a corresponding adjustment to equity.

When an equity-settled share-based payment is modified, the fair value of both the original award (immediately prior to the modification) and the modified award is determined on the modification date. To the extent that the fair value of the modified award is greater than the original award, the difference is expensed in the consolidated statement of profit or loss over the period in which the modified service and performance conditions are fulfilled (modified vesting period).

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30. Related parties

a) Other related party transaction and balances

BC Hart Investments L.P. (Bain Capital)

On 17 November 2020, BC Hart Investments L.P. (Bain Capital) formally acquired all of the shares in Virgin Australia Holdings Limited resulting in the Group exiting voluntary administration and delisting from the ASX.

On 24 June 2025, Bain Capital sold a portion of its shares in Virgin Australia Holdings Limited by relisting Virgin Australia Holdings Limited on the ASX. Bain Capital currently hold 40% of the shares on issue and are considered to have significant influence over the Group.

The Group was provided with management and other consulting services during the year by Bain Capital. A fixed annual fee, together with the reimbursement of expenses incurred by Bain Capital, is payable for these services rendered. Total fees incurred by the Group in the year ended 30 June 2025 were $35,923 thousand (2024: $16,464 thousand). Under the terms of the advisory agreement, the shareholder related party charged a termination fee which became payable upon completion of the Group's IPO on 24 June 2025. The termination fee incurred by the Group, included in total fees above, was $15,542 thousand. The fees outlined above were recognised in other expenses in the consolidated statement of profit or loss.

The Group has provided an indemnity to Bain Capital, its employees and certain other parties specified in the advisory agreement for any liabilities or claims that arise in relation to the services provided.

At 30 June 2025, $17,332 thousand (2024: $563 thousand) remains outstanding and has been recognised within payables on the consolidated statement of financial position.

Qatar Airways Investments (UK) Ltd (Qatar Airways Group)

On 12 March 2025, Qatar Airways Investments (UK) Ltd (Qatar Airways Group) acquired a 25% interest in Virgin Australia Holdings Limited and is considered to have significant influence over the Group from that date. Qatar Airways Group's interest in the Group was diluted to 23.4% on completion of the Group's IPO. The tables below include related party transactions entered by the Group with Qatar Airways Group from this date.

The Group commenced services between Australia and the State of Qatar under a wet lease arrangement with Qatar Airways on 12 June 2025. The flights under the wet lease arrangement are operated utilising Qatar Airway's aircraft and crew. The Group earns commission revenue from the sale of tickets and receives a fixed fee from Qatar Airways which compensates for the Group's costs of delivering the services, other than third party costs which are reimbursed by Qatar Airways. Qatar Airways receives proceeds from the sale of passenger tickets and cargo and bears the costs of flight operations.

The Group has codesharing arrangements with Qatar Airways under which the Group receives commission revenue from the sale of tickets. In addition, the Group has reciprocal arrangements with Qatar Airways to participate in each other's loyalty programs with participation fees paid by each party.

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30. Related parties (continued)

(i) Transactions with Qatar Airways Group

	2025 $'000	2024 $'000
Sales of goods and services		
Airline passenger revenue from a related party shareholder	406	–
Loyalty program revenue from a related party shareholder	1,345	–
Reimbursable costs from a related party shareholder	1,226	–
Fixed fee income from a related party shareholder	378	–
Purchase of goods and services		
Purchase of goods and services from a related party shareholder	1,250	–
Loyalty redemption costs from a related party shareholder	4,916	–

(ii) Outstanding balances at reporting date with Qatar Airways Group

	2025 $'000	2024 $'000
Current receivables		
Related party shareholder (sales of goods and services)[3]	1,839	–
Current payables		
Related party shareholder (purchase of goods and services)[3]	7,675	–

- All outstanding balances with these related parties are to be settled in cash within 1 month of the reporting date. None of the balances are secured. No guarantees have been given or received.
- No provisions for doubtful receivables have been raised in relation to any outstanding balances and no expense has been recognised in respect of bad or doubtful debts due from related parties.

b) Key management personnel

Key management personnel (KMP) are those persons having responsibility and authority for planning, directing and controlling the activities of the entity, directly or indirectly, including any director. The total remuneration of KMP of the Group is set out below.

	2025 $'000	2024 $'000
Salaries and short-term benefits	25,122	5,047
Long-term benefits	48	74
Termination benefits	4,158	–
Post-employment benefits	1,080	81
Share-based payments	11,050	557
	41,458	5,759

Unsecured loans to KMP were fully repaid during the year with none remaining outstanding at 30 June 2025 (2024: $36 thousand). The loans were interest free and repayable over a 3-year period.

[3] These amounts include payables to and receivables from Qatar Airways under reciprocal codeshare arrangements. Under these codeshare arrangements Qatar Airways/the Group act as agent selling tickets to passengers on the Group's/Qatar Airways flights. The gross amount from the sale of tickets to passengers is remitted to the operating airline resulting in the recognition of receivables/payables with related party transactions recognised in the statement of profit or loss limited to commissions received from or payable to Qatar Airways.

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31. Auditor's remuneration

Details of amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services are set out below.

	2025 $'000	2024 $'000
Audit and review services		
Audit and review of the financial statements of the Company and any other entity within the Group	2,157	1,582
Other assurance services		
Sustainability and other regulatory assurance services	196	315
IPO assurance services[4]	1,647	–
Other services		
Due diligence services[5]	124	1,210
Taxation services	21	4
Other	19	10
	4,164	3,121

32. Events subsequent to reporting date

No matters or circumstances have arisen since the reporting date which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

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[4] IPO assurance services includes services relating to the Investigating Accountant's Report for inclusion in the Prospectus prepared for the purposes of the Group's IPO.
[5] Relates to due diligence services in connection with refinancing and other transactions.

33. Other information

a) Company information

Virgin Australia Holdings Limited (VAH) (the Company) (formerly Virgin Australia Holdings Pty Limited) is a for-profit company limited by shares, incorporated in Australia, whose shares are publicly traded on the ASX as of 24 June 2025. Prior to listing, BC Hart Investments L.P. (Bain Capital) was the immediate and ultimate parent entity, domiciled in Delaware, USA. The principal activities of the Group are the operation of a domestic and short-haul international airline (including charter and cargo) and a loyalty program. The Group's principal place of business is Level 11, 275 Grey Street, Brisbane, Queensland, Australia.

The consolidated financial statements of the Company as at and for the year ended 30 June 2025 comprise the Company and its subsidiaries (collectively, the Group), and the Group's interests in associates.

b) Statement of compliance

These consolidated financial statements are general purpose financial statements prepared in accordance with *Australian Accounting Standards* (AASBs) adopted by the *Australian Accounting Standards Board* (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Directors on 12 September 2025.

c) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical costs, except where assets and liabilities are stated at fair value in accordance with relevant accounting policies.

The financial statements are presented in Australian dollars, unless otherwise noted, which is the functional currency of the Company.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* dated 24 March 2016 and in accordance with that instrument, amounts in the consolidated financial statements have been rounded to the nearest one hundred thousand dollars, unless otherwise stated.

d) 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 the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates are reviewed on an ongoing basis and any revisions to estimates are recognised prospectively. Key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described in the following notes:

- Note 6 - Taxation – recognition of deferred tax assets
- Note 12 - Unearned revenue and income – unearned passenger and loyalty program revenue
- Note 13 - Maintenance provision
- Note 29 - Share-based payments

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33. Other information (continued)

e) Going concern and net liability position

The Group has prepared the financial statements for the year ended 30 June 2025 on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. At 30 June 2025 the Group's current liabilities exceeded its current assets by $1,884.2 million (2024: $1,584.7 million) including a current liability for unearned revenue of $1,663.4 million (2024: $1,513.6 million). The Group also has a net asset deficiency of $814.6 million (2024: $1,178.7 million).

Management has prepared cash flow forecasts that support the Group's ability to continue as a going concern over the coming 12-month period from the date of issuing these financial statements. Key considerations impacting the assumptions used within these forecasts include:

- the Group continuing to grow its operations with a focus on the Australian domestic market;
- allowances for uncertainties in economic conditions which may impact the demand for air travel and the Group's operating costs;
- current market expectations of fuel prices and foreign exchange risk;
- expenditures relating to the Group's continuing investments in IT and Transformation Program;
- repayments due under debt facilities, refinancing of existing facilities falling due over the forecast period and funding secured for future aircraft deliveries; and
- extent and timing of utilisation of travel credits held by passengers and other unearned revenue.

Based on these forecasts, together with access to its available unrestricted cash reserves, the Directors consider that the Group will continue as a going concern and be able to meet its obligations as and when they fall due over the coming 12-month period from the date these financial statements were authorised for issue.

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33. Other information (continued)

f) Accounting policies

Accounting policies have been applied consistently by all the Group's entities and to all periods presented in the consolidated financial statements. The following accounting policies apply to the consolidated financial statements as a whole.

The Group has adopted *Classification of Liabilities as Current or Non-current* (amendments to IAS 1) and *Non-current Liabilities with Covenants* (amendments to IAS 1) from 1 July 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. The adoption of these amendments had no impact on the presentation of the Group's liabilities in the current or prior periods.

i. New standards and interpretations not yet adopted by the Group

IFRS 18 *Presentation and Disclosure in Financial Statements* aims to provide greater consistency in presentation of the statement of financial performance and cash flow statement, including requirements to disclose more disaggregated information. This new standard is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. The Group has not early adopted IFRS 18 in the current period.

The Group has not identified any other standards or interpretations that have been issued but are not yet effective that would have a material impact on the Group when adopted.

ii. Foreign currency transactions and balances

Foreign currency transactions are initially recorded in the functional currency at the exchange rate at the date the transaction qualifies for recognition or the average exchange rate for the month if that is a reasonable approximation of the exchange rates for that month. Subsequently, foreign currency monetary balances are translated to the functional currency at the spot rates of exchange on the reporting date and the resultant exchange differences are recognised in profit or loss. Non-monetary balances that are measured in terms of historical cost are not re-translated. Non-monetary balances that are measured at fair value are translated at the date the fair value was determined with the gain or loss treated in line with the gain or loss recognised on changes to the fair value of the item.

iii. Foreign operations

The Group has foreign operations which operate in an economic environment in which the predominant currency is not Australian dollars, and which apply a functional currency other than Australian dollars. The assets and liabilities of these operations are translated from their functional currency to Australian dollars at the exchange rates at the reporting dates. The income and expenses are translated to Australian dollars at the exchange rate at the date of the transaction or the average exchange rate for the month if that is a reasonable approximation of the exchange rates on the transaction dates for that month. All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When an operation is disposed of, the cumulative amount in the foreign currency translation reserve relating to that operation is reclassified to profit or loss. Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur are reclassified to other comprehensive income in the consolidated financial statements. These exchange differences are reclassified to profit or loss on disposal of the foreign operation.

iv. Impairment

The Group assesses at each reporting date whether there is an indication that an asset is impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. Where the asset does not generate inflows that are largely independent of those from other assets or groups of assets, these assets are grouped together into a cash-generating unit (CGU). A CGU is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. The Group has determined that its CGUs are consistent with its operating segments.

If an impairment loss was recognised in a prior period for an asset other than goodwill, and the carrying value of the CGU exceeds its recoverable amount, management makes a judgement as to whether any portion of the impairment should be reversed in the profit or loss during the current reporting period. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset after the reversal cannot exceed the amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised.

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Consolidated entity disclosure statement

For the year ended 30 June 2025

Set out below is relevant information relating to entities that are consolidated in the consolidated financial statements at the end of the financial year.

Entity Name	Body corporate, partnership or trust	Place of incorporation and operation	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Virgin Australia Holdings Limited	Body corporate	Australia	n/a	Australia	n/a
VBNC5 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
VB PDP 2010-11 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
BC Hart Company Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Australia Airlines Holdings Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Australia Airlines Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Tech Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Short Haul 2017 No. 2 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Short Haul 2017 No. 3 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Short Haul 2018 No. 1 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
VA Borrower 2019 No. 2 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
VB Ventures Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
VB Leaseco Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
VB Leaseco No 2 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
VB 800 2009 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Short Haul 2014 No. 1 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Short Haul 2014 No. 2 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
ULCC Air Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Australia Cargo Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Australia Regional Airlines Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Velocity Frequent Flyer Holdco Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Velocity Frequent Flyer 1 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Velocity Frequent Flyer 2 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Velocity Frequent Flyer Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Velocity Rewards Pty Ltd	Body corporate - Trustee of the Loyalty Trust	Australia	100 %	Australia	n/a
Torque Solutions (Australia) Pty Ltd	Body corporate	Australia	100 %	Australia	n/a

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Entity Name	Body corporate, partnership or trust	Place of incorporation and operation	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign tax resident
Virgin Australia International Operations Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Australia International Holdings Pty Ltd[1]	Body corporate	Australia	<0.01%	Australia	n/a
Virgin Australia International Airlines Pty Ltd[1,2]	Body corporate	Australia	<0.01%	Australia	n/a
ULCC Air International Pty Ltd[1]	Body corporate	Australia	<0.01%	Australia	n/a
Virgin Australia Airlines (SE Asia) Pty Ltd[1]	Body corporate	Australia	<0.01%	Australia	n/a
VA Borrower 2024 Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
Virgin Australia Airlines (NZ) Limited[1]	Body corporate	New Zealand	<0.01%	Foreign	New Zealand
VA Treasury Services Pty Ltd	Body corporate	Australia	100 %	Australia	n/a
The Loyalty Trust	Trust	n/a	n/a	Australia	n/a
Key Employee Performance Plan Trust	Trust	n/a	n/a	Australia	n/a
MEP Trusts[3]	Trust	n/a	n/a	Australia	n/a

[1] The Company consolidates these entities in accordance with the requirements of Australian Accounting Standards, despite not being wholly owned as the Company is exposed to or has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities and they are therefore controlled entities of the Company.

[2] Virgin Australia International Airlines Pty Ltd is incorporated in Australia and has a registered branch in Samoa. The branch operations have income tax obligations in Samoa.

[3] The Group has established and controls 56 bare trusts, which don't have a name, for the ordinary shares held by employees that remain subject to vesting conditions and escrow arrangements under the terms of the Legacy Incentive Schemes.

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Basis of preparation

The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with section 295(3A) of the *Corporations Act* 2001. It includes Virgin Australia Holdings Limited and the entities it controlled at 30 June 2025 under the requirements of AASB 10 *Consolidated Financial Statements.*

Determination of Tax Residency

Section 295(3A) of the *Corporations Act* 2001 requires that the tax residency of each entity which is included in the CEDS be disclosed. In the context of an entity which was an Australian resident, 'Australian resident' has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as this assessment is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

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Directors' declaration

In the opinion of the Directors of Virgin Australia Holdings Limited (the Company):

- The consolidated financial statements and notes that are set out on pages 93-151 and the Remuneration report set out on pages 63-88 in the Directors' report are in accordance with the *Corporations Act 2001*, including:
- giving a true and fair view of the financial position of the Group as at 30 June 2025 and its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporation Regulations 2001*; and
- the Consolidated entity disclosure statement on pages 152-154 is true and correct.

There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

There are reasonable grounds to believe that the Company and the Group entities identified and marked (1) in note 25 to the consolidated financial statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Instrument 2016/785.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2025.

The notes to the consolidated financial statements include a statement of compliance with International Financial Reporting Standards (see note 33(b)).

Signed in accordance with a resolution of the Directors:



Peter Warne
Chair
Sydney, 12 September 2025



David Emerson
Chief Executive Officer
Brisbane, 12 September 2025

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Independent auditor's report

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Independent Auditor's Report

To the shareholders of Virgin Australia Holdings Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Virgin Australia Holdings Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2025 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2025;
- Consolidated statement of profit or loss, Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2025;
- Notes, including material accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Recognition of airline passenger revenue;
- Recognition of unearned loyalty program revenue; and
- Recognition of deferred tax assets.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of airline passenger revenue

Refer to Note 2 and Note 12 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Airline passenger revenue recognition is a key audit matter given its significance to the financial statements, and the audit effort and judgement we have applied in assessing the Group's revenue recognition. This was the result of: • The high volume of relatively low value transactions associated with airline ticket sales; • Significant judgements made by the Group in estimating revenue to be recognised from unused tickets and credit vouchers that are expected to expire (breakage). This involves higher audit effort in assessing historical trends of customer usage as well as forward-looking assumptions relating to expectations of customer behaviour; and • The Group's reliance on IT systems to process, record and recognise airline passenger revenue. In addressing this key audit matter, we involved our IT specialists in understanding the Group's IT systems and controls.	Our procedures included: • Assessing the appropriateness of the Group's accounting policy for airline passenger revenue against the requirements of AASB 15 *Revenue from contracts with customers*. • With the assistance of our IT specialists, testing key controls relevant to the flow of information within airline passenger revenue IT systems, including ticket validation and the recognition of revenue at flight date. This included controls related to user access and preventing unauthorised changes to these systems. • Testing manual controls for resolution of exceptions identified from the output of the airline passenger revenue IT systems. • Testing the reconciliation of unearned passenger revenue balances against system reports detailing sales made to individual passengers. For a sample of airline passenger revenue transactions and unearned passenger revenue at period end, we checked the: - cash received to bank statements; and - flight date or scheduled flight date to the date of travel on the underlying ticket reservation to check revenue was recognised in the correct period. • Assessing the Group's estimation of revenue to be recognised from unused tickets and credit vouchers that are expected to expire (breakage), including: - assessing the Group's ability to reliably estimate expiry of credit vouchers by comparing previous estimates to actual outcomes; - evaluating the Group's key assumptions against historical trends of customer usage and forecast expectations of customer behaviour, assessing for indicators of bias, using our industry knowledge and understanding of published terms and conditions; - giving specific consideration to the Group's actions

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	with respect to unused credit vouchers impacted by the COVID-19 pandemic, taking into account external announcements and communications to customers.

Recognition of unearned loyalty program revenue

Refer to Note 2 and Note 12 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Recognition of the liability for unearned loyalty program revenue is a key audit matter due to the high level of audit effort and judgement required by us in assessing key forward looking assumptions used by the Group in determining unearned revenue, in turn impacting revenue recognised in the year. We focused on the Group's assumptions used in its estimate of the stand-alone selling price (SSP) of Velocity loyalty points and the proportion of points not expected to be redeemed by members in the future (expected lapse rate). This included consideration of: • Historical redemption trends and changes made to contractual arrangements with partners in the Velocity Frequent Flyer program which have an impact on the cost of redemptions in the future, affecting the SSP. • The expected future behaviour of members as a result of changes to the Program Rules, impacting both the future cost of redemptions and expected lapse rate. The Group uses an actuarial expert in estimating the expected lapse rate. In addressing this key audit matter, we involved team members with relevant industry experience and our actuarial specialists.	Our procedures included: • Assessing the Group's methodology applied to estimate the SSP of Velocity loyalty points and the expected lapse rate against the requirements of AASB 15 *Revenue from Contracts with Customers*. • Assessing the Group's ability to form a reliable estimate of the SSP and expected lapse rate by comparing previous estimates to actual outcomes. • Testing the accuracy of calculations in the model used to determine the SSP of Velocity loyalty points. • Evaluating and challenging the assumptions applied by the Group in estimating the SSP of Velocity loyalty points and expected lapse rate by: - comparing expectations of the future cost of redemptions, and forward-looking assumptions relating to member behaviour impacting the lapse rate, with historical trends; - assessing how changes made to contractual arrangements with partners in the Velocity Frequent Flyer program and changes made to Program Rules were considered in the estimated future cost of redemptions and forward-looking assumptions of member behaviour. We did this by considering trends in member behaviour and using our knowledge of the business and industry; - involving our actuarial specialists, assessing the methodology used by the Group's actuarial expert to estimate the expected lapse rate, including recalculating the expected lapse rate and comparing this to the Group's estimate. • Checking the accuracy of historical points data used in estimating the stand-alone selling price and expected lapse rate against source data in the Group's loyalty IT system. • Assessed the scope, competence and objectivity of the external expert engaged by the Group to assist with estimating the expected lapse rate.

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Recognition of deferred tax assets	
Refer to Note 6 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The recognition of deferred tax assets (DTA) is dependent on the ability of the Group to generate sufficient taxable income in the future, to which the DTA can be applied. This is a key audit matter due to the: • significance of the DTA to the financial statements; • level of judgement required by us in evaluating the Group's forecast of future taxable income; and • potential impacts of finalising the Voluntary Administration process on the availability of historical tax losses. Significant assumptions incorporated into the forecast of taxable income include: • forecast key performance metrics including capacity, passenger numbers and revenue yields; • forecast operating costs including fluctuations in market fuel prices and foreign exchange rates; and • the period over which the reversal of temporary differences is forecasted to occur. In addressing this key audit matter, we involved our tax specialists.	Our procedures included: • Assessing the method applied by the Group to recognise the DTA against the requirements of AASB 112 *Income Taxes*. • Assessing forecasts against plans approved by the Board. • Challenging the significant assumptions underlying forecast taxable income by assessing key performance metrics and operating costs through comparison to historical performance and industry conditions and trends. We assessed forecast fuel prices and foreign exchange rates against published pricing sources. • Performing sensitivity analysis by varying key assumptions, such as forecast key performance metrics and operating costs, to understand the impact on the timeframe of recovery of the DTA. • Assessing the Group's estimate of the period over which the DTA are forecast to be utilised, including the timing of the reversal of temporary differences, against our understanding of the related balances and the relevant requirements of the tax legislation and accounting standards. • Involving our tax specialists, we assessed the availability of historical tax losses against our understanding of applicable tax legislation. This included considering the status of the Voluntary Administration process as well as assessing the Group's correspondence with the Australian Taxation Office (ATO).

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Other Information

Other Information is financial and non-financial information in Virgin Australia Holdings Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Virgin Australia Holdings Limited for the year ended 30 June 2025, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

With the exception of section 7.1 on page 80, we have audited the Remuneration Report included in pages 63 to 88 of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Suzanne Bell
Partner

Brisbane
12 September 2025

Jason Adams
Partner

Shareholder information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is current at 1 September 2025, except where otherwise indicated.

Substantial holders

The names of substantial holders in the Company, and the number of ordinary shares which each substantial holder and the substantial holder's associates have a relevant interest in, as disclosed in substantial holding notices received by the Company, are set out below.

Shareholder	No. of ordinary shares	Voting power %
Qatar Airways Investments (UK) Ltd[1]	182,939,402	23.4 %
BC Hart Investments, L.P.[2]	312,611,311	40.0 %
Virgin Australia Holdings Limited[3]	362,844,167	46.4 %

As required by ASX Listing Rule 4.10.4, the substantial holding information set out above is based on the information provided by the relevant substantial holder in the most recent substantial holding notice given by them to the Company and lodged with ASX. There are certain differences between this information and the details of the 20 largest shareholders provided on page 163 because the latter details reflect the position as shown on the Company's register of shareholders as at 1 September 2025. In accordance with the Corporations Act, substantial holders are only required to lodge an updated substantial holding notice where there is a movement of at least 1% in their voting power.

Distribution of ordinary shareholders

Category	No. of holders of ordinary shares	Voting power %
1 - 1,000	3,855	0.19 %
1,001 - 5,000	970	0.30 %
5,001 - 10,000	315	0.30 %
10,001 - 100,000	235	0.70 %
100,001 and over	30	98.51 %

Marketable parcels of ordinary shares

68 shareholders hold less than a marketable parcel of ordinary shares as at 1 September 2025.

[1] Qatar Airways Investments (UK) Ltd (QAI UK) is the registered holder of 182,939,402 ordinary shares, representing 23.4% voting power. QAI UK also has a technical relevant interest for the purposes of the substantial holding provisions in Part 6C.1 of the Corporations Act in a further 362,844,167 ordinary shares held by BC Hart Investments, L.P., Escrowed ELT Legacy Planholders and Escrowed GLT Legacy Planholders, representing 46.4% voting power (Escrowed Shares). QAI UK has no right to acquire the Escrowed Shares or control their voting. Refer to the initial substantial holding notices lodged with ASX on 24 June 2025 and 27 June 2025 for further information.

[2] BC Hart Investments, L.P. is the registered holder of 312,611,311 ordinary shares, representing 40.0% voting power. BC Hart Investments, L.P. also has a technical relevant interest for the purposes of the substantial holding provisions in Part 6C.1 of the Corporations Act in a further 50,232,856 ordinary shares held by Escrowed ELT Legacy Planholders and Escrowed GLT Legacy Planholders, representing 6.4% voting power. BC Hart Investments, L.P. has no right to acquire the escrowed shares or control their voting. Refer to the initial substantial holding notices lodged with ASX on 24 June 2025 and 27 June 2025 for further information.

[3] Virgin Australia Holdings Limited (VAH) has a technical relevant interest for the purposes of the substantial holding provisions in Part 6C.1 of the Corporations Act in the Escrowed Shares. VAH has no right to acquire the Escrowed Shares or control their voting. Refer to the initial substantial holding notices lodged with ASX on 24 June 2025 for further information.

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Distribution of rights holders

Category	No. of holders rights	% of total rights
1 - 1,000	6	0.002 %
1,001 - 5,000	7,865	70.223 %
5,001 - 10,000	–	– %
10,001 - 100,000	–	– %
100,001 and over	3	29.775 %

On-market share buy-back

There is no current on-market share buy-back.

No securities were purchased on-market during the financial year for the purpose of employee share schemes.

20 largest shareholders as at 1 September 2025

Name	No. of ordinary shares held	Capital held %
BC Hart Investments LP	312,611,311	39.98 %
Qatar Airways Investments (UK) LTD	182,939,402	23.39 %
HSBC Custody Nominees (Australia) Limited	92,394,869	11.82 %
Citicorp Nominees Pty Limited	91,637,248	11.72 %
J P Morgan Nominees Australia Pty Limited	31,320,655	4.01 %
National Nominees Limited	11,420,954	1.46 %
Washington H Soul Pattinson and Company Limited	8,924,668	1.14 %
UBS Nominees Pty Ltd	6,382,412	0.82 %
BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	5,444,437	0.70 %
BNP Paribas Noms Pty Ltd <Global Markets>	5,373,082	0.69 %
Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	3,377,757	0.43 %
Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	3,246,023	0.42 %
BNP Paribas Noms Pty Ltd	2,577,326	0.33 %
Palm Beach Nominees Pty Limited	2,503,276	0.32 %
HSBC Custody Nominees (Australia) Limited - A/C 2	1,957,482	0.25 %
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,805,415	0.23 %
Argo Investments Limited	1,724,138	0.22 %
Netwealth Investments Limited <Wrap Services A/C>	1,093,300	0.14 %
Marensa Pty Ltd <The Stewart Investment A/C>	665,535	0.09 %
FinClear Services Nominees Pty Limited <Accum A/C>	517,406	0.07 %

The percentage holding of the 20 largest shareholders of the Company's ordinary shares was 98.20%.

Voting rights

Virgin Australia fully-paid ordinary shares carry a voting right of one vote per fully-paid ordinary share. Rights holders do not carry any voting rights.

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Securities subject to escrow

Class	Expiry date	No. of shares
Ordinary shares	**BC Hart Investments, L.P.** The period from listing on the ASX until 4:15pm (Sydney time) on the trading day after the date on which the Company releases to the ASX its financial results for the financial year ending 30 June 2026, subject to the exception outlined below. BC Hart Investments, L.P. may dispose of 25% of the Escrowed Shares at 4:15pm (Sydney time) on any trading day: • after the date on which the Company releases to the ASX its financial results for the half year ending 31 December 2025 ('H1FY26 Results'); and • provided the volume-weighted average price of Shares for any 10 consecutive trading days following release of the H1FY26 Results exceeds the Offer Price by at least 20%.	312,611,311
Ordinary shares[4]	**Escrowed ELT Legacy Planholders** Management Shareholders and current and former employees who are or were members of ELT (Escrowed ELT Legacy Planholders). The period from listing on the ASX until: • in respect of one-third of the Escrowed Shares, 4:15pm (Sydney time) on the trading day after the date on which the Company releases to the ASX its financial results for the half year ended 31 December 2025; • in respect of another one-third of the Escrowed Shares, 4:15pm (Sydney time) on the trading day after the date on which the Company releases to the ASX its financial results for the half year ended 31 December 2026; and • in respect of the final one-third of the Escrowed Shares, 4:15pm (Sydney time) on the trading day after the date on which the Company releases to the ASX its financial results for the financial year ending 30 June 2027.	44,340,153
Ordinary shares[4]	**Escrowed GLT Legacy Planholders** Management Shareholders and current and former employees who are or were members of GLT (Escrowed GLT Legacy Planholders). The period from listing on the ASX until: • in respect of one-third of the Escrowed Shares, 4.15pm (Sydney time) on 1 September 2025, being the trading day after the Company released to the ASX its financial results for the financial year ended 30 June 2025 (voluntary escrow for this one-third has been released); • in respect of another one-third of the Escrowed Shares, 4:15pm (Sydney time) on the trading day after the date on which the Company releases to the ASX its financial results for the half year ended 31 December 2025; and • in respect of the final one-third of the Escrowed Shares, 4:15pm (Sydney time) on the trading day after the date on which the Company releases to the ASX its financial results for the half year ended 31 December 2026.	3,928,440 (Escrowed) 1,964,263 (Released from Escrow)

[4] Shares held by Escrowed ELT Legacy Planholders and Escrowed GLT Legacy Planholders (together, the Escrowed Legacy Planholders) under the Legacy Incentive Schemes are held through an employee share trust on behalf of these Escrowed Shareholders. Escrowed Shares held by Escrowed Legacy Planholders are also subject to forfeiture in accordance with the terms of the Legacy Incentive Schemes.

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Appendix A - Non-IFRS measures and glossary

Virgin Australia uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS). These measures are referred to as 'non-IFRS financial information' under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information'. Non-IFRS financial measures are intended to supplement the financial information calculated in accordance with AAS or IFRS and not as a substitute for that information. These non-IFRS measures do not have a prescribed definition under AAS or IFRS and the method that Virgin Australia uses to calculate them may be different to methods adopted by other companies to calculate similarly titled measures. These non-IFRS measures are not subject to audit or review.

Management uses these non-IFRS measures to monitor and report on the financial performance of the business on an ongoing basis. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business, to make operational and investment decisions and for comparison with its business plan and operating budgets and the allocation of resources.

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Financial metrics

Adjusted Net Debt is defined as the total interest bearing liabilities and lease liabilities, net of total of cash and cash equivalents (including short-term deposits and term deposits at bank). Management uses this measure to understand its overall credit position. This measure is referred to as 'adjusted' on the basis that it may be calculated differently to how other companies calculate net debt (for example, it includes term deposits at bank).

Adjusted Net Debt to Underlying EBITDA is the leverage ratio used by Virgin Australia to assess debt levels relative to earnings. It is calculated as Adjusted Net Debt divided by Underlying EBITDA.

Net working capital is defined as the total balance of current trade and other receivables and inventory less the total balance of current trade and other payables, unearned revenue and provisions. The net working capital of Virgin Australia is typically negative due to unearned revenue generated by both the Airlines (ticket sales in advance of carriage) and Velocity (deferral of a portion of each point's value when issued). Management uses this measure to provide insight into its short-term liquidity. This measure may be calculated differently to how other companies calculate net working capital (for example, it does not include all current assets and all current liabilities).

Significant Items are income received and expenses incurred that are considered transformational in nature, or are outside of Virgin Australia's normal operating activities, together with foreign exchange revaluation gains or losses on USD denominated aircraft lease liabilities. Refer to tables below for the specific Significant Items included in this report. Due to the nature of these items, management believes it is useful to exclude them when measuring Virgin Australia's underlying operating performance.

Underlying depreciation and amortisation represents depreciation and amortisation before Significant Items. Refer below for reconciliation from statutory depreciation and amortisation to Underlying depreciation and amortisation.

Underlying EBIT is equal to profit before net finance costs, tax and Significant Items. Management uses Underlying EBIT for the purposes of assessing the performance of Virgin Australia. Management believes that Underlying EBIT is useful to help understand the performance of the business before Significant Items and independently of its financing arrangements and impacts of tax. However, Underlying EBIT should not be considered as an alternative to net cash flow from operating activities because it does not reflect actual cash movements or movements in adjusted net working capital. Refer below for reconciliation from statutory profit before net finance costs and tax (an IFRS measure) to Underlying EBIT.

Underlying EBIT margin (%) represents Underlying EBIT divided by underlying revenue and income and is expressed as a percentage. Management uses Underlying EBIT margin as a measure to evaluate the profitability of the overall business and its business segments before Significant Items.

Underlying EBITDA represents profit before net finance costs, tax, depreciation, amortisation and Significant Items. It excludes the cost of leases recognised on-balance sheet in accordance with AASB 16 *Leases* (for which depreciation and interest expense is incurred) but includes variable lease costs. Management uses Underlying EBITDA to evaluate the operating performance of the business before Significant Items and the non-cash impact of depreciation and amortisation, interest and tax charges, which are materially affected by Virgin Australia's capital structure and historical tax position. Refer below for reconciliation from statutory profit before net finance costs and tax (an IFRS measure) to Underlying EBITDA.

Underlying EBITDA margin (%) represents Underlying EBITDA divided by Underlying revenue and income and is expressed as a percentage. Management uses underlying EBITDA margin as a measure to evaluate the profitability of the overall business and its business segments before Significant Items.

Underlying expenditure represents expenditure before depreciation, amortisation and Significant Items. Management uses underlying expenditure as a measure to evaluate the operating performance of the business before the impact of Significant Items. Refer below for reconciliation from statutory expenditure to Underlying expenditure.

Underlying net finance costs represents net finance costs before Significant Items. Refer below for reconciliation from statutory net finance costs to Underlying net finance costs.

Underlying profit before tax represents profit before tax and Significant Items. Management uses underlying net profit before tax to evaluate the profitability of the business excluding Significant Items. Refer below for reconciliation from statutory profit before tax to Underlying profit before tax.

Underlying net profit after tax represents net profit before Significant Items. Management uses underlying net profit to evaluate the overall profitability of the business excluding Significant Items when taking into account its financing arrangements and impacts of tax. Refer below for reconciliation from statutory profit to Underlying net profit.

Underlying net profit margin (%) represents underlying net profit divided by underlying revenue and income and is expressed as a percentage. Management uses underlying net profit margin as a measure to evaluate the overall profitability of the business excluding Significant Items when taking into account its financing arrangements and impacts of tax.

Underlying revenue and income represents revenue and income before Significant Items. Management uses underlying revenue and income as a measure to evaluate the operating performance of the business before the impact of Significant Items. Refer below for reconciliation from statutory revenue and income to Underlying revenue and income.

Statutory Revenue and income to Underlying Revenue and income

	FY25 $m	FY24 $m
Statutory revenue and income	5,809.7	5,634.1
Significant Items		
Expiry of Future Flight Credits	–	(280.7)
Total Significant Items	–	(280.7)
Underlying revenue and income	5,809.7	5,353.4

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Statutory expenditure to Underlying expenditure

	FY25 $m	FY24 $m
Statutory expenditure	(5,385.2)	(4,951.4)
Statutory depreciation and amortisation	424.1	341.0
Significant Items		
Expiry of Future Flight Credits	–	2.8
IT transformation projects	54.5	35.8
Restructuring and transformation costs	55.5	57.9
Impairment of assets	(1.1)	2.1
Foreign exchange revaluation	2.5	(2.7)
IPO and transaction costs	115.9	3.3
Other	3.0	5.5
Total Significant Items	230.3	104.7
Underlying expenditure	(4,730.8)	(4,505.7)

Statutory Profit before net finance costs and tax (EBIT) to Underlying EBITDA

	FY25 $m	FY24 $m
Statutory profit before net finance costs and tax (EBIT)	424.5	682.7
Statutory depreciation and amortisation	(424.1)	(341.0)
Significant Items		
Expiry of Future Flight Credits	–	(277.9)
IT transformation projects	54.5	35.8
Restructuring and transformation costs	55.5	57.9
Impairment of assets	(1.1)	2.1
Foreign exchange revaluation	2.5	(2.7)
IPO and transaction costs	115.9	3.3
Other	3.0	5.5
Total Significant Items	230.3	(176.0)
Underlying EBITDA	1,078.9	847.7

Statutory depreciation and amortisation to Underlying depreciation and amortisation

	FY25 $m	FY24 $m
Statutory depreciation and amortisation	(424.1)	(341.0)
Significant Items		
Accelerated depreciation	9.6	12.7
Total Significant Items	9.6	12.7
Underlying depreciation and amortisation	(414.5)	(328.3)

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Statutory Profit before net finance costs and tax (EBIT) to Underlying EBIT

	FY25 $m	FY24 $m
Statutory profit before net finance costs and tax (EBIT)	424.5	682.7
Significant Items		
Expiry of Future Flight Credits	–	(277.9)
IT transformation projects	54.5	35.8
Restructuring and transformation costs	55.5	57.9
Impairment of assets and accelerated depreciation	8.5	14.8
Foreign exchange revaluation	2.5	(2.7)
IPO and transaction costs	115.9	3.3
Other	3.0	5.5
Total Significant Items	239.9	(163.3)
Underlying EBIT	664.4	519.4

Statutory net finance costs to Underlying net finance costs

	FY25 $m	FY24 $m
Statutory net finance costs	(171.7)	(137.3)
Significant Items		
Restructuring and transformation costs	–	11.3
Total Significant Items	–	11.3
Underlying net finance costs	(171.7)	(126.0)

Statutory Profit before tax to Underlying Profit before tax

	FY25 $m	FY24 $m
Statutory profit before tax	252.8	545.4
Significant Items		
Expiry of Future Flight Credits	–	(277.9)
IT transformation projects	54.5	35.8
Restructuring and transformation costs	55.5	69.2
Impairment of assets and accelerated depreciation	8.5	14.8
Foreign exchange revaluation	2.5	(2.7)
IPO and transaction costs	115.9	3.3
Other	3.0	5.5
Total Significant Items	239.9	(152.0)
Underlying profit before tax	492.7	393.4

Statutory income tax benefit to Underlying income tax benefit

	FY25 $m	FY24 $m
Statutory income tax benefit	225.7	–
Significant Items		
Tax impact of significant items	(67.5)	–
Total Significant Items	(67.5)	–
Underlying income tax benefit	158.2	–

Statutory Net Profit to Underlying Profit

	FY25 $m	FY24 $m
Statutory profit	478.5	545.4
Significant Items		
Expiry of Future Flight Credits	–	(277.9)
IT transformation projects	54.5	35.8
Restructuring and transformation costs	55.5	69.2
Impairment of assets and accelerated depreciation	8.5	14.8
Foreign exchange revaluation	2.5	(2.7)
IPO and transaction costs	115.9	3.3
Other	3.0	5.5
Tax impact of significant items	(67.5)	–
Total Significant Items	172.4	(152.0)
Underlying net profit/(loss) after tax	650.9	393.4

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Significant Items

Significant Items in FY25 and FY24 included:

Expiry of Future Flight Credits	The non-cash gain of $277.9 million (reflecting $280.7 million of revenue, net of $2.8 million of associated expenses) recognised during FY24 relating to all unused future flight credits that were issued pre-administration and which expired on 31 December 2023 (Future Flight Credits). The cash related to these Future Flight Credits were received pre-administration (prior to the acquisition of Virgin Australia by Bain Capital). The Future Flight Credits were a pre-administration liability, and all unused credits were released to the income statement at expiry on 31 December 2023. Historically, Virgin Australia has taken breakage on unflown flight credits. However, because of uncertainty in customer behaviour related to the pre-administration, the Future Flight Credits breakage could not be reasonably estimated.
IT transformation projects	Costs related to Virgin Australia's technology investment program designed to enable Virgin Australia's transformation, focusing on modern commercial technology that supports efficient competition and enhanced customer, member and partner experiences. In addition to building its technology capabilities, Virgin Australia's technology investments have also replaced and enhanced underinvested infrastructure that had not been prioritised by the Group pre-administration, limiting Virgin Australia's potential. Any IT costs that are transformational in nature and not part of the ordinary recurring IT expenditure of Virgin Australia is classified as a Significant Item.
Restructuring and transformation costs	Restructuring costs incurred on the Transformation Program to deliver various transformation initiatives being pursued by the business which are considered transformational or outside of Virgin Australia's normal operating activities and are one-off in nature.
Impairment of assets and accelerated depreciation	Legacy Fokker F100 aircraft used by VARA are being depreciated on an accelerated basis ahead of their retirement by December 2025.
Foreign exchange revaluation	Realised and unrealised gains and losses on the revaluation of USD denominated aircraft lease liabilities.
IPO and transaction costs (FY24: IPO planning and preparation costs)	Costs incurred in relation to Qatar Airways Group's investment in Virgin Australia (which completed in March 2025) and Virgin Australia's IPO in June 2025 that are allocated to the Income Statement, including the Bain Capital management agreement termination fee. IPO Costs also include the non-cash costs associated with the Legacy Incentive Schemes, One-off IPO bonus equity grant and the VA Take-off Grant as these equity grants are directly related to the public listing of Virgin Australia. Despite the listing occurring in FY25, due to nuances in the AAS, non-cash costs associated with these equity grants will continue to be recorded until vesting, the last of which occurs in FY28.
Other	Predominantly comprises legal costs and other smaller non-recurring expenses.
Tax impact of significant items	Tax effect of the Significant Items listed above.

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Operating metrics and Airline glossary

Available Seat Kilometres (ASKs) is measured as the number of seats multiplied by the distance flown in kilometres for RPT services in the Airlines segment. This is a measure of the VA Airlines RPT capacity (i.e. excluding VARA, which does not use ASK as an operating metric).

Block hours represents the total time from the moment the door of an aircraft closes at departure of a flight, until the moment the aircraft door opens at the arrival gate following its landing.

Charter services refer to contracted air services primarily where a commercial or government customer hires a whole aircraft (or a block of seats) for their specific needs. For charter services, customers specify the routes, times and capacity required and these services are not generally open to the public. The Australian domestic charter industry predominantly comprises services provided to resources and energy companies, and government entities for the transport of their employees to and from work sites.

Cost per Available Seat Kilometre (CASK) is a measure of the cost to operate each seat for every kilometre. It is calculated as the Airlines segment underlying revenue and income less underlying EBIT (adjusted for costs recharged to Qatar Airways), divided by ASKs.

CASK (excl. fuel) is an alternative measure of the cost to operate each seat for every kilometre, excluding the variability of fuel costs. It is calculated as the Airlines segment underlying revenue and income less underlying EBIT (adjusted for costs recharged to Qatar Airways), less fuel costs, divided by ASKs.

Completion rate is a VA Airlines metric (i.e. excluding VARA), measured as domestic RPT flights that were not cancelled as a percentage of all services scheduled on any domestic sector. A flight is considered cancelled if it is removed from service within seven days of scheduled departure.

Load factor is the percentage of ASKs occupied by passengers (RPKs) for RPT services in VA Airlines (i.e. excluding VARA). This is a measure of the utilisation of available seats.

Long haul international (LHI) is long distance international flights, often connecting different continents and typically operated using wide-body aircraft.

Net Promoter Score (NPS) is a metric used to gauge customer satisfaction. Strategic NPS is based on a monthly market survey commissioned by Virgin Australia and conducted by a third party. Approximately 1,000 Australian travellers are asked to rate their likelihood to recommend each domestic airline they have flown with in the prior 12 months. Operational NPS is based on 'Likelihood to Recommend' of passengers flying on the VA Airlines or VARA network, including wet lease operators, surveyed within 24 hours of their flight.

On time performance (OTP) is a VA Airlines metric (i.e. excluding VARA), measured as domestic flights that departed on time as a percentage of all departures operated on any domestic sector. A flight departure is considered on time if it departed the gate within 15 minutes after the scheduled departure time shown in the airline's schedule.

Passengers carried is the total number of passengers flown by VA Airlines (i.e. excluding VARA) on RPT services on Australian domestic and short-haul international routes.

Points earned is the number of Velocity Frequent Flyer points issued to members.

Points redeemed is the number of Velocity Frequent Flyer points redeemed by members for available rewards.

Revenue per Available Seat Kilometre (RASK) is calculated as the Airlines segment underlying revenue and income, excluding recharge revenue from Qatar Airways, divided by ASKs.

Revenue Passenger Kilometres (RPKs) is measured as the number of seats occupied by passengers multiplied by the distance flown in kilometres for RPT services in the airlines segment. RPKs is a measure used in calculating yield and load factor. RPKs are a key indicator of demand.

Regular Public Transport (RPT) is scheduled passenger transport services operated for the public on fixed routes and timetables (in contrast to charter services).

Short haul international (SHI) is short international flights, usually between neighbouring or nearby countries and typically operated using narrow-body aircraft.

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VA Airlines primarily operates domestic RPT services (through Virgin Australia Airlines Pty Ltd) and short-haul international services that will be supported by the limited long-haul international service arrangement with wet leased aircraft from Qatar Airways (through entities controlled by Virgin Australia International Holdings Pty Ltd), alongside its broader international airline partner network. VA Airlines is part of the Airlines operating segment.

VARA is Virgin Australia Regional Airlines, which primarily operates a charter business in regional Western Australia that services major resources, energy and government clients with FIFO services. VARA is part of the Airlines operating segment.

Yield is calculated as the Airlines segment RPT passenger ticket revenue divided by RPKs.

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Corporate Directory

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Company secretary

Susan Schneider

Auditor

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Your security holding

To update your personal details or change the way you receive communications from Virgin Australia, please contact Computershare via the details provided. Computershare is also able to provide you with information on your holding.

Securities exchange

The Company is listed on the Australian Securities Exchange (ASX Code 'VGN').

Financial calendar

AGM: 14 November 2025

Other information

Virgin Australia Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

For more information about Virgin Australia, including the latest announcements, corporate governance statement and other information visit our website at
www.virginaustralia.com/au/en/about-us/

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