

# ASX ANNOUNCEMENT

## FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT)

**30 August 2023**

### FY23 APPENDIX 4E AND ANNUAL REPORT

Please find attached for release to the market, copies of Flight Centre Travel Group Limited's:

- Appendix 4E for the year ended 30 June 2023; and
- 2023 Annual Report (including the Directors' Report, the Financial Report, the Directors' Declaration and the Audit Report)

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# APPENDIX 4E

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN BRIEF	JUNE 2023	JUNE 2022	CHANGE	CHANGE <sup>3</sup>
	\$'000	\$'000	\$'000	%
Total transaction value (TTV) <sup>1</sup>	21,938,594	10,340,407	11,598,187	112.2%
Revenue	2,280,782	1,007,485	1,273,297	126.4%
EBITDA <sup>2</sup>	266,152	(200,031)	466,183	(233.1%)
<b>Statutory profit / (loss) before income tax</b>	<b>70,459</b>	<b>(377,786)</b>	<b>448,245</b>	<b>(118.7%)</b>
Statutory profit / (loss) after income tax	47,412	(287,182)	334,594	(116.5%)
Statutory profit / (loss) attributable to company owners	47,461	(286,651)	334,112	(116.6%)
<b>Underlying EBITDA<sup>2</sup></b>	<b>301,645</b>	<b>(183,124)</b>	<b>484,769</b>	<b>(264.7%)</b>
<b>Underlying profit / (loss) before tax<sup>2</sup></b>	<b>105,952</b>	<b>(360,879)</b>	<b>466,831</b>	<b>(129.4%)</b>
Underlying profit / (loss) after tax <sup>2</sup>	75,728	(272,630)	348,358	(127.8%)

<sup>1</sup> TTV is non-IFRS financial information and is not subject to audit procedures, and does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, both as agent for various airlines and other service providers and as principal, plus revenue and other income from other sources. TTV has been reduced by refunds. FLT's revenue is, therefore, derived from TTV.

<sup>2</sup> EBITDA, Underlying EBITDA, Underlying profit / (loss) before tax (PBT) and Underlying profit / (loss) after tax (PAT) are unaudited, non-IFRS measures. Refer to table below for reconciliation of statutory to underlying results.

<sup>3</sup> As FLT was in a loss position in the prior year, the % change movement relating to the improved performance (i.e. reduced loss) displays as a negative % change for some results.

## DIVIDENDS

	AMOUNT PER SECURITY CENTS	100% FRANKED AMOUNT CENTS
<b>30 JUNE 2023</b>		
Final dividend <sup>4</sup>	18.0	18.0
<b>30 JUNE 2022</b>		
Final dividend	—	—

<sup>4</sup> On 30 August 2023, FLT declared a final dividend for the year ended 30 June 2023. The record date for determining entitlement to the dividend is 21 September 2023 and payment date is 19 October 2023.

An interim dividend was not declared during the current or prior year.

## NET TANGIBLE ASSETS

	JUNE 2023	JUNE 2022
	\$	\$
Net tangible asset backing per ordinary security <sup>5</sup>	(1.48)	(2.04)

<sup>5</sup> The current year and prior year net tangible asset backing per ordinary security balances include the value of leased assets as recognised under AASB 16 Leases.

## DETAILS OF JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES	2023	2022
Pedal Group Pty Ltd (Pedal)	46.9 %	46.5 %
INVESTMENTS IN ASSOCIATES	2023	2022
The Upside Travel Company (Upside)	— %	25.0 %
Evolve Travel Limited	50.0 %	— %

- During the period, FLT received a dividend of \$3,937,131 (2022: \$8,873,000) of which 100% (2022: 100%) was received as shares as part of the Pedal dividend reinvestment plan. FLT continues to have joint control.
- Upside was dissolved during the period. FLT had previously fully impaired this investment in the year ended 30 June 2020.
- FLT invested in an immaterial associate during the period called Evolve Travel Limited, a New Zealand-based entity which helps manage supply agreements with independent agents.

# APPENDIX 4E CONTINUED

## UNDERLYING ADJUSTMENTS

Reconciliation of statutory to underlying profit/(loss) before tax and after tax provided below:

