

QANTAS SUPERANNUATION PLAN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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QANTAS SUPERANNUATION PLAN

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Notes | 2023 \$'000 | 2022 \$'000 |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | 18(a) | 1,277,279 | 918,368 |
| Receivables | 16 | 207,882 | 174,869 |
| Financial investments | 8 | 7,425,235 | 7,462,892 |
| Current tax asset | 14(d) | - | 30,847 |
| Fixed assets | | 240 | - |
| TOTAL ASSETS | | 8,910,636 | 8,586,976 |
| LIABILITIES | | | |
| Benefits payable | | 606 | 3,843 |
| Creditors and accruals | 17 | 133,588 | 129,762 |
| Current tax liabilities | 14(d) | 31,005 | - |
| Financial liabilities | 9 | 234,138 | 244,141 |
| Deferred tax liabilities | 14(e) | 119,609 | 105,741 |
| TOTAL LIABILITIES EXCLUDING MEMBER BENEFITS | | 518,946 | 483,487 |
| NET ASSETS AVAILABLE FOR MEMBER BENEFITS | | 8,391,690 | 8,103,489 |
| MEMBERS BENEFITS | | | |
| Defined contribution (DC) Member liabilities | 4(a) | 5,634,955 | 5,400,328 |
| Defined benefit (DB) Member liabilities | 4(b) | 2,452,313 | 2,377,769 |
| TOTAL MEMBERS BENEFITS | | 8,087,268 | 7,778,097 |
| NET ASSETS | | 304,422 | 325,392 |
| RESERVES | | | |
| Disability reserve | 7 | 5,012 | 6,254 |
| Other insurance reserves | 7 | - | - |
| Forgone benefits reserve | 7 | 210 | 209 |
| Operational risk reserve | 7 | 25,532 | 22,938 |
| DB plans that are over/(under) funded | | 273,668 | 295,991 |
| TOTAL RESERVES | | 304,422 | 325,392 |

QANTAS SUPERANNUATION PLAN

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 2023 \$'000 | 2022 \$'000 |
|--|----------|------------------|------------------|
| INCOME FROM SUPERANNUATION ACTIVITIES | | | |
| Interest | | 70,420 | 31 |
| Dividends and distributions | | 518,864 | 339,775 |
| Net gains/(losses) on financial instruments held at fair value through profit or loss | 10 | (20,393) | (247,367) |
| Other income | | 3,899 | 251 |
| | | <hr/> | <hr/> |
| TOTAL SUPERANNUATION ACTIVITIES REVENUE | | 572,790 | 92,690 |
| EXPENSES | | | |
| Investment expenses | | 29,461 | 44,510 |
| Administration expenses | 15 | 15,867 | 16,035 |
| | | <hr/> | <hr/> |
| TOTAL EXPENSES | | 45,328 | 60,545 |
| RESULTS FROM SUPERANNUATION ACTIVITIES BEFORE INCOME TAX | | | |
| | | <hr/> | <hr/> |
| | | 527,462 | 32,145 |
| Income tax expenses/(benefit) | 14(a)(b) | 30,886 | (31,428) |
| | | <hr/> | <hr/> |
| RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX | | 496,576 | 63,573 |
| | | <hr/> | <hr/> |
| NET INSURANCE ACTIVITIES | 6 | (9,115) | (8,197) |
| ALLOCATION TO MEMBERS BENEFITS | | | |
| Net benefits allocated to DC Member accounts | | (318,513) | (81,081) |
| Net benefits allocated to DB Member liabilities | | (188,272) | (106,068) |
| | | <hr/> | <hr/> |
| TOTAL ALLOCATION TO MEMBER BENEFITS | | (506,785) | (187,149) |
| | | <hr/> | <hr/> |
| OPERATING RESULT AFTER INCOME TAX | | (19,324) | (131,773) |
| | | <hr/> | <hr/> |

QANTAS SUPERANNUATION PLAN

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | DC Member Benefits \$'000 | DB Member Benefits \$'000 | Total 2023 \$'000 |
|---|-------|------------------------------------|------------------------------------|-------------------------|
| <u>Year ended 30 June 2023</u> | | | | |
| Liability for accrued benefits beginning of period | | 5,400,328 | 2,377,769 | 7,778,097 |
| CONTRIBUTION REVENUE | | | | |
| Employer contributions | | 149,202 | 53,533 | 202,735 |
| Member contributions | | 32,896 | 8,137 | 41,033 |
| Government co-contributions | | 104 | 40 | 144 |
| Low income contributions | | 292 | 70 | 362 |
| Transfers in | | 63,445 | 6,802 | 70,247 |
| Transfers from DB to DC Members benefits | | 166,474 | (166,474) | - |
| Total contributions before tax | | 412,413 | (97,892) | 314,521 |
| Income tax on contributions | 14(c) | (23,805) | (8,037) | (31,842) |
| Net after tax contributions | | 388,608 | (105,929) | 282,679 |
| BENEFITS PAID | | | | |
| Benefits paid | | (467,027) | (9,420) | (476,447) |
| Total benefits paid | | (467,027) | (9,420) | (476,447) |
| INSURANCE | | | | |
| Insurance premiums charged to Members' accounts | | (24,868) | (1,695) | (26,563) |
| Claims credited to Members' accounts | | 15,678 | 1,416 | 17,094 |
| Income tax benefit on insurance premiums | 14(c) | 3,723 | 254 | 3,977 |
| Net Insurance (cost)/benefit | | (5,467) | (25) | (5,492) |
| INCOME AND EXPENSES | | | | |
| Investment earnings/(losses) applied to Members | | 327,550 | - | 327,550 |
| Net change in DB Member accrued benefits* | | - | 188,272 | 188,272 |
| Administration fees paid by Members | | (9,037) | - | (9,037) |
| Reserve transfers to/(from) Members | | | | |
| - Disability reserve | | - | 1,536 | 1,536 |
| - Other insurance reserve | | - | - | - |
| - Forgone benefits reserve | | - | 110 | 110 |
| Net income/(expenses) | | 318,513 | 189,918 | 508,431 |
| Liability for accrued benefits end of period | | 5,634,955 | 2,452,313 | 8,087,268 |

* Includes investment earnings/(losses) applied to accumulation accounts of DB Members

QANTAS SUPERANNUATION PLAN

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | DC Member Benefits \$'000 | DB Member Benefits \$'000 | Total 2022 \$'000 |
|---|-------|------------------------------------|------------------------------------|-------------------------|
| <u>Year ended 30 June 2022</u> | | | | |
| Liability for accrued benefits beginning of period | | 5,556,665 | 2,517,074 | 8,073,739 |
| CONTRIBUTION REVENUE | | | | |
| Employer contributions | | 130,057 | 18,911 | 148,968 |
| Member contributions | | 44,933 | 8,911 | 53,844 |
| Government co-contributions | | 62 | 85 | 147 |
| Low income contributions | | 306 | 78 | 384 |
| Transfers in | | 40,134 | 6,977 | 47,111 |
| Transfers from DB to DC Members benefits | | 271,473 | (271,473) | - |
| Total contributions before tax | | 486,965 | (236,511) | 250,454 |
| Income tax on contributions | 14(c) | (20,624) | (2,918) | (23,542) |
| Net after tax contributions | | 466,341 | (239,429) | 226,912 |
| BENEFITS PAID | | | | |
| Benefits paid | | (702,555) | (7,429) | (709,984) |
| Total benefits paid | | (702,555) | (7,429) | (709,984) |
| INSURANCE | | | | |
| Insurance premiums charged to Members' accounts | | (22,322) | (1,302) | (23,624) |
| Claims credited to Members' accounts | | 17,790 | 1,325 | 19,115 |
| Income tax benefit on insurance premiums | 14(c) | 3,328 | 195 | 3,523 |
| Net Insurance (cost)/benefit | | (1,204) | 218 | (986) |
| INCOME AND EXPENSES | | | | |
| Investment earnings/(losses) applied to Members | | 90,751 | - | 90,751 |
| Net change in DB Member accrued benefits* | | - | 106,068 | 106,068 |
| Administration fees paid by Members | | (9,670) | - | (9,670) |
| Reserve transfers to/(from) Members | | | | |
| - Disability reserve | | - | 1,152 | 1,152 |
| - Other insurance reserve | | - | - | - |
| - Forgone benefits reserve | | - | 115 | 115 |
| Net income/(expenses) | | 81,081 | 107,335 | 188,416 |
| Liability for accrued benefits end of period | | 5,400,328 | 2,377,769 | 7,778,097 |

* Includes investment earnings/(losses) applied to accumulation accounts of DB Members

QANTAS SUPERANNUATION PLAN

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2023

| | Disability reserve \$'000 | Other Insurance reserve \$'000 | Foregone benefits reserve \$'000 | Operational risk reserve \$'000 | DB Surplus/ (deficit) \$'000 | Total reserves \$'000 |
|--------------------------------|---------------------------------|---|---|--|---------------------------------------|-----------------------------|
| Year Ended 30 June 2023 | | | | | | |
| Opening Balance | 6,254 | - | 209 | 22,938 | 295,991 | 325,392 |
| Amount allocated to DB Members | (1,536) | - | (110) | - | - | (1,646) |
| Net income/(loss) applied | 294 | - | 111 | 2,618 | (22,323) | (19,300) |
| Transfer to/(from) reserve | - | - | - | (24) | - | (24) |
| Closing Balance | 5,012 | - | 210 | 25,532 | 273,668 | 304,422 |
| Year Ended 30 June 2022 | | | | | | |
| Opening Balance | 7,309 | 5,662 | 220 | 24,642 | 420,599 | 458,432 |
| Amount allocated to DB Members | (1,152) | - | (115) | - | - | (1,267) |
| Net income/(loss) applied | 35 | (5,600) | 104 | (1,617) | (124,608) | (131,686) |
| Transfer to/(from) reserve | 62 | (62) | - | (87) | - | (87) |
| Closing Balance | 6,254 | - | 209 | 22,938 | 295,991 | 325,392 |

Refer to Note 7 for details on the reserves

QANTAS SUPERANNUATION PLAN

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 2023 \$'000 | 2022 \$'000 |
|--|--------------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Interest received | | 69,430 | 12,820 |
| Dividend and distributions received | | 491,970 | 349,322 |
| Other income | | 3,885 | 3,659 |
| Administration expenses | | (18,610) | (16,158) |
| Investment expenses | | (41,530) | (46,062) |
| Income tax refunded/(paid) | | 38,645 | (45,035) |
| GST received from ATO | | 1,769 | 1,949 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 18(b) | 545,559 | 260,495 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of financial instruments held at fair value through profit or loss | | 4,685,540 | 6,713,754 |
| Purchase of financial instruments held at fair value through profit or loss | | (4,660,972) | (6,211,437) |
| Purchase of fixed assets | | (300) | - |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | 24,268 | 502,317 |
| CASH FLOWS FROM MEMBER ACTIVITIES | | | |
| Employer contributions | | 197,589 | 143,043 |
| Member contributions | | 40,860 | 53,810 |
| Government co-contribution | | 144 | 147 |
| Low income super contributions | | 362 | 384 |
| Transfers in | | 70,247 | 47,111 |
| Benefits paid | | (480,004) | (708,902) |
| Insurance proceeds | | 17,094 | 19,115 |
| Insurance premiums paid | | (37,140) | (34,811) |
| Income tax on contributions | | (20,068) | (17,480) |
| NET CASH FLOWS USED IN MEMBER ACTIVITIES | | (210,916) | (497,583) |
| NET (DECREASE)/INCREASE IN CASH HELD | | 358,911 | 265,229 |
| CASH AT THE BEGINNING OF PERIOD | | 918,368 | 653,139 |
| CASH AT THE END OF PERIOD | 18(a) | 1,277,279 | 918,368 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. REPORTING ENTITY

Qantas Superannuation Plan (the Plan) (ABN: 41 272 198 829) is a contributory Plan established for the benefit of eligible Australian based employees of Qantas Airways Limited (Plan Sponsor) and its controlled entities under a Trust Deed dated 1 June 1939 as subsequently amended.

The financial statements of the Plan as at and for the year ended 30 June 2023 (reporting date) comprise the Plan and its controlled entities. The Plan has both defined and accumulation divisions for the provision of superannuation benefits and arrangements to its Members. The Plan is registered with the Australian Prudential Regulation Authority (registration no: RI005486)

Qantas Superannuation Limited (ABN: 47 003 806 960) (the Trustee) is a not for profit Trustee company for the Plan. The Plan and Trustee are incorporated and domiciled in Australia. The registered address for the Trustee is 10 Bourke Road, Mascot, NSW, 2020, Australia. The financial statements were approved by the Trustee Board on 21 September 2023.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are general purpose statements which have been drawn up in accordance with Australian Accounting Standards, including AASB 1056 *Superannuation Entities*, other applicable Accounting Standards and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations (SIS) and the provisions of the Trust Deed.

(b) Basis of measurement

The financial statements have been prepared using fair value as a basis of measurement.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the Plan.

(d) Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting assumptions and estimates. It also requires the Trustee and Management to exercise judgement in the process of applying the entity's accounting policies and reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no critical accounting estimates and judgements contained in these financial statements other than those used to determine the liability for accrued benefits (Note 4(b)), valuation of investments (Note 3(a)) and deferred tax asset recognition (Note 3(i)).

(e) Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year information and other disclosures.

(f) New and amended standards adopted during the year

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior or current periods that will affect future periods.

(g) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Plan. None of these are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(h) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Investments

Investments of the Plan are initially recognised using trade date accounting. From this date any gains and losses arising from net remeasurement changes in assets are recorded.

The Plan uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Fair values have been determined as follows:

Market quoted equities

The fair value of an investment for which there is a readily available market quotation is determined as the last quoted bid price at the close of business at reporting date.

Non-market quoted equities

Investments for which market quotations are not readily available are valued at the fair value determined by the Trustee as follows:

Unlisted securities are recorded with reference to recent arm's length transactions, current market value of another instrument substantially the same or discounted cash flows.

Where discounted cash flow techniques are used, estimated future cash flows are based on best estimates and the discount rate used is a market rate at reporting date applicable for an instrument with similar terms, conditions and risk.

Where other pricing models are used, inputs are based on market data at reporting date.

Managed funds

These are valued at the redemption price at reporting date quoted by the investment managers which are based on the fair value of the underlying investments. Unit values denominated in foreign currency are translated to Australian dollars at the current exchange rates.

Derivatives

Derivative financial instruments including forward exchange contracts and fixed rate futures are recorded at market rates at close of business at reporting date.

Short-term deposits, fixed floating interest securities

These are valued at their fair value at close of business on the last business day of the reporting period.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Foreign currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences are recognised in the Income Statement.

(d) Receivables

Interest receivable represents accrued interest revenue from government securities, other fixed interest securities, money market securities and derivatives. Distributions receivable, settlements and other receivables are carried at nominal amounts accrued or due at reporting date, which approximate fair value. Receivables are normally settled within 30 days.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial liabilities

The Plan recognises financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Other payables are payable on demand or over short time frames of less than 60 days.

The Plan recognises financial liabilities at fair value at reporting date with any net remeasurement changes in liabilities since the beginning of the reporting period being included in the Income Statement.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Net remeasurement changes in value of investments

Net remeasurement changes in value of investments are recognised as a revenue item in the Income Statement in the periods in which they occur. Net remeasurement changes in value are determined as the difference between the fair value at reporting date or consideration received (if sold during the year) and the fair value at the previous reporting date or the cost (if the investment was acquired during the year).

Interest revenue

Interest revenue is recognised in the Income Statement as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend revenue

Revenue from dividends is recognised on the date the shares are quoted ex-dividend and if not received at reporting date, is reflected in the Statement of Financial Position as a receivable at fair value.

Trust distribution revenue

Distributions from managed funds are recognised on the date the unit value is quoted ex-distribution and the Plan is entitled to the distribution. If not received at reporting date, the distribution receivable is reflected in the Statement of Financial Position as a receivable at fair value.

(g) Contributions revenue and transfers in

Contributions revenue and transfers in are recognised in the Statement of Changes in Member Benefits on an accruals basis, when control and the benefit from the revenue has been transferred to the Plan. Employer contributions are recognised gross of tax and are assessable income for tax purposes. Where contributions have not been allocated to Members accounts at period end they are included as a liability on the Statement of Financial Position. If not received at reporting date, the contributions receivable are recognised in the Statement of Financial Position as a receivable at fair value.

(h) Benefits

Benefits paid and payable are recognised in the Statement of Changes in Member Benefits. Benefits payable at reporting date are settled in accordance with the Plan's Trust Deed.

(i) Income tax

The Plan is a complying superannuation fund within the provisions of the Income Tax Assessment Act and accordingly the concessional tax rate of 15% has been applied.

Current tax

Current tax is the expected tax payable on the estimated taxable income for the current year based on the applicable tax rate adjusted for instalment payments made to the Australian Taxation Office (ATO) during the year and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the amounts used for taxation purposes. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

(k) Financial instruments

Recognition/derecognition

The Plan recognises financial assets and financial liabilities on the date it becomes a party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments has expired or the Plan has transferred substantially all of the risks and rewards of ownership.

Measurement

At initial recognition, the Plan measures financial assets and financial liabilities at fair value. Transaction costs for financial assets and liabilities carried at fair value through profit or loss are expensed in the Income Statement.

Subsequent to initial recognition all financial assets and liabilities are measured at fair value. Gains and losses are presented in the Income Statement in the period in which they arise as net changes in fair value of financial instruments.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realise the asset and settle the liability at the same time.

(l) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. This could be the case where voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The nature and extent of the Plan's interests in structured entities are titled "Other related parties – direct holdings and associates" and are summarised in Note 20(e). During the year the Plan did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support.

The Plan invests in structured entities for the purpose of capital appreciation and earning investment income. The investee funds' objectives range from achieving medium to long-term capital growth. The investee funds invest in a number of different financial instruments, including equities and debt instruments. The size of a related investee fund is indicated by the net asset value of the fund per the investee funds' balance sheet. For unrelated funds, size is indicated by the carrying value of the Plan's investment as recognised on the Plan's Statement of Financial Position at reporting date as there is no other exposure to the Plan other than the carrying value of its investment.

As at 30 June 2023 there were no capital commitment obligations other than disclosed in Note 21.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4. MEMBER LIABILITIES

The entitlements of Members to superannuation benefits are recognised as liabilities. They are measured as the amount of the accrued benefits at reporting date, being the benefits that the Plan is presently obliged to transfer to Members or their beneficiaries in the future as a result of the membership up to the end of the reporting period. The Plan has numerous divisions. Some of these provide DBs whilst the others provide DC (or accumulation) benefits. All of the DB divisions are closed to new Members. Gateway, which is a DC division, is the only division currently open to new Members. Most DB Members will have both a DB and an accumulation benefit and for the purpose of these statements are referred to as DB Members.

Vested benefits are benefits which are not conditional upon continued membership of the Plan (or any factor other than resignation from the Plan) and include benefits which Members were entitled to receive had they voluntarily terminated their Plan membership at reporting date.

(a) DC Member liabilities

DC Members have accounts that are credited or debited each year with contributions and a proportionate share of net investment income and expenses (including income tax expense) of the Plan. Therefore, DC Members bear the investment risk relating to the underlying assets of the Plan.

For the purpose of these statements, DC Members comprise:

- Members in Divisions 3A, 5, 6, 7 and 10;
- Gateway and Gateway Income Members; and
- Late retirement Members (DB Members who have reached their Superannuation Date) and non-member spouses.

DC Member liabilities are measured as the amount of Member account balances on reporting date.

At reporting date the DC Member liabilities, which also represent their vested benefits are as follows:

| | 2023 \$'000 | 2022 \$'000 |
|-----------------|----------------|----------------|
| Vested Benefits | 5,634,955 | 5,400,328 |

(b) DB Member liabilities

DB Members receive benefits that are determined on the basis of various formulae based on the Member's membership and salary in the final years before they retire or leave employment.

Nearly all of the Plan's DB Members also have accumulation accounts (i.e. DC accounts such as an additional voluntary contribution account). DB Members comprise Members in Divisions 1, 2, 3, 4 and 15.

The actuarial value of accrued benefits represents the total value in current dollars of the DB Members' accrued benefits in respect of their membership up to the end of the reporting period allowing for future salary increases, investment earnings and expected incidence and type of payment.

The Plan Actuary has calculated the amount of the DB Member liabilities to be equal to the present value of the benefits accrued in respect of service to the relevant calculation date. This involved:

- Calculating the amount of benefits expected to be paid in the future to existing DB Members in respect of membership already completed to the reporting date, allowing for the contingencies under which benefits can be paid (retirement, death, disablement, ill health and resignation) and for future salary increases; and
- Discounting these amounts to determine the present value of the liability for benefits accrued in the Plan up to the reporting date (in aggregate these are the accrued benefits).

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4. MEMBER LIABILITIES (CONTINUED)

The actuarial value of the accrued benefits at 30 June is as follows:

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Actuarial Value of Accrued Benefits | 2,452,313 | 2,377,769 |
| <i>Split as follows:</i> | | |
| DC benefits | 813,402 | 820,338 |
| DB benefits | 1,638,911 | 1,557,431 |
| Assets related to DB Members' DB benefits | 1,912,579 | 1,853,422 |
| Surplus related to DB Members' DB benefits | 273,668 | 295,991 |

The surplus in the Plan has arisen primarily through:

- The requirement to ensure that the net assets are at least equal to the Plan's vested benefits which at times has resulted in additional contributions being payable to the Plan; and
- The strong investment performance of the assets attributable to DB liabilities relative to the future rates of return assumed by the actuary.

The main assumptions used to determine the actuarial value of accrued benefits at the last review date were:

- The net investment rate of return of 5.8% p.a. (2022: 5.0%) was derived based on long term capital market assumptions as at 31 March 2023 taking into account the Plan's investment strategy for the assets backing its DB liabilities and the Plan's projected benefit cash flows; and
- The long-term inflationary salary increase rate was assumed to be 3.3% p.a. (2022: 3.0%).

The eventual costs of the benefits will depend on the Plan experience rather than on the assumptions.

The Plan Actuary considers that the material risks to the funding of the Plan include:

- Investment returns being lower than expected;
- Salary increases being higher than expected;
- The employer being unable or unwilling to make the recommended contributions; and
- Any large downsizing of the membership, when the Plan's assets are less than the vested benefits.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4. MEMBER LIABILITIES (CONTINUED)

The impact to the actuarial value of accrued benefits of the reasonably possible changes in these key assumptions is shown below:

- The future rate of investment return being 1% p.a. higher or lower than assumed (2022: 1%).
- Future salary increases being 1% p.a. higher or lower than assumed (2022: 1%).

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Reasonably possible change in key assumptions (with no change in other assumptions) | | |
| Increase in future rate of investment return | (128,976) | (128,679) |
| Decrease in future rate of investment return | 147,397 | 148,631 |
| Increase in future salary increases | 130,486 | 131,073 |
| Decrease in future salary increases | (116,306) | (115,704) |

Other assumptions made when calculating the DB liabilities for which changes are not considered reasonably possible, or for which reasonably possible changes are not expected to have a material effect, include pre and post retirement mortality rates, pension increase rates and retirement patterns.

For completeness, as at 30 June 2023 the Plan's DB vested benefits totalled \$2,596,129,507 (2022: \$2,528,131,619). DB assets exceeded DB vested benefits.

Funding Arrangements

(a) Funding policy

The funding policy adopted in respect of the Plan is directed at ensuring that benefits accruing to Members and beneficiaries are fully funded as the benefits fall due. As such, in advising the Trustee on employer contribution rates for DB divisions, the Plan Actuary considers the long-term trends in such factors as Plan membership, salary growth and the market value of Plan assets.

During the year the Trustee adopted a new DB Funding Strategy document which consolidated the Trustee's Journey Management Plan (JMP) and the Trustee's Additional Funding Plan (AFP). As per the DB Funding Strategy document, the DB investment portfolio is progressively de-risked as the DB's funding position improves over time. The DB Funding Strategy document also sets out the manner in which the Trustee and the Plan Sponsor will respond in the event of the Plan moving into an "Unsatisfactory Financial Position" which is defined as the Plan's DB vested benefits exceeding the net assets related to those liabilities. The Plan's financial position is monitored by the Trustee each quarter and the Plan Actuary determines the amounts of any additional contributions to be made each quarter in line with the requirements of the DB Funding Strategy.

(b) Employer contributions

The Plan Sponsor has made DB contributions for the year ending 30 June 2023 in accordance with the recommendations of the Plan Actuary. Total employer contributions for the year ending 30 June 2023 were \$202,734,986 (2022: \$148,968,048).

No additional amounts were paid under the DB Funding Strategy for the year ended 30 June 2023. As at 30 June 2023 the Plan had a surplus of net assets over vested benefits.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

5. MEMBER NUMBERS

| | 2023 Number | 2022 Number |
|--------------------------------------|----------------|----------------|
| Members at the beginning of the year | 26,527 | 27,609 |
| New Members admitted | 3,022 | 2,302 |
| Member exits | (3,289) | (3,384) |
| | <hr/> | <hr/> |
| Members at the end of the year | 26,260 | 26,527 |
| | <hr/> | <hr/> |
| The membership is split as follows: | | |
| Division 1 | 83 | 89 |
| Division 2 | 1,808 | 1,848 |
| Division 3 | 2,647 | 2,718 |
| Division 3A | 33 | 40 |
| Division 4 | 31 | 31 |
| Division 5 | 199 | 209 |
| Division 6 | 1,993 | 2,092 |
| Division 7 | 329 | 359 |
| Division 10 | 320 | 344 |
| Division 15 | 216 | 228 |
| Gateway | 16,964 | 17,076 |
| Gateway Income | 1,637 | 1,493 |
| | <hr/> | <hr/> |
| Members at the end of the year | 26,260 | 26,527 |
| | <hr/> | <hr/> |

6. INSURANCE

The Plan self-insured death and disability benefits for Members of the DC divisions up to 30 June 2013. These were funded through the allocation of assets to reserves maintained for this purpose. From 1 July 2013 insurance was transferred to policies with MLC Limited.

The Plan's self-insured death and disability benefits for Members of DB divisions were funded through the allocation of assets to reserves maintained for this purpose until 1 August 2014 when insurance was transferred to policies with MLC Limited. Transitional variable premium arrangements existed from 1 August 2014 through until 31 July 2016.

On 1 July 2020 insurance was transferred to policies with MetLife Insurance Limited.

Payment of premiums is reported in the Statement of Changes in Member Benefits.

Insurance proceeds are recognised when the insurer has agreed to pay the claim. Therefore, insurance premiums are not revenues or expenses of the superannuation entity and do not give rise to insurance contract liabilities or reinsurance assets. Insurance premiums charged to Member accounts are recognised in the Statement of Changes in Member Benefits.

The Plan has incurred insurance expenses that were not deducted from Members accounts and self-insurance payments as follows:

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Insurance premiums paid by Plan | (10,723) | (9,643) |
| Self-insurance amounts paid to Members | - | - |
| Tax benefit for insurance premiums paid by Plan | 1,608 | 1,446 |
| | <hr/> | <hr/> |
| | (9,115) | (8,197) |
| | <hr/> | <hr/> |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6. INSURANCE (CONTINUED)

The Plan has reserves in place to cover self-insured insurance liabilities that arose before 1 August 2014.

The Trustee has determined that the Plan is not exposed to material insurance risk because:

- Members or their beneficiaries (excluding self-insured Members) will only receive insurance benefits if the external insurer pays the claim; and
- Insurance premiums are effectively set directly by reference to premiums set by an external insurer.

7. RESERVES

In line with sound administration and financial practice and actuarial advice, the Plan maintains reserves to provide for operational risks and the remaining self-insured risks of the Plan. The insurance reserves are in respect of self-insured claims providing income benefits which have already arisen and those claims which may arise in the future.

The excess of the net assets over the amounts of these reserves represent amounts held directly to pay benefits. The following is a summary of the reserves at 30 June:

| | | 2023 \$'000 | 2022 \$'000 |
|---------------------------|-------|----------------|----------------|
| Disability reserve | (i) | 5,012 | 6,254 |
| Foregone benefits reserve | (ii) | 210 | 209 |
| Operational risk reserve | (iii) | 25,532 | 22,938 |
| | | <hr/> | <hr/> |
| | | 30,754 | 29,401 |
| | | <hr/> | <hr/> |

- (i) The disability reserve is to cover the expected self-insured benefits payable in respect of permanent and initial incapacitants that have arisen from Division 1 and Division 2 of the Plan.

| | 2023 \$'000 | 2022 \$'000 |
|----------------------------------|----------------|----------------|
| Disability reserve | | |
| - Current permanent incapacities | 4,688 | 5,865 |
| - Current initial incapacities | 324 | 389 |
| | <hr/> | <hr/> |
| Total disability reserve | 5,012 | 6,254 |
| | <hr/> | <hr/> |

- (ii) Benefits foregone by Division 1 Members on resignation and certain employer contributions in respect of Division 1 Members are credited to the foregone benefits reserve. The balance of the reserve as at 30 June 2023, after meeting applicable costs of disability benefits for Division 1 Members, is \$210,000 (2022: \$209,000). There was a contribution of \$97,000 to the reserve and a distribution of \$110,000 or 0.20% to active Division 1 Members for the year ended 30 June 2023 (2022: \$99,000 contribution and \$115,000 or 0.21% distribution).
- (iii) The operational risk reserve is designed to provide adequate financial resources to address losses arising from operational risks that may affect the Plan's normal operations. The current strategy, approved by the Trustee Board on 13 March 2013, specifies that the reserve target of 0.25% of the Plan's invested assets was to be built up over three years to 30 June 2016. The operational risk reserve is being maintained with a tolerance limit set at 80% of the reserve target amount. The operational risk reserve currently represents 0.30% (2022: 0.28%) of the Plan's invested assets and is invested in line with the Thrifty investment strategy during the period. The operational risk reserve may only be used to make a payment to address an operational risk event as defined by SPS 114. If the amount falls below the tolerance limit Members would be charged a fee and the additional funds would be transferred into the operational risk reserve to replenish it.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

8. FINANCIAL INVESTMENTS

| | Note | 2023 \$'000 | 2022 \$'000 |
|---------------------------------------|-------|----------------|----------------|
| Australian equities and managed funds | | 3,589,212 | 3,601,143 |
| Global equities and managed funds | | 3,022,534 | 2,781,633 |
| Money market securities | | 218,974 | 266,991 |
| Australian fixed income securities | 12(b) | 465,762 | 601,950 |
| Global fixed income securities | 12(b) | 31,759 | 70,710 |
| Derivatives | 11 | 96,994 | 140,465 |
| | | | |
| TOTAL FINANCIAL INVESTMENTS | | 7,425,235 | 7,462,892 |

9. FINANCIAL LIABILITIES

| | Note | 2023 \$'000 | 2022 \$'000 |
|-----------------------------|------|----------------|----------------|
| Derivatives | 11 | 110,344 | 160,041 |
| Repurchase agreements | | 123,794 | 84,100 |
| | | | |
| TOTAL FINANCIAL LIABILITIES | | 234,138 | 244,141 |

10. NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Note | 2023 \$'000 | 2022 \$'000 |
|--|------|----------------|----------------|
| Net gains/(losses) on financial assets and liabilities (Derivatives) | | (73,077) | (89,395) |
| Net gains/(losses) on financial assets and liabilities (Non-Derivatives) | | 52,684 | (157,972) |
| | | | |
| NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS | | (20,393) | (247,367) |
| | | | |
| Realised gains/(losses) on net assets at fair value | | (23,516) | (42,963) |
| Unrealised gains/(losses) on net assets at fair value | | 105,165 | (102,438) |
| Realised FFX | | (98,567) | (102,880) |
| Total currency gains/(loss) | | (1,072) | 546 |
| Total settlement gain/(loss) on purchases | | 870 | 323 |
| Total settlement gain/(loss) on sales | | (3,250) | 85 |
| Total income exchange gain/(loss) on dividends | | (27) | (31) |
| Total income exchange gain/(loss) on interest | | 1 | - |
| Total income exchange gain/(loss) on trusts | | 3 | (9) |
| | | | |
| NET GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS | | (20,393) | (247,367) |

11. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, a number of the Plan's investment managers enter into transactions in various derivative financial instruments with certain risks. A derivative is a financial instrument or other contract which is settled at a future date where value changes in response to the change in specified interest rate, equity price, commodity price, foreign exchange rate, index or prices or rates, credit rating or credit index or other variable.

Derivative transactions include a wide assortment of instruments, such as forwards, futures and options. Derivatives are considered to be part of the investment process and are an essential part of the Plan's portfolio and risk management. The use of derivatives includes:

- To manage risk or hedge against movements in interest rates, values or prices in relation to permitted investments and movements in foreign currency exposures;
- To achieve or reduce exposure to assets, all or part of any asset class and foreign currency; and
- To achieve transactional efficiency or reduce the transactional cost of achieving required exposures.

The types of derivatives include:

(i) Exchange traded futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Required margins are settled with the clearing house on a daily basis.

(ii) Exchange traded options

Options are contractual arrangements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the obligation to deliver securities or financial instruments under the contract. Options held by the Plan are typically exchange-traded and any required margins are settled with the clearing house on a daily basis.

(iii) Forward currency contracts

Forward currency contracts are primarily used by the Plan to hedge foreign currency exchange rate risks on its non-Australian dollar denominated investments. The Plan agrees to receive or deliver a fixed quantity of foreign currency for an agreed price on an agreed future date. Forward currency contracts are valued at the prevailing bid price at reporting date. The Plan recognises a gain or loss equal to the change in fair value at reporting date.

(iv) Over-the-counter securities

Over-the-counter securities including options and swaps are contracts that are traded directly between two parties, without going through an exchange or other intermediary. The contracts may be collateralised if arrangements are in place. Parties will be exposed to counter-party credit risk, however, this can be minimised if collateral arrangements are in place, or where the contract is centrally cleared.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

11. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June, the fair value of derivatives held by the Plan were as follows:

| | Fair Value Assets \$'000 | Fair Value Liabilities \$'000 |
|--------------------------------------|-----------------------------------|--|
| 30 June 2023 | | |
| Australian fixed interest futures | 187 | 5,262 |
| Global fixed interest futures | 1,364 | 6,507 |
| Australian share price index futures | 1,472 | 2 |
| Global share price index futures | 651 | 1,264 |
| Money market futures | 3,606 | 4,531 |
| Australian exchange traded options | 227 | 7 |
| Global exchange traded options | 210 | 6 |
| Australian fixed interest options | - | - |
| Global fixed interest options | 3,324 | - |
| Global currency options | - | - |
| Swaps | 77,822 | 73,467 |
| Forward currency contracts | 8,131 | 19,298 |
| | <hr/> 96,994 | <hr/> 110,344 |
| | | |
| | Fair Value Assets \$'000 | Fair Value Liabilities \$'000 |
| 30 June 2022 | | |
| Australian fixed interest futures | 420 | 1,389 |
| Global fixed interest futures | 5,589 | 1,790 |
| Australian share price index futures | 4 | 1,118 |
| Global share price index futures | 785 | 782 |
| Money market futures | 5,328 | 3,837 |
| Australian exchange traded options | 535 | 87 |
| Global exchange traded options | 659 | 128 |
| Australian fixed interest options | 3,792 | 72 |
| Global fixed interest options | 11,290 | 4,400 |
| Global currency options | 3 | 748 |
| Swaps | 87,610 | 67,343 |
| Forward currency contracts | 24,450 | 78,347 |
| | <hr/> 140,465 | <hr/> 160,041 |

When there is a legally enforceable right to offset the recognised amounts and there is an intention to settle or realise the asset and settle the liability simultaneously financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position. The Trustee has not entered into any offsetting arrangements, or master netting arrangement. Some derivative instruments settle on a net basis through the Statement of Financial Position rather than through an offsetting arrangement. Under the terms of the derivative contracts where certain credit events occur (such as default), the net position owing/receivable to a single counterparty will be taken as owing and all the relevant arrangements terminated. Where the Plan does not presently have a legally enforceable right to off-set, amounts will be presented on a gross basis in the Statement of Financial Position.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT

(a) Objectives, strategies, policies and processes

The Plan's assets and liabilities principally consist of financial instruments, including shares in listed companies, debt securities, units in collective investment vehicles, units in sole investor investment vehicles, derivative instruments and other unlisted investments. The Trustee has determined that these types of investments are appropriate for the Plan and are in accordance with the Plan's published investment strategy.

The Plan's investing activities expose it to the following risks from its use of financial instruments:

- Market risk (including price, currency and interest rate risks);
- Credit or counterparty risk; and
- Liquidity risk.

This note presents information about the Plan's exposure to each of the above risks together with its objectives and processes for measuring and managing these risks. The Trustee Board has overall responsibility for the establishment and oversight of the Plan's Risk Management Framework and risk management controls. A three lines-of-defence risk management and assurance model has been implemented to assist in facilitating an effective risk governance model for risk management. The Trustee also recognises the importance of a central risk management function which is headed up by the Chief Risk Officer (CRO). The Plan's risk management policies are established to identify and analyse the risks faced by the Plan, including those risks managed by the Chief Investment Officer (CIO), to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies and systems are reviewed regularly with support from advisers to reflect changes in market conditions and the Plan's activities.

The Plan acknowledges that an integral part of its good governance practice is a sound and prudent Risk Management Framework. The Plan has adopted a Risk Management Framework in accordance with APRA Prudential Standard SPS 220 *Risk Management* that includes a Risk Management Strategy that describes that the key elements of the Risk Management Framework and a Risk Appetite Statement that covers the Trustee's business operations and each category of material risk.

The Trustee Board has established an Investment Committee, including selected Trustee Board Members with appropriate investment experience. The Investment Committee is responsible for developing and monitoring the Plan's Risk Management Framework related to investment activities. This includes oversight and evaluation of investment performance and providing reports to the Trustee Board. The Trustee Board has delegated responsibility to the CIO for the appointment of investment managers within agreed limits, with all decisions reported to the Investment Committee.

The Investment Committee receives performance and risk management reports from the CIO and Head of Investment Operations (HoIO), and, in turn, reports to the Trustee Board on its activities. Performance and key manager characteristics, divergence from strategic asset allocations and the composition of the portfolio are monitored by the CIO and HoIO on a regular basis. Reports from the CIO and HoIO include the following:

- Investment performance against benchmarks;
- Risk reporting; and
- Compliance reporting.

Furthermore, the Plan undertakes extensive due diligence to ensure investment managers have appropriate skills and expertise to manage the Plan's investments. Operational due diligence updates are provided by the HoIO to the Investment Committee.

In relation to Environmental, Social and Governance (ESG) Risks, including climate change, the Trustee Board has a Sustainable Growth Investment Belief which acknowledges that ESG factors influence investment risks, returns and the Plan's reputation. A sustainable approach to investing is expected to contribute to the Plan meeting its Investment Mission of delivering sustainable investment outcomes that best meet the retirement needs of Members. The Plan strives to understand its exposure to potentially material ESG risks, controversies, and opportunities (in particular climate change, which could impede or contribute to its ability to achieve sustainable growth). In this regard the Trustee Board has the following sustainability objective, 'To be a responsible asset owner that aims to reduce carbon emissions from our investment assets such that we achieve Net Zero Carbon Emissions by 2050'.

The Plan's Audit & Risk Committee oversees how Management monitors compliance with the Risk Management Framework and its risk management policies and procedures. The Audit & Risk Committee also reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Plan. The Audit & Risk Committee is assisted in its oversight role by Internal Audit.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, foreign currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return on risk.

To mitigate market risk, the Plan diversifies investment exposures. Diversification is achieved through investment in different asset classes, and the selection of investment managers with a range of different investment processes and different investment mandates. In addition, the Plan undertakes extensive due diligence prior to the appointment of investment managers to ensure they have the appropriate expertise and skill. Market risk is managed and monitored using sensitivity and scenario analysis in addition to diversification and by ensuring that all investment activities are undertaken in accordance with established mandates and investment strategies.

The sensitivity of the Plan's net assets available to pay benefits to price risk, currency risk and interest rate risk is measured by the "reasonably possible movements approach". This approach is determined based on Management's best estimate of volatility, having regard to a number of factors, including the standard deviation of returns and historical levels of changes in interest rates and foreign exchange rates. Overall, it is believed that volatility factors based on market or portfolio movements are the most appropriate measure of risk for the purposes of carrying out sensitivity analysis. The actual measure of volatility considers the historical average movement of assets. Applying an absolute basis is appropriate as it establishes the size of potential movements, which forms part of the long-term risk and return assumptions used for modelling.

i) Price risk

The Plan is exposed to price risk in practically all securities, as prices in the future are uncertain. The securities are classified in the Statement of Financial Position at fair value which the Trustee believes approximates net fair value. The maximum risk is determined by the fair value of the financial instruments. Price risk sensitivity analysis is prepared on the basis of the Plan's investments across all assets classes subject to price risk. The disclosure of price risk is considered by the Trustee as a reasonable guide to the sensitivity of the value of the investments within the Plan.

Sensitivity analysis

Analysis incorporates sensitivity factors reasonably considered by the Trustee across price risk variables associated with securities to which the Plan is exposed. An increase of the weighted-average sensitivity factor of 12.9% in 2023 (2022: 13.0%) at reporting date would increase the Plan's net assets available for members by \$929 million (2022: \$959 million). A decrease in the weighted-average sensitivity factor would have the equal but opposite effect assuming that all other variables remain constant.

The sensitivities have been calculated using volatility factors based on actual market or historical portfolio movements. The Trustee believes that volatility factors are appropriate for this market price sensitivity disclosure, on the basis that the Plan's dedicated and alternative investment strategies utilise market price sensitivities that have been based on actual historical experience. The weighted-average sensitivity is calculated on the total investment portfolio, excluding cash securities.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Plan holds monetary assets denominated in currencies other than the Australian dollar, the functional currency. The Plan is exposed to foreign exchange risk, as the value of the securities denominated in non-Australian dollar currencies will fluctuate due to several factors outside the control of the Plan. The risk is measured using sensitivity analysis.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk disclosures have been prepared on the basis of the Plan's direct investments and not on a look-through basis for investments held indirectly through managed funds. Managed funds are classified according to the currency of the managed fund. Consequently, the disclosure of currency risk in the note may not represent the true currency risk profile of the Plan where the Plan has investments in managed funds that also have exposure to currency. Risk management controls include engagement of currency hedging managers, hedging procedures and monthly liquidity stress testing.

The table below summarises the Plan's exposure to foreign exchange risk:

| 30 June 2023 | USD A\$'000 | EUR A\$'000 | GBP A\$'000 | JPY A\$'000 | Other A\$'000 | Total Foreign Currency Exposure A\$'000 | AUD A\$'000 | Total A\$'000 |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|---|----------------|------------------|
| <u>Assets</u> | | | | | | | | |
| Cash and cash equivalents | 7,605 | 2,967 | 1,306 | 2,185 | 9,733 | 23,796 | 1,253,483 | 1,277,279 |
| Receivables | 18,338 | 8,587 | 4,556 | 4,220 | 9,635 | 45,336 | 162,546 | 207,882 |
| Fixed assets | - | - | - | - | - | - | 240 | 240 |
| Financial Investments | 2,251,550 | 161,688 | 75,526 | 139,267 | 468,225 | 3,096,256 | 4,328,979 | 7,425,235 |
| Total Assets | 2,277,493 | 173,242 | 81,388 | 145,672 | 487,593 | 3,165,388 | 5,745,248 | 8,910,636 |
| <u>Liabilities</u> | | | | | | | | |
| Payables | 24,979 | 3,284 | 3,853 | 810 | 11,510 | 44,436 | 89,758 | 134,194 |
| Financial liabilities | 33,147 | 7,820 | 10,414 | 707 | 1,930 | 54,018 | 180,120 | 234,138 |
| Other liabilities | - | - | - | - | - | - | 150,614 | 150,614 |
| Total Liabilities | 58,126 | 11,104 | 14,267 | 1,517 | 13,440 | 98,454 | 420,492 | 518,946 |
| Net assets available to pay benefits | 2,219,367 | 162,138 | 67,121 | 144,155 | 474,153 | 3,066,934 | 5,324,756 | 8,391,690 |
| <u>30 June 2022</u> | | | | | | | | |
| | USD A\$'000 | EUR A\$'000 | GBP A\$'000 | JPY A\$'000 | Other A\$'000 | Total Foreign Currency Exposure A\$'000 | AUD A\$'000 | Total A\$'000 |
| <u>Assets</u> | | | | | | | | |
| Cash and cash equivalents | 134,638 | 114,669 | 3,244 | 17,166 | 9,320 | 279,037 | 639,331 | 918,368 |
| Receivables | 24,763 | 17,804 | 2,025 | 723 | 5,603 | 50,918 | 154,798 | 205,716 |
| Financial Investments | 2,127,738 | 167,593 | 63,426 | 116,979 | 503,393 | 2,979,129 | 4,483,763 | 7,462,892 |
| Total Assets | 2,287,139 | 300,066 | 68,695 | 134,868 | 518,316 | 3,309,084 | 5,277,892 | 8,586,976 |
| <u>Liabilities</u> | | | | | | | | |
| Payables | 47,400 | 735 | 1,970 | 638 | 5,368 | 56,111 | 77,494 | 133,605 |
| Financial liabilities | 86,089 | 11,814 | 4,418 | 732 | 7,137 | 110,190 | 133,951 | 244,141 |
| Other liabilities | - | - | - | - | - | - | 105,741 | 105,741 |
| Total Liabilities | 133,489 | 12,549 | 6,388 | 1,370 | 12,505 | 166,301 | 317,186 | 483,487 |
| Net assets available to pay benefits | 2,153,650 | 287,517 | 62,307 | 133,498 | 505,811 | 3,142,783 | 4,960,706 | 8,103,489 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity Analysis

A strengthening of the Australian dollar against the following currencies by the specified percentages as at 30 June 2023 would have decreased the net assets available to pay benefits and the net investment revenue by the amounts shown in the table below. A weakening of the Australian dollar against the following currencies by the specified percentages as at 30 June 2023 would have the equal but opposite effect.

The analysis assumes that all other variables, in particular interest rates, remain constant. The impact mainly arises from the reasonably possible change in foreign currency rates, which has been determined based on a number of factors, including the standard deviation of the exchange rate between the Australian dollar and a range of foreign currencies.

| | USD A\$'000 | EUR A\$'000 | GBP A\$'000 | JPY A\$'000 |
|--|----------------|----------------|----------------|----------------|
| 30 June 2023 | | | | |
| Currency risk * | 9.0% | 8.0% | 8.0% | 8.0% |
| Impact on net assets available to pay benefits | 199,743 | 12,971 | 5,370 | 11,532 |
| 30 June 2022 | | | | |
| Currency risk * | 8.0% | 8.0% | 9.0% | 9.0% |
| Impact on net assets available to pay benefits | 172,292 | 23,001 | 5,608 | 12,015 |

* 10-year average of annual movements between each currency paired with the AUD.

iii) Interest rate risk

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 Plan's interest-bearing financial assets especially expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates in its financial position and cash flows.

The Plan controls its interest rate exposure by using investment managers for these types of investments who diversify exposures and impose duration limits within fixed interest mandates.

The table below summarises the Plan's exposure to interest rate risks. It includes the Plan's assets and liabilities at net market value. Interest rate risk disclosures have been prepared on the basis of the Plan's direct investments and not on a look-through basis for investments held indirectly through managed funds. Managed funds are classified under 'non-interest bearing' in relation to the fixed interest maturing analysis. Consequently, the disclosure of interest rate risk in the note may not represent the true interest rate risk profile of the Plan where the Plan has investments in managed funds, some of which also have exposure to interest rates.

| | Floating Interest Rate \$'000 | Fixed Interest Rate \$'000 | Non- interest Bearing \$'000 | Total \$'000 |
|---------------------------|--|-------------------------------------|---------------------------------------|------------------|
| 30 June 2023 | | | | |
| Assets | | | | |
| Cash and cash equivalents | 1,277,279 | - | - | 1,277,279 |
| Receivables | 121,016 | - | 86,866 | 207,882 |
| Fixed assets | - | - | 240 | 240 |
| Financial Investments | 275,411 | 465,422 | 6,684,402 | 7,425,235 |
| Total assets | 1,673,706 | 465,422 | 6,771,508 | 8,910,636 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

| | Floating Interest Rate \$'000 | Fixed Interest Rate \$'000 | Non- interest Bearing \$'000 | Total \$'000 |
|---|--|-------------------------------------|---------------------------------------|------------------|
| 30 June 2023 (continued) | | | | |
| Liabilities | | | | |
| Payables | 56,160 | - | 78,034 | 134,194 |
| Financial liabilities | 29,934 | 12,018 | 192,186 | 234,138 |
| Other liabilities | - | - | 150,614 | 150,614 |
| Total liabilities | 86,094 | 12,018 | 420,834 | 518,946 |
| Net assets/(liabilities) available to pay benefits | 1,587,612 | 453,404 | 6,350,674 | 8,391,690 |
| | | | | |
| | Floating Interest Rate \$'000 | Fixed Interest Rate \$'000 | Non- interest Bearing \$'000 | Total \$'000 |
| 30 June 2022 | | | | |
| Assets | | | | |
| Cash and cash equivalents | 918,368 | - | - | 918,368 |
| Receivables | 128,208 | - | 77,508 | 205,716 |
| Financial Investments | 341,203 | 649,753 | 6,471,936 | 7,462,892 |
| Total assets | 1,387,779 | 649,753 | 6,549,444 | 8,586,976 |
| | | | | |
| Liabilities | | | | |
| Payables | 74,707 | - | 58,898 | 133,605 |
| Financial liabilities | 32,246 | 7,651 | 204,244 | 244,141 |
| Other liabilities | - | - | 105,741 | 105,741 |
| Total liabilities | 106,953 | 7,651 | 368,883 | 483,487 |
| Net assets/(liabilities) available to pay benefits | 1,280,826 | 642,102 | 6,180,561 | 8,103,489 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis

An increase of 209 basis points (2022: 71 basis points) in interest rates would have decreased the net assets available to pay benefits and the net investment revenue by \$42.1 million (2022: a decrease of \$31.4 million). A move by the same amount in the opposite direction would have increased the net assets available to pay benefits and the net investments revenue by \$42.1 million (2022: an increase of \$31.4 million).

The 209 basis points impact mainly arises from the reasonable possible change in interest rates on the net market value of fixed interest securities. The reasonably possible movements in the risk variables have been determined based on Management's best estimate having regard to the average annual absolute movement in the yields of 10 year Australian and US Government bonds and other large developed market government bonds over a 10 year period.

(b) Credit risk

Exposure to credit risk is inherent when holding credit securities, with a counterparty default, combined with nil recovery being the maximum risk for credit securities. The Plan's exposure to credit securities is predominantly within Australian and Global Fixed Income Securities. Credit risk is minimised through diversification of counterparties, investment managers and fixed income securities.

Credit quality by credit grade

The credit quality of securities within Australian and Global Fixed Income Securities have been rated using primarily Standard & Poor's (S&P) rating categories and other agencies where no S&P rating is given. The table below shows the credit quality by credit rating grades. Credit quality disclosures have been prepared on the basis of the Plan's direct investments within Australian and Global Fixed Income Securities and not on a look-through basis for investments held indirectly through managed funds. Consequently, the disclosure of credit quality in the note may not represent the true credit grade profile of all credit securities within the Plan.

| | 2023 \$'000 | 2022 \$'000 |
|--------------------------------|----------------|----------------|
| Fixed income securities | | |
| <u>Credit Grade</u> | | |
| AAA | 297,432 | 451,237 |
| AA | 119,246 | 117,704 |
| A | 32,655 | 32,525 |
| BBB | 42,875 | 57,715 |
| BB | - | 11,470 |
| B | - | 821 |
| Not rated | 5,312 | 1,188 |
| | <hr/> 497,520 | <hr/> 672,660 |

(c) Liquidity risk

Liquidity risk is the risk that the Plan may not be able to generate sufficient cash resources to settle its obligations to Members or counterparties in full as they fall due or can only do so on terms that are disadvantageous.

The liquidity position of the Plan is conditional on a number of external factors including the liquidity of the investment markets in which the Plan invests and the relevant legislative requirements governing Members' access to their superannuation benefits. The Plan is obligated to pay Member benefits in accordance with the relevant legislative requirements. This includes the payment of rollovers to other superannuation funds upon request and the payment of benefits to Members within 30 days from meeting a condition of release.

In accordance with the Plan's Risk Management Framework, the Investment Committee regularly reviews the Plan's liquidity position. Monitoring of the Plan's liquidity incorporates a range of stress tests that take into account potential adverse impacts on cash flows resulting from investment switching by Members, rollover and benefit requests, settling foreign currency transactions and funding capital call commitments. Stress tests assess the impact on the liquidity of the investment portfolio.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The Plan limits its allocation to illiquid assets and ensures that the allocation is consistent with the intended term of investment. The Plan's membership profile coupled with the bulk of its assets being invested in highly liquid asset classes allows the Plan to tolerate the lower liquidity of some unlisted investments in an expectation of higher long-term gains.

The Plan's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Plan's reputation.

Maturity analysis for financial liabilities

The table below analyses the contractual maturities of the Plan's financial liabilities, excluding gross settled derivative liabilities, based on the remaining period to the contractual maturity date at the year end.

| | Less than 1 month \$'000 | 1 to 3 months \$'000 | 3 to 12 months \$'000 | 12 to 60 months \$'000 | 60+ months \$'000 |
|--|--------------------------------|----------------------------|-----------------------------|------------------------------|-------------------------|
| 30 June 2023 | | | | | |
| Financial liabilities | | | | | |
| Benefits payable | 606 | - | - | - | - |
| Accounts payable | 27,068 | - | - | - | - |
| Income tax payable | 3,816 | - | 27,189 | - | - |
| Outstanding settlements securities purchased | 50,359 | - | - | - | - |
| Deposits held broker margin accounts | 56,161 | - | - | - | - |
| Repurchase agreements | 123,795 | - | - | - | - |
| Accrued benefits | 8,087,268 | - | - | - | - |
| | | | | | |
| Total including Member benefits | 8,349,073 | - | 27,189 | - | - |
| | | | | | |
| | Less than 1 month \$'000 | 1 to 3 months \$'000 | 3 to 12 months \$'000 | 12 to 60 months \$'000 | 60+ months \$'000 |
| 30 June 2022 | | | | | |
| Financial liabilities | | | | | |
| Benefits payable | 3,843 | - | - | - | - |
| Accounts payable | 36,670 | - | - | - | - |
| Outstanding settlements securities purchased | 18,385 | - | - | - | - |
| Deposits held broker margin accounts | 74,707 | - | - | - | - |
| Repurchase agreements | 84,100 | - | - | - | - |
| Accrued benefits | 7,778,097 | - | - | - | - |
| | | | | | |
| Total including Member benefits | 7,995,802 | - | - | - | - |

Liabilities to DB Members are payable upon the Member meeting a vesting condition (such as resignation or retirement) in accordance with the terms of the Plan's Trust Deed. The Plan considers it is highly unlikely that all liabilities to Members would fall due at the same time.

The following table analyses the Plan's derivative financial instruments allocated into relevant maturity groupings based on the remaining period to the contractual maturity date. A figure is only disclosed if the net settled amount across all types of derivatives for a respective period is a liability. The majority of the totals disclosed in the table relate to swaps.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

12. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity analysis for financial liabilities (continued)

| | Less than 1 month \$'000 | 1 to 3 months \$'000 | 3 to 12 months \$'000 | 12 to 60 months \$'000 | 60+ months \$'000 |
|-------------------------|--------------------------------|----------------------------|-----------------------------|------------------------------|-------------------------|
| 30 June 2023 | | | | | |
| Derivatives | | | | | |
| Net settled derivatives | (3,507) | (16,017) | 6,005 | (552) | 721 |
| | | | | | |
| | Less than 1 month \$'000 | 1 to 3 months \$'000 | 3 to 12 months \$'000 | 12 to 60 months \$'000 | 60+ months \$'000 |
| 30 June 2022 | | | | | |
| Derivatives | | | | | |
| Net settled derivatives | (56,377) | 3,675 | 26,937 | 2,493 | (767) |

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value reflects the amount 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. Quoted prices are used to determine fair value where an active market exists. If the market for a financial asset or liability is not active, fair values are estimated using discounted cash flow or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The Plan's financial assets and liabilities are carried at fair value. Refer to Note 3(a) for the methods and assumptions adopted in determining the fair values of investments.

Fair value hierarchy

Financial assets and liabilities measured at fair value are categorised in accordance with the levels of the fair value hierarchy as outlined below:

- Level 1: Inputs to the valuation methodology are quoted prices (adjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), for substantially the full term of the financial instrument.
- Level 3: Inputs to the valuation methodology are valuation techniques using inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The following table discloses the financial investments of the Plan according to the fair value hierarchy. The Plan's policy is to recognise transfers into and transfers out of the fair value hierarchy as at the end of the reporting period. The fair value hierarchy is assessed on an annual basis to determine the most appropriate value of the investment within a provided range. During the year there was a reclassification from level 1 to level 3 of \$3,311,303 (2022: \$130,543) and a reclassification from level 3 to level 2 of \$4,370,058 (2022: \$nil) in Australian and global managed funds. There were no other reclassifications during the period.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy (continued)

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---|-------------------|-------------------|-------------------|------------------|
| 30 June 2023 | | | | |
| Financial Investments | | | | |
| Derivative assets | 7,280 | 89,714 | - | 96,994 |
| Australian and global equities | 3,369,170 | - | 1,496 | 3,370,666 |
| Australian and global managed funds | 145,421 | 325,514 | 2,770,146 | 3,241,081 |
| Australian and global fixed income securities | - | 490,991 | 6,529 | 497,520 |
| Money market securities | - | 218,974 | - | 218,974 |
| Total financial investments | 3,521,871 | 1,125,193 | 2,778,171 | 7,425,235 |
| Investment liabilities | | | | |
| Derivatives liabilities | 17,566 | 92,778 | - | 110,344 |
| Repurchase agreements | - | 123,794 | - | 123,794 |
| Total investment liabilities | 17,566 | 216,572 | - | 234,138 |
| Net investment | 3,504,305 | 908,621 | 2,778,171 | 7,191,097 |
| Fair value hierarchy | | | | |
| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| 30 June 2022 | | | | |
| Financial Investments | | | | |
| Derivative assets | 12,126 | 128,339 | - | 140,465 |
| Australian and global equities | 2,904,759 | 286 | - | 2,905,045 |
| Australian and global managed funds | 125,199 | 216,968 | 3,137,064 | 3,479,231 |
| Australian and global fixed income securities | - | 671,160 | - | 671,160 |
| Money market securities | - | 266,991 | - | 266,991 |
| Total financial investments | 3,042,084 | 1,283,744 | 3,137,064 | 7,462,892 |
| Investment liabilities | | | | |
| Derivatives liabilities | 8,916 | 151,125 | - | 160,041 |
| Repurchase agreements | - | 84,100 | - | 84,100 |
| Total investment liabilities | 8,916 | 235,225 | - | 244,141 |
| Net investment | 3,033,168 | 1,048,519 | 3,137,064 | 7,218,751 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

The tables below set out the movement in level 3 instruments by class of financial instrument:

| | Australian and global managed funds \$'000 | Total \$'000 |
|---|--|------------------|
| 30 June 2023 | | |
| Opening balance | 3,137,064 | 3,137,064 |
| Purchases | 476,813 | 476,813 |
| Sales | (443,275) | (443,275) |
| Transfers from level 1 to level 3 | 3,311 | 3,311 |
| Transfers from level 3 to level 2 | (4,370) | (4,370) |
| Total unrealised and realised gains/(losses) on level 3 financial instruments | (391,372) | (391,372) |
| Closing balance | 2,778,171 | 2,778,171 |
| | | |
| | Australian and global managed funds \$'000 | Total \$'000 |
| 30 June 2022 | | |
| Opening balance | 2,903,585 | 2,903,585 |
| Purchases | 274,589 | 274,589 |
| Sales | (257,410) | (257,410) |
| Transfers from level 1 to level 3 | 131 | 131 |
| Total unrealised and realised gains/(losses) on level 3 financial instruments | 216,169 | 216,169 |
| Closing balance | 3,137,064 | 3,137,064 |

Valuation inputs and relationships to fair value

The Plan's level 3 investments predominantly comprise investments in unlisted managed funds which hold illiquid investments such as infrastructure and private equity. These investments are managed by external investment managers and are not actively traded in public markets.

The Plan values these investments using the valuation provided by the external investment manager. As the underlying interests in these investments are not actively traded in a public market, the valuation provided by the external investment manager is considered unobservable and the interests are therefore classified as a level 3 investments.

The Plan reviews the valuation methodology adopted by the relevant investment manager and makes further enquiries, as appropriate, relating to valuation methodology and key inputs used to determine valuations at each reporting date. The Plan values units in unit trusts and other unlisted investments classified as level 3 instruments using the implied unit price provided by the underlying fund manager unless there is a specific verifiable reason to vary from the unit price provided.

The valuation of the Plan's level 3 investments is based on data available at the time of the relevant valuation which may change as circumstances and events continue to unfold. The Plan's level 3 investment valuations will be updated as and when new information becomes available and will be reflected in future accounting periods.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarises the information about the key unobservable inputs used for the Plan in level 3 fair value measurements. The range of inputs shown below are provided by the underlying investment managers or based on reasonable sensitivities determined in consultation with the Plan's external consultants and are derived with reference to the nature of the underlying level 3 asset exposure. The Trustee has considered the nature of the holding entity, materiality and the complexity of each level 3 asset in presenting the information disclosed below.

30 June 2023

| Description | Fair Value at 30 June \$'000 | Unobservable inputs | Range of inputs | Sensitivity of unobservable inputs to fair value |
|---|------------------------------|---|--|--|
| Australian and global managed funds | | | | |
| A portfolio of Australian senior loans | 508,514 | Unit Price | -0.75% to +0.75%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -0.75% to +0.75% or -\$4m to +\$4m. |
| A portfolio of private equity investments | 481,701 | Unit Price | -11% to +11%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -11% to +11% or -\$53m to +\$53m. |
| A portfolio of US gas & oil royalties & working interests | 460,198 | Discount Rate Risk Ratings (Reserves) Gas Price (HH) Oil Price (WTI) | +8% to +15% 90-100% for Proved Reserves 50% for Probable Reserves 20% for Possible Reserves USD3.06 to USD4.78/mcf USD63.04 to USD76.85/bbl | Fair value sensitivity is subject to unobservable inputs such as current gas and oil prices, forward curves, well performance, as well as discount rate and various reserve risk factors with overall sensitivity reasonably expected to be between -28.0% to +16.5% or -\$129m to +\$76m. |
| A portfolio of distressed & special situations | 240,030 | Unit Price | -3% to +20%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -3% to +20% or -\$7m to +\$48m. |
| A portfolio of US real estate loans | 236,230 | Unit Price | -9% to +9%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -9% to +9% or -\$21m to +\$21m. |
| A portfolio of Australian infrastructure | 234,563 | Discount Rate | +9.00% to +13.45% | Fair value sensitivity is subject to unobservable inputs such as discount rate, inflation and interest rates (base and margin) with the overall sensitivity reasonably expected to be between -17% to +17% or -\$40m to +\$40m. |
| A portfolio of Australian private equity investments | 168,625 | Unit Price | -30% to +30%* | Fair value sensitivity is subject to unobservable inputs such as discount rate with the overall sensitivity reasonably expected to be between -30% to +30% or -\$51m to +\$51m. |
| A portfolio of impact private equity and credit investments | 153,756 | Unit Price | -28% to +28%* | Fair value sensitivity is subject to unobservable inputs such as discount rate with the overall sensitivity reasonably expected to be between -28% to +28% or -\$43m to +\$43m. |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2023 (CONTINUED)

| Description | Fair Value at 30 June \$'000 | Unobservable inputs | Range of inputs | Sensitivity of unobservable inputs to fair value |
|--|------------------------------|--|--|--|
| A portfolio of Australian and Global equity (listed and private) | 92,040 | Unit Price | -26% to +42%* | Fair value sensitivity considers the sensitivity of listed equity exposure, as well as the sensitivity of private companies which is subject to various unobservable inputs. Overall sensitivity is reasonably expected to be between -26% to +42% or -\$24m to +\$39m. |
| A portfolio of Australian agricultural investments | 74,836 | Net Tangible Assets | -10% to +10%** | Fair value sensitivity is subject to unobservable inputs such as net tangible assets, discount rates and market multiples with overall sensitivity reasonably expected to be between -10% to +10% or -\$7m to +\$7m. |
| A portfolio of infrastructure debt | 53,009 | Unit Price | -15.23% to 0.00%* | Fair value sensitivity is impacted by a loss or a credit rating downgrade. These investments generate attractive levels of income, rather than capital gain. A loss or credit rating downgrade across all holdings will impact fair value by -15% to 0% or -\$8m to \$0m. |
| A portfolio of Australian retail property | 33,466 | Discount Rate Capitalisation Rate Terminal Yield | +6.50% to +7.00% +5.00% to +6.25% +5.25% to +6.50% | Fair value sensitivity is subject to unobservable inputs such as discount rate, capitalisation rate, terminal yield and passing yield with the overall sensitivity reasonably expected to be between -9% to +9% or -\$3m to +\$3m. |
| A portfolio of private equity investments | 16,949 | Unit Price | -17% to +17%* | Fair value sensitivity is subject to unobservable inputs such as discount rate with the overall sensitivity reasonably expected to be between -17% to +17% or -\$3m to +\$3m. |
| A portfolio of credit hedge funds | 10,045 | Unit Price | -7% to +7%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -7% to +7% or -\$0.7m to +\$0.7m. |
| Holding in residential loans | 6,549 | Unit Price | -11% to +11%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -11% to +11% or -\$0.7m to +\$0.7m. |
| A portfolio of critical mineral and decarbonisation technology investments | 6,161 | Unit Price | -21% to +21%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -21% to +21% or -\$1m to +\$1m. |
| Holdings in suspended Australian and global equities | 1,499 | Unit Price | -15% to +15%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -15% to +15% or -\$0.2m to +\$0.2m. |
| Total | 2,778,171 | | | |

*Range of unit price sensitivity based on aggregate range of underlying unobservable inputs

**Range of Net Tangible Asset sensitivity based on aggregate range of underlying unobservable inputs

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2022

| Description | Fair Value at 30 June \$'000 | Unobservable inputs | Range of inputs | Sensitivity of unobservable inputs to fair value |
|---|------------------------------|---|---|--|
| Australian and global managed funds | | | | |
| A portfolio of Australian senior loans | 596,862 | Unit Price | -0.75% to +0.75%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -0.75% to +0.75% or -\$4m to +\$4m. |
| A portfolio of private equity investments | 499,301 | Unit Price | -11.5% to +11.5%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -10% to +10% or -\$57m to +\$57m. |
| A portfolio of US gas & oil royalties & working interests | 603,133 | Discount Rate Risk Ratings (Reserves) Gas Price (HH) Oil Price (WTI) | +8% to +15% 90-100% for Proved Reserves 50% for Probable Reserves 20% for Possible Reserves USD4.30 to USD5.66/mcf USD73.59 to USD99.76/bbl | Fair value sensitivity is subject to unobservable inputs such as current gas and oil prices, forward curves and well performance, as well as discount rate and various reserve risk factors with overall sensitivity reasonably expected to be between -27.5% to +15.9% or -\$166m to +\$96m. |
| A portfolio of distressed & special situations | 255,690 | Unit Price | -3% to +20%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -3% to +20% or -\$8m to +\$51m. |
| A portfolio of Australian infrastructure | 361,858 | Discount Rate | +8.75% to +11.25%* | Fair value sensitivity is subject to unobservable inputs such as discount rate, inflation and interest rates (base and margin) with the overall sensitivity reasonably expected to be between -12% to +12% or -\$43m to +\$43m. |
| A portfolio of timber plantations and related assets | 269,199 | Discount Rate Cost of Equity Inflation Base Interest Rates Haulage Costs Av. Lumber Price Av. Log Price Franking Utilisation | +9.2% to +10.8% +9.2% to +10.8% +1.51% to +5.08% +1.78% to +3.52% +AUD\$12,355 to +AUD\$34,806 +AUD264.96 to +AUD670.40 +USD58.28 to +USD132.32 +0% to +100% | Fair value sensitivity is subject to unobservable inputs such as discount rate, cost of equity, inflation, base interest rates, haulage costs, timber prices, log prices and franking utilisation with the overall sensitivity reasonably expected to be between -14% to +14% or -\$38m to +\$38m. |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

30 June 2022 (CONTINUED)

| Description | Fair Value at 30 June \$'000 | Unobservable inputs | Range of inputs | Sensitivity of unobservable inputs to fair value |
|--|------------------------------|--|--|--|
| A portfolio of US real estate loans | 136,268 | Unit Price | -11% to +11%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -11% to +11% or -\$15m to +\$15m. |
| A portfolio of Australian and Global equity (listed and private) | 83,443 | Unit Price | -27% to +41%* | Fair value sensitivity considers the sensitivity of listed equity exposure, as well as the sensitivity of private companies which is subject to various unobservable inputs. Overall sensitivity is reasonably expected to be between -27% to +41% or -\$22m to +\$34m. |
| A portfolio of Australian agricultural investments | 64,739 | Net Tangible Assets | -10% to +10%** | Fair value sensitivity is subject to unobservable inputs such as net tangible assets, discount rates and market multiples with overall sensitivity reasonably expected to be between -10% to +10% or -\$6m to +\$6m. |
| A portfolio of infrastructure debt | 60,988 | Unit Price | -15.28% to 0.00%* | Fair value sensitivity is impacted by a loss or a credit rating downgrade. These investments generate attractive levels of income, rather than capital gain. A loss or credit rating downgrade across all holdings will impact fair value by -15% to 0% or -\$9m to \$0m. |
| A portfolio of impact private equity and credit investments | 60,950 | Unit Price | -14% to +14%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -14% to +14% or -\$9m to +\$9m. |
| A portfolio of Australian retail property | 59,124 | Discount Rate Capitalisation Rate Terminal Yield | +6.00% to +6.75% +4.75% to +5.75% +5.00% to +6.50% | Fair value sensitivity is subject to unobservable inputs such as discount rate, capitalisation rate, terminal yield and passing yield with the overall sensitivity reasonably expected to be between -9% to +9% or -\$5m to +\$5m. |
| A portfolio of Australian private equity investments | 45,447 | Unit Price | -17% to +17%* | Fair value sensitivity is subject to a range of unobservable inputs with the overall sensitivity reasonably expected to be between -17% to +17% or -\$8m to +\$8m. |
| A portfolio of credit hedge funds | 32,686 | Unit Price | -7% to +7%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -7% to +7% or -\$2m to +\$2m. |
| A portfolio of private equity investments | 3,777 | Unit Price | -17% to +17%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -17% to +17% or -\$0.6m to +\$0.6m. |
| A holding in residential loans | 1,500 | Unit Price | -5% to +5%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -5% to +5% or -\$0.1m to +\$0.1m. |
| Holdings in suspended Australian and global equities | 1,057 | Unit Price | -16% to +16%* | Fair value sensitivity is subject to various unobservable inputs with the overall sensitivity reasonably expected to be between -16% to +16% or -\$0.2m to +\$0.2m. |
| A portfolio of global infrastructure | 1,042 | Unit Price | -12% to +12%* | Fair value sensitivity is subject to unobservable inputs such as discount rate with the overall sensitivity reasonably expected to be between -12% to +12% or -\$0.1m to +\$0.1m. |
| Total | 3,137,064 | | | |

*Range of unit price sensitivity based on aggregate range of underlying unobservable inputs

**Range of Net Tangible Asset sensitivity based on aggregate range of underlying unobservable inputs

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

14. TAXATION

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| (a) Recognised in the Income Statement | | |
| Current income tax | | |
| - Current tax charge | 25,159 | 2,757 |
| - Adjustment to current tax for prior period | (8,142) | 949 |
| Deferred income tax | | |
| - Movement in temporary differences | 13,869 | (35,134) |
| Income tax expense/(benefit) | 30,886 | (31,428) |
| (b) Numerical reconciliation between tax expense and profit before income tax | | |
| Profit/(loss) before income tax | 527,462 | 32,145 |
| Tax applicable at the rate of 15% (2022: 15%) | 79,119 | 4,822 |
| Tax effect of income/(losses) not assessable or (deductible) in determining taxable income | | |
| - Movement in realised/unrealised positions | (10,623) | 6,110 |
| Tax effect of other adjustments | | |
| - Imputation and foreign tax credits | (23,368) | (39,782) |
| - Exempt pension income | (6,100) | (3,527) |
| - Under/(Over) provision prior year | (8,142) | 949 |
| Income tax expense/(benefit) | 30,886 | (31,428) |
| (c) Recognised in the Statement of Changes in Members Benefits | | |
| Contributions and transfers in recognised in the Statement of Changes in Members Benefits | 314,521 | 250,454 |
| Tax applicable at the rate of 15% (2022: 15%) | 47,178 | 37,568 |
| Tax effect of income/(losses) not assessable or (deductible) in determining taxable income | | |
| - Contributions revenue and transfers in | (15,655) | (14,197) |
| Tax effect of other adjustments | | |
| - Insurance premiums | (5,585) | (4,969) |
| - Under/(over) provision prior year | 319 | 171 |
| Income tax expense | 26,257 | 18,573 |
| Allocated as follows: | | |
| Contributions tax | 31,842 | 23,542 |
| Tax benefit on insurance premiums (to Members) | (3,977) | (3,523) |
| Tax benefit on insurance premiums (to Plan) | (1,608) | (1,446) |
| Income tax expense | 26,257 | 18,573 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

14. TAXATION (CONTINUED)

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| (d) Current tax liabilities/(asset) | | |
| Balance at beginning of year | (30,847) | 9,500 |
| Income tax paid – current period | (20,067) | (51,981) |
| Income tax paid – prior periods | 38,645 | (10,532) |
| Current year income tax provision | 51,097 | 21,159 |
| Under/(Over) provision prior year | (7,823) | 1,007 |
| | <hr/> | <hr/> |
| Current tax liabilities/(asset) | 31,005 | (30,847) |

(e) Deferred tax assets and liabilities

The amount of net deferred tax liability recognised:

Deferred tax assets

| | | |
|------------------|-----|-------|
| Accounts payable | 974 | 1,011 |
|------------------|-----|-------|

| | | |
|---------------------|-----|-------|
| Deferred tax assets | 974 | 1,011 |
|---------------------|-----|-------|

Deferred tax liabilities

| | | |
|---|---------|---------|
| Contributions receivable | 2,367 | 1,587 |
| Realised and Unrealised capital gains on investments (discounted) | 118,216 | 105,165 |

| | | |
|--------------------------|---------|---------|
| Deferred tax liabilities | 120,583 | 106,752 |
|--------------------------|---------|---------|

| | | |
|------------------------------|---------|---------|
| Net deferred tax liabilities | 119,609 | 105,741 |
|------------------------------|---------|---------|

15. ADMINISTRATION EXPENSES

Administration expenses comprise payments of staff, board, finance, operations, Member services, legal, risk & compliance and other operating expenses:

| | 2023 \$'000 | 2022 \$'000 |
|---------------------------------|----------------|----------------|
| Actuarial fees | 537 | 548 |
| Audit fees | 362 | 306 |
| General administration expenses | 13,600 | 13,259 |
| Project expenses | 291 | 927 |
| Regulatory fees | 894 | 801 |
| Tax agent fees | 183 | 194 |
| | <hr/> | <hr/> |
| TOTAL ADMINISTRATION EXPENSES | 15,867 | 16,035 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

16. RECEIVABLES

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|----------------|
| Contributions receivable | 16,464 | 11,092 |
| Other receivables and prepayments | 3,442 | 2,865 |
| Deposits held with broker margin accounts | 121,016 | 128,208 |
| Investment income receivable | 23,388 | 16,598 |
| Outstanding settlements | 43,572 | 16,106 |
| TOTAL RECEIVABLES | 207,882 | 174,869 |

17. PAYABLES

| | 2023 \$'000 | 2022 \$'000 |
|--|----------------|----------------|
| Creditors and accruals | 27,070 | 36,670 |
| Liabilities held with broker margin accounts | 56,160 | 74,707 |
| Outstanding settlements | 50,358 | 18,385 |
| TOTAL PAYABLES | 133,588 | 129,762 |

18. CASH FLOW INFORMATION

| | 2023 \$'000 | 2022 \$'000 |
|--|------------------|----------------|
| (a) Reconciliation of cash | | |
| Cash at bank | 18,620 | 28,513 |
| Short-term deposits | 557,734 | 264,230 |
| Cash held by investment managers | 700,925 | 625,625 |
| TOTAL CASH AND CASH EQUIVALENTS | 1,277,279 | 918,368 |

(b) Reconciliation of Net Cash provided by Operating Activities to net profit after tax

| | | |
|---|----------------|----------------|
| Net operating result after tax | (19,324) | (131,773) |
| Allocated to Members accounts | 506,785 | 187,149 |
| Remeasurement in assets measured at fair value | 126,298 | 122,666 |
| Depreciation | 60 | - |
| (Increase)/Decrease in investment receivables | (24,896) | (26,833) |
| (Increase)/Decrease in receivables | (2,745) | 551 |
| Increase/(Decrease) in payables | (1,177) | (466) |
| Increase/(Decrease) in investment payables | 3,423 | 184,571 |
| Increase/(Decrease) in current tax liabilities | (56,733) | (40,348) |
| Increase/(Decrease) in deferred tax liabilities | 13,868 | (35,022) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 545,559 | 260,495 |

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

19. AUDITOR'S REMUNERATION

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| Amounts paid or due and payable to PricewaterhouseCoopers for the following services: | | |
| • Audit of the financial report and regulatory compliance | 312,640 | 249,928 |
| • Other audit related services | 50,578 | 42,323 |
| Other services: | | |
| • Taxation services (tax agent and investment tax advice) | 378,404 | 397,754 |
| TOTAL AUDITOR'S REMUNERATION | 741,622 | 690,005 |

20. RELATED PARTIES

(a) Plan Sponsor

Qantas Airways Limited is the employer sponsor and, together with the other associated employers, makes employer contributions to the Plan which are disclosed in the Income Statement. Contributions are made in accordance with the Trust Deed and Rules.

Contributions receivable from the employer sponsor and associated employers as at 30 June 2023 (and received subsequent to that date) amounted to \$16,463,882 (2022: \$11,091,549).

The Plan contracts with Qantas Airways Limited for office accommodation, use of office equipment, technology and certain administrative services, which are provided on an arms-length basis. Cost recoveries paid to the employer sponsor for these services of \$304,273 (2022: \$259,376) are included in administration expenses in the Income Statement.

At 30 June 2023 the Plan held investments in Qantas Airways Limited to the value of \$4,292,223 (2022: \$3,272,498). These investments have been made independent of the Trustee by the Plan's investment managers.

(b) Trustee and Key Management Personnel (KMP)

The Trustee of the Plan is Qantas Superannuation Limited (ABN: 47 003 806 960). The names of the persons who were Trustee directors up to the date of this report are:

Employer appointed:

John Atkin (Chair)
Andrew Monaghan (resigned 31 December 2022)
Cecilia Ho
Lorraine Berends
Rachel Yangoyan
Reed Tanger (appointed 16 March 2023)

Member elected:

Richard Garner (Group A)
Klair Safier (Group B)
Ryan Greaves (Group C) (resigned 10 October 2022)
Denis Evison (Group C) (appointed 8 December 2022)
Luke Murray (Group D)
Lyle Brownscombe (Group E)

The Trustee directors are KMP for the purposes of AASB 124 *Related Party Disclosures*. In addition to the Trustee directors, Michael Clancy (CEO), Andrew Spence (CIO), Suzette Thurman (CRO) and Andy Moser (CFO) are also KMPs.

The Trustee has a licence from the Australian Prudential Regulatory Authority. Its RSE licence was granted on 27 April 2006 and last varied on 13 October 2016 (Licence No. L0002257).

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20. RELATED PARTIES (CONTINUED)

(c) Remuneration of KMP

The remuneration of KMP paid is set out below:

| | 2023 \$'000 | 2022 \$'000 |
|---------------------|----------------|----------------|
| Short-term benefits | 2,426 | 2,225 |
| Post-employment | 123 | 79 |
| | <hr/> | <hr/> |
| | 2,549 | 2,304 |
| | <hr/> | <hr/> |

(d) Trustee related transactions

The Trustee directors receive no remuneration from the Plan. John Atkin and Lorraine Berends are Trustee directors who received remuneration from Qantas Airways Limited directly in connection with their Trustee duties. All Trustee directors of the Trustee except John Atkin and Lorraine Berends are also Members of the Plan and made contributions to the Plan on an arms-length basis.

The membership terms and conditions, contributions and benefits entitlements for the Trustee directors who are also Members of the Plan are determined in accordance with the Trust Deed and Rules on the same basis available to other Members of the same divisions of the Plan.

The Plan also paid Qantas Superannuation Limited \$145,722 (2022: \$102,623) for trustee related costs on behalf of the Trustee.

(e) Other related parties – direct holdings and associates

The Plan holds thirteen sole purpose investment vehicles which are recorded at fair value:

| | 2023 | | 2022 | |
|--------------------------------------|--------|-----------|--------|-----------|
| | % Int. | \$'000 | % Int. | \$'000 |
| Q Diversified Credit Trust | 100 | 508,514 | 100 | 596,862 |
| Q Private Equity Trust | 100 | 481,701 | 100 | 499,301 |
| QGR Trust | 100 | 460,198 | 100 | 603,133 |
| Q Infrastructure Trust | 100 | 234,563 | 100 | 361,858 |
| Q Private Equity Direct Trust | 100 | 168,625 | 100 | 45,447 |
| Q Private Impact Trust | 100 | 153,756 | 100 | 60,950 |
| QPIPO Trust | 100 | 92,040 | 100 | 83,443 |
| Q Agriculture Trust | 100 | 74,836 | 100 | 64,739 |
| Q Infrastructure Yield Trust | 100 | 53,009 | 100 | 60,988 |
| Q Venture Capital Trust | 100 | 16,949 | 100 | 3,777 |
| QCM Trust | 100 | 6,161 | - | - |
| Q Credit Trust | 100 | 5,382 | 100 | 5,762 |
| Q Timberland Trust | 100 | 4,370 | 100 | 269,200 |
| QAIF Limited | 100 | - | 100 | 1,041 |
| | | <hr/> | | <hr/> |
| Total direct holdings and associates | | 2,260,104 | | 2,656,501 |
| | | <hr/> | | <hr/> |

The above tables list the fair value and the percentage interest of each investment asset at reporting date. The maximum exposure to loss is limited to the net fair value of each investment asset. The net fair value will potentially change on a daily basis throughout the period and in subsequent periods and will cease once the investments are disposed. The investments of the Plan are managed in accordance with the investment mandates with the respective underlying investment managers. The investment decisions of the Plan are made by the investment managers based on their analysis and the investment guidelines provided to them by the Plan. The investment return of the Plan is exposed to the variability of the performance of the underlying investment assets. The underlying investment managers receive a management fee for undertaking the management of these investments. The Q Private Impact Trust has direct or indirect minority shareholdings in entities that provide either investment or trustee services to one or more Q Trusts.

QANTAS SUPERANNUATION PLAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

21. CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

Contingent assets and liabilities

There were no contingent assets or liabilities as at 30 June 2023 (30 June 2022: Nil).

Commitments

The Plan had the following investment commitments:

| Undrawn commitments | 2023 \$'000 | 2022 \$'000 |
|----------------------------|----------------|----------------|
| Private Equity | 463,205 | 419,890 |
| Real Assets | 300,088 | 89,570 |
| Opportunistic Alternatives | 94,128 | 574 |
| Alternative Credit | 111,335 | 194,278 |
| Defensive Credit | 160,451 | 152,980 |
| Multi-Strategy | 401,482 | 286,580 |
| | <hr/> | <hr/> |
| | 1,530,689 | 1,143,872 |
| | <hr/> | <hr/> |

These undrawn commitments represent the amounts of capital the Plan has committed to invest but not yet allocated. Not all undrawn commitments are legally binding.

22. SUBSEQUENT EVENTS

There have been no events subsequent to reporting date which would have a material effect on the Plan's financial statements at 30 June 2023.

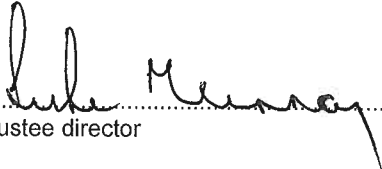
QANTAS SUPERANNUATION PLAN

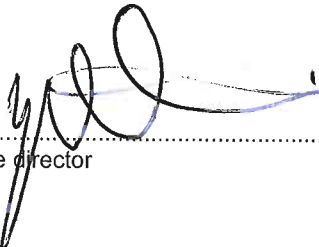
STATEMENT BY TRUSTEE

In the opinion of the Trustee

- (a) the accompanying financial statements and notes set out on pages 2 to 39 are in accordance with:
 - (i) Australian Accounting Standards and other mandatory professional reporting requirements; and
 - (ii) present fairly the Plan's financial position as at 30 June 2023 and its performance for the year ended on that date; and
- (b) the Plan has been conducted in accordance with the provisions of the Trust Deed and in compliance with the requirements of the Superannuation Industry (Supervision) Act 1993, and Regulations, the Corporations Act 2001, Regulations and Guidelines and Financial Sector (Collection of Data) Act 2001 during the year ended 30 June 2023; and
- (c) There are reasonable grounds to believe that the Plan will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Trustee.


.....
Trustee director


.....
Trustee director

Signed at Sydney this 21st day of September 2023.



Independent Auditor's report on financial statements

Independent Auditor's report approved form for an RSE that is a reporting entity

Report by the RSE Auditor to the trustee of Qantas Superannuation Plan (ABN:41 272 198 829)

Opinion

I have audited the financial statements of Qantas Superannuation Plan for the year ended 30 June 2023 comprising the Statement of Financial Position, Income Statement, Statement of Changes in Member Benefits, Statement of Changes in Reserves, Statement of Cash Flows, summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements present fairly, in all material respects, in accordance with Australian Accounting Standards the financial position of Qantas Superannuation Plan as at 30 June 2023 and the results of its operations, cash flows, changes in equity/reserves and changes in members' benefits for the year ended 30 June 2023.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities* section of my report. I am independent of the entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the trustee for the Financial Statements

The RSE's trustee is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the requirements of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) and the *Superannuation Industry (Supervision) Regulations 1994* (SIS Regulations). The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the ability of the RSE to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the RSE or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that

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an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercised professional judgment and maintained professional scepticism throughout the audit. I also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RSE's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee
- Concluded on the appropriateness of the trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the RSE's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my audit opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the RSE to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicated with the trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identified during my audit.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'BSS Tompsett'.

BSS Tompsett
Partner

Sydney
21 September 2023