

Virgin Australia Holdings Limited

Appendix 4E and Preliminary Final Report

for the financial year ended 30 June 2025

29 August 2025

This announcement was authorised for release by the Virgin Australia Disclosure Committee.

For further information:

Investors

Penny Berger
General Manager, Investor Relations
+61 402 079 955
investor.relations@virginaustralia.com

Media

Virgin Australia Group Corporate Affairs
1800 142 467
corporateaffairs@virginaustralia.com

Level 11, 275 Grey Street
South Brisbane, Queensland 4101,
Australia
+61 7 3295 3000
<https://www.virginaustralia.com/>

ABN: 54 100 686 226
ASX Code: VGN

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Appendix 4E

Results for announcement to the market

i. Company details

Name of entity	Virgin Australia Holdings Limited
ABN	54 100 686 226
Reporting period	For the year ended 30 June 2025
Previous corresponding period	For the year ended 30 June 2024

ii. Results

	Movement	%		FY25 \$m		FY24 \$m
Revenue and other income from ordinary activities	up	3 %	to	5,809.7	from	5,634.1
Profit from ordinary activities after income tax attributable to members	down	(12)%	to	478.5	from	545.4
Underlying EBIT ¹	up	28 %	to	664.4	from	519.4

Comments

The Group's Statutory net profit after tax amounted to \$478.5 million (FY24: \$545.4 million). The decrease from the prior year is primarily driven by:

- Transaction costs incurred in relation to the initial public offering (IPO) and Qatar Airways Group investment of \$115.9 million incurred in FY25 (2024: \$3.3 million); and
- The \$277.9 million benefit of Future Flight Credits recognised in FY24 was not repeated in FY25.

These decreases have been offset by the income tax benefit of \$225.7 million recognised in FY25 (FY24: nil), primarily relating to the initial recognition of previously unrecognised deferred tax assets.

Underlying EBIT¹ excludes the impact of these items, as well as other Significant Items¹ (refer Appendix A for further details).

Refer to the Operating and Financial Review section for a more detailed analysis of the operating and financial performance and position for the year.

iii. Net tangible assets

	FY25 \$	FY24 \$
Net tangible assets/(liabilities) per ordinary security	(1.50)	(1.70)

Net tangible assets/(liabilities) is calculated as net assets/(liabilities), adjusted for intangible assets and deferred tax assets. It includes right of use assets and lease liabilities.

¹ Underlying EBIT is the primary reporting measure used by the Chief Operating Decision Maker (CODM), the Chief Executive Officer. Underlying EBIT is equal to profit before net finance costs, tax and Significant Items. This is a non-IFRS measure. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

iv. Earnings per share

	FY25 cents	FY24 cents
Basic earnings per share	65.4	74.5
Diluted earnings per share	65.2	74.5

Comments

See commentary above for explanation of decrease in Profit from ordinary activities after income tax attributable to members which is driving the decrease in earnings per share this year.

Refer to note 7 of the financial statements for detailed explanation of this calculation.

v. Change in control over entities

The Group deregistered its 100% interest in Virgin Australia (NZ) Employee and Crewing Limited during the year.

vi. Dividends

	Amount per share cents	Total amount \$m
Unfranked dividend paid on 4 June 2024 (declared in prior year)	50.1	366.5
Unfranked dividend paid on 16 August 2024 to class 'A' shareholders (declared in prior year)	16.7	8.7
Interim unfranked dividend paid on 16 December 2024	13.7	100.0

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

vii. Details of associates and joint ventures

Not applicable.

viii. Foreign entities

The financial information of foreign entities included in the consolidated financial statements is prepared in accordance with the Australian Accounting Standards and Interpretations.

ix. Audit qualification

The attached Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report.

The Annual Financial Report is being audited and is expected to be made available in September 2025.

x. Attachments

The Preliminary Final Report of Virgin Australia for the year ended 30 June 2025 is attached, which includes an explanation of any figures necessary to understand the figures reported in this document.

This document should be read in conjunction with any public announcements made during the year by Virgin Australia in accordance with continuous disclosure requirements of the *Corporations Act 2001* (Cth) and ASX Listing Rules.

Operating and Financial Review

Underlying EBIT¹ 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.

Virgin Australia's Underlying EBIT¹ 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 EBIT¹ was driven by a 9% increase in Underlying revenue and income¹ 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 120,000² 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 leading³ 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%.

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.

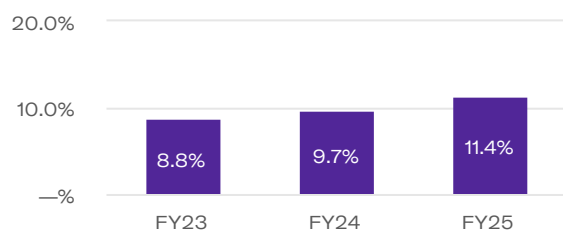
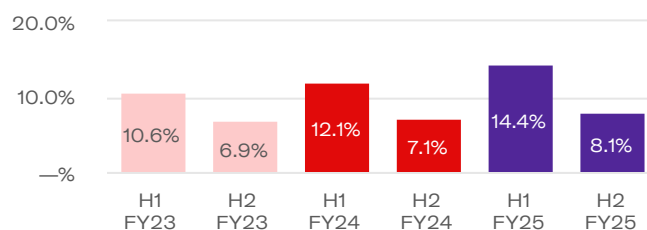
Group results highlights⁵

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
Underlying⁵					
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 Evolution⁶Underlying EBIT Margin by Half Year⁶

Group performance⁶

	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).

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.

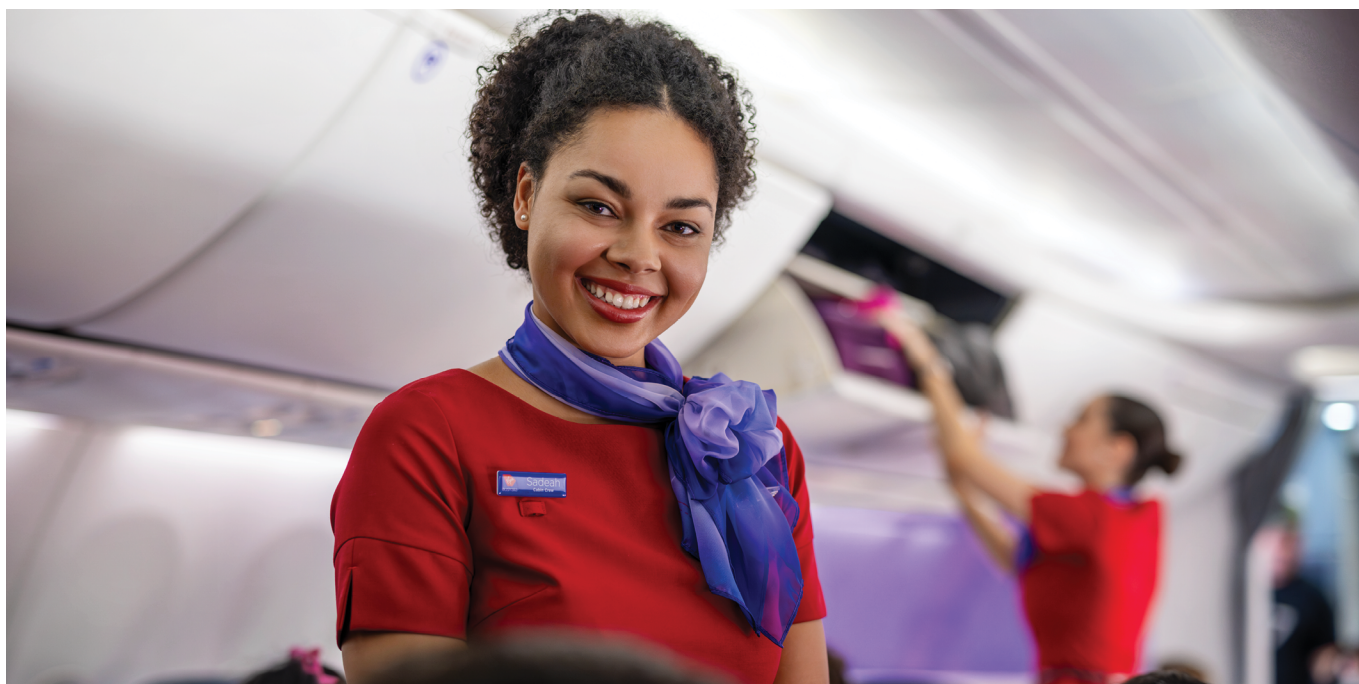
⁷ These include non-IFRS measures. Refer to Appendix A for further details, including definition and reconciliation to closest IFRS measure (where available).

Segment Performance

Airlines



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



	FY25	FY24	Change	Change %
Financial metrics⁸				
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 margin⁹ 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 EBIT⁹ 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.

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



Double-digit revenue growth
delivered record results



	FY25	FY24	Change	Change %
Financial metrics¹⁰				
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).

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 income¹¹ increased by \$41.0 million, or 10.0%, from \$409.0 million in FY24 to \$450.0 million in FY25, while Velocity segment Underlying EBIT¹¹ 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 margin¹¹ 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.

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 revenue¹²;

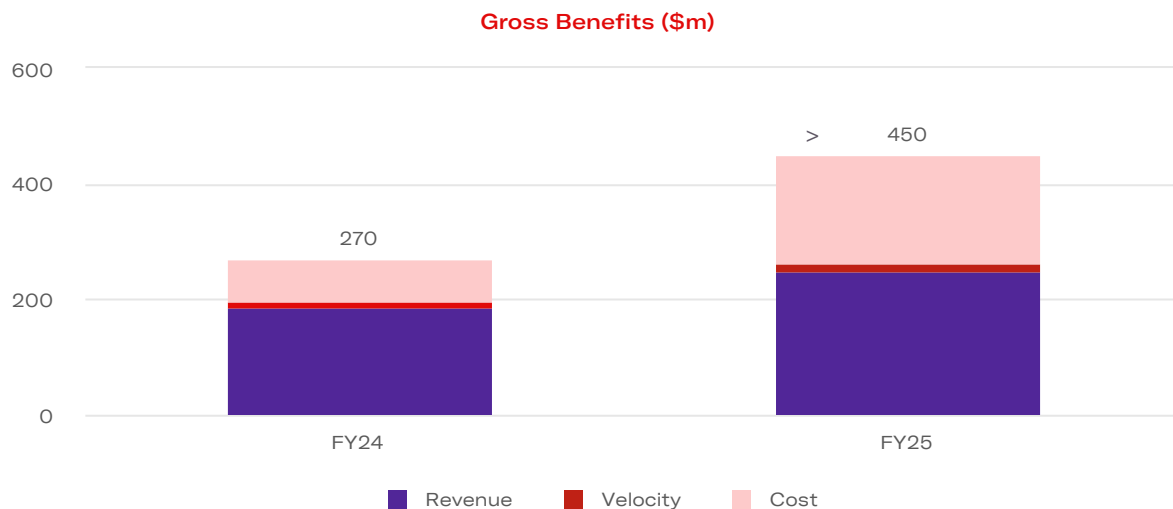
2. Cost initiatives

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).

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.

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.

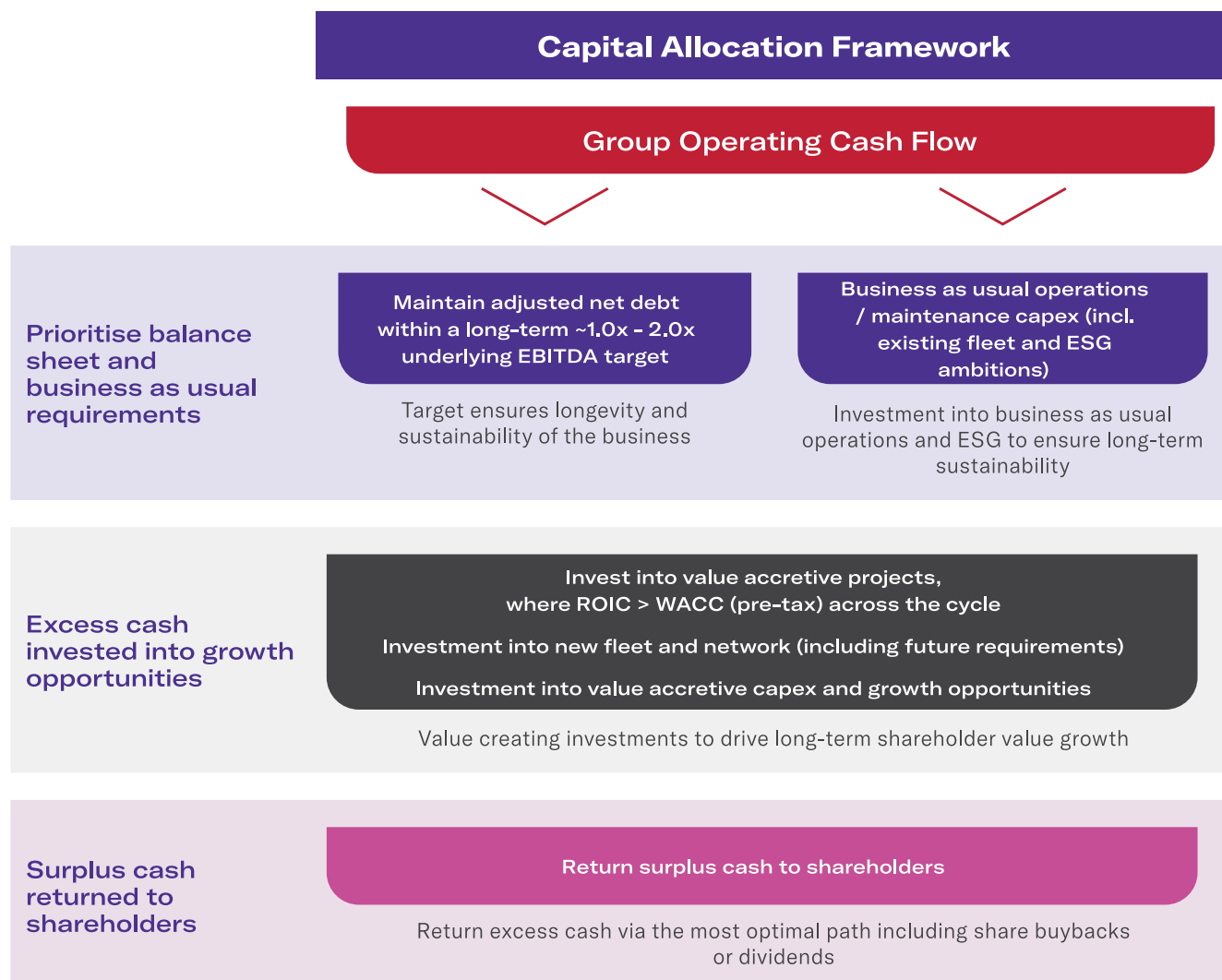
	FY25 \$m	FY24 \$m	Change \$m	Change %
Debt analysis				
Interest bearing liabilities	1,311.4	1,376.8	(65.4)	(4.8)%
Lease liabilities	984.3	963.2	21.1	2.2 %
<i>Less</i>				
Cash, cash equivalents and term deposits	1,118.2	1,004.6	113.6	11.3 %
Adjusted Net Debt¹³	1,177.5	1,335.4	(157.9)	(11.8)%
Adjusted Net Debt to Underlying EBITDA¹³	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).

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:



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

- Ensuring Virgin Australia's Adjusted Net Debt¹⁴ range stays within a target range of 1-2x of Underlying EBITDA¹⁴ 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 Debt¹⁴ was \$1,177.5 million and 1.1x Underlying EBITDA¹⁴ which is in the lower end of the target range.

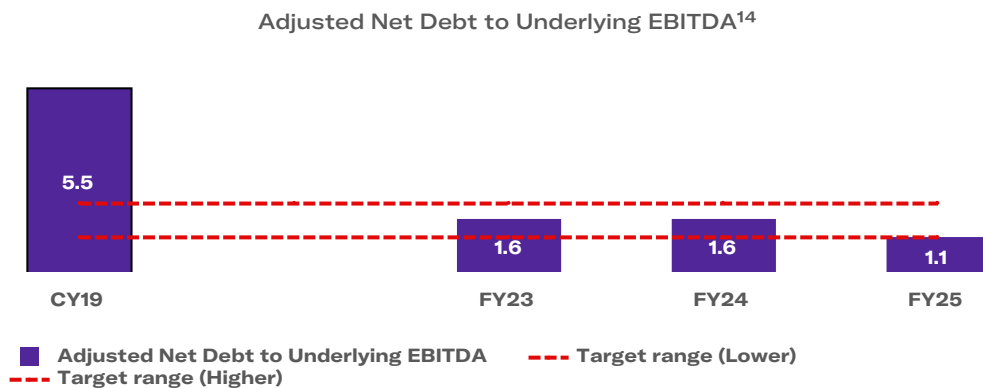
2. Excess cash investment into growth opportunities

- 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



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 aircraft¹⁶, 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 fleet¹⁷

AOC	Aircraft	Narrowbody fleet profile			June 2025
		June 2024	Additions	Exits	
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.

Preliminary Final 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.

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.

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(d)	(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.

Consolidated statement of changes in equity

For the year ended 30 June 2025

		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
	Notes							
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.

Consolidated statement of changes in equity

For the year ended 30 June 2025

		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
	Notes							
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 period¹	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.

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.

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.

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.

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)

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.

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	2024	2025	2024	2025	2024
	\$m	\$m	\$m	\$m	\$m	\$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	–

6. Taxation (continued)

c) Deferred tax assets

	Gross		Deferred tax	
	2025	2024	2025	2024
	\$m	\$m	\$m	\$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.

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

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.

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

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.

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.

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.

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

	Maintenance \$m	Dividend \$m	Other \$m	Total \$m
2025				
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.

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.

C. Tangible assets

14. Property, plant and equipment

	Aircraft and aeronautic		Plant and equipment	Buildings and property		Computer equipment	Work in progress	Other	Total
2025	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$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)

	Aircraft and aeronautic	Plant and equipment	Buildings and property	Computer equipment	Work in progress	Other	Total		
2024	\$m	\$m	\$m	\$m	\$m	\$m	\$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

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

15. Intangible assets

	Software \$m	Contract assets \$m	Work in progress \$m	Total \$m
2025				
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
	Software \$m	Contract assets \$m	Work in progress \$m	Total \$m
2024				
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).

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).

18. Lease liabilities

	Aircraft leases \$m	Property leases \$m	Other leases \$m	Total \$m
2025				
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

	Aircraft leases \$m	Property leases \$m	Other leases \$m	Total \$m
2024				
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*.

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.

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.

19. Interest-bearing liabilities (continued)

Facility terms

	Currency	Calendar year of maturity	2025		2024	
			Carrying/ drawn amount \$m	Facility limit \$m	Carrying/ drawn amount \$m	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

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 Shares²	(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.

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)	–

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.

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	Equity	Profit/(loss) ⁵	Equity
	\$m	\$m	\$m	\$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.

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.

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.

	Carrying amount \$m	10% appreciation in AUD		10% depreciation in AUD	
		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.

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.

	Carrying amount \$m	Interest rate profile		Profit/(loss) sensitivity	
		Fixed rate instruments \$m	Variable rate instruments \$m	100 bps increase \$m	100 bps decrease \$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).

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.

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	Allowance for credit losses	Gross	Allowance for credit losses
	\$m	\$m	\$m	\$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

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.

	Carrying amount \$m	Contractual cash flows			Total \$m
		< 1 year \$m	1-5 years \$m	> 5 years \$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(d).

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.

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.

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
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Australia - Trusts

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

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

26. Deed of Cross Guarantee (continued)

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

	2025	2024
	\$m	\$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)

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	0.0
Current tax liabilities	103.0	0.0
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

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).

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.

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.

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.

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.

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).

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 Airways' 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.

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.

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.

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.

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) Basis of preparation

The Preliminary Final Report has 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 Preliminary Final Report is presented in Australian dollars, unless otherwise noted.

The Group is of a kind referred to in *ASIC Corporations (Rounding in Financials) 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.

c) Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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

33. Other information (continued)

d) 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.

33. Other information (continued)

e) 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.

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.

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

Statutory expenditure to Underlying expenditure

	FY25	FY24
	\$m	\$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	FY24
	\$m	\$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	FY24
	\$m	\$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)

Statutory Profit before net finance costs and tax (EBIT) to Underlying EBIT

	FY25	FY24
	\$m	\$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	FY24
	\$m	\$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	FY24
	\$m	\$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	FY24
	\$m	\$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	FY24
	\$m	\$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

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.

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.

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.