	JUNE 2023 \$'000	JUNE 2022 \$'000
<b>EBITDA<sup>1</sup></b>	<b>266,152</b>	<b>(200,031)</b>
Depreciation and amortisation	(142,093)	(125,929)
Interest income	31,195	6,001
Interest expense	(84,795)	(57,827)
<b>Statutory profit / (loss) before income tax</b>	<b>70,459</b>	<b>(377,786)</b>
Acquisition transaction costs - Scott Dunn	6,065	—
Fair value gain on TP Connects	—	(4,245)
Employee retention plans - Post-COVID Retention Plan (PCRP) & Global Recovery Rights (GRR) <sup>2</sup>	29,757	21,920
COVID-19 one off costs and other non-cash items <sup>3</sup>	(329)	(768)
<b>Total underlying adjustments</b>	<b>35,493</b>	<b>16,907</b>
<b>Underlying EBITDA<sup>1</sup></b>	<b>301,645</b>	<b>(183,124)</b>
<b>Underlying profit / (loss) before tax<sup>1</sup></b>	<b>105,952</b>	<b>(360,879)</b>
Statutory income tax (loss) / profit	(23,047)	90,604
Underlying adjustments associated tax effect	(7,177)	(2,355)
<b>Underlying profit / (loss) after tax<sup>1</sup></b>	<b>75,728</b>	<b>(272,630)</b>

<sup>1</sup> EBITDA, Underlying EBITDA, Underlying profit / (loss) before tax (PBT) and Underlying profit / (loss) after tax (PAT) are unaudited, non-IFRS measures.

<sup>2</sup> The current year and prior year relates to employee retention plans (PCRP and GRR) that were introduced during COVID-19 to ensure retention of key executives and the global workforce in FLT's post-COVID recovery.

<sup>3</sup> The current year relates to right-of-use asset impairments and reversals. The prior year relates to one-off non-cash items, including gain on disposal of right-of-use assets and systems decommissioning. Refer to note A1 Segment Information for further details.

## COMPLIANCE STATEMENT

The report is based on the consolidated financial report which has been audited. Refer to the attached full financial report for all other disclosures in respect of the Appendix 4E.

Signed:



G.F. Turner  
Director

30 August 2023

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**FLIGHT  
CENTRE**  
TRAVEL GROUP™

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to open up the  
world for those  
who want to see

**2023**  
ANNUAL REPORT

# OUR PHILOSOPHIES

For FCTG to survive, grow, and prosper, for generations, we must live by our Company Purpose, Vision and our Philosophies. Our culture must be celebrated and protected, while being robust and independent, with the ability to outlive our current and future leaders.

## Our Values

### Our People



We care for our people's health and wellbeing, their personal and professional development, and their financial security.  
We believe that work should be challenging and fun for everyone.

### Our Customers



Our customers always have a choice, and we care about personally delivering amazing travel experiences to them, whatever it takes.

### Brightness of future



Our supportive work community provides an inspiring and challenging career path for committed people. Promotion and transfers from within will always be our first choice and will give people the exciting opportunity to move globally across our company.

### Taking responsibility



We take full responsibility for our own success or failures. We do not externalise. We accept that we have total ownership and responsibility, but not always control.

### Egalitarianism & Unity



We believe that every individual is equally important and has access to the same opportunities and rights. We work as a community with accessible leaders and we embrace diverse cultures, backgrounds and perspectives. We have an irreverent culture of taking our business seriously but not ourselves.

**Our Vision:** To become the world's most exciting and profitable travel retailer, personally delivering amazing experiences to our people, our customers and our partners.

**Our Purpose:** To open up the world for those who want to see.

## Our Business Model

### Ownership



We treat the business as our own and have the opportunity to share in our company's financial success with access to shares programs, outcome based incentives and profit share.

### Reward & Recognition



We recognise and celebrate our individual and collective successes with recognition and rewards which are based on measurable outcome based quantitative KPI's. What gets rewarded gets done is our basic principle and we reward outcomes not behaviour.

### One best way



In each of our businesses there is 'one best way' to operate globally. We value common sense over conventional wisdom in running our business. We foster entrepreneurial thinking to continuously find better ways to innovate and improve.

### Family, village, tribe



Our structure is simple, lean, flat and transparent, with accessible leaders and minimal layers between the customer and the CEO. Everyone belongs to a family (team), which is the most important group at FCTG, who are supported by a 'self-help' village and a tribe.

### Profit we are proud of



A fair margin resulting in a business profit we can be proud of, is the key measure of whether we really are providing our customers with an amazing experience, amazing product and a caring and respectful service - an experience customers genuinely value.

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# FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT) CORPORATE DIRECTORY

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**Directors**  
Graham Turner  
Gary Smith  
John Eales  
Robert Baker  
Colette Garnsey  
Kirsty Rankin

**Secretary** David Smith

## Principal registered office and place of business in Australia

275 Grey St, South Brisbane QLD 4101  
+61 7 3083 0088  
ABN 25 003 377 188

## Share register

Computershare Investor Services Pty Ltd  
200 Mary Street,  
Brisbane QLD 4000  
+61 7 3237 2100

## Auditor

Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000

## Stock exchange listing

FLT shares are listed on the Australian Securities Exchange.

## Website address

<https://www.fctgl.com/>

This financial report covers the consolidated financial statements for the consolidated entity consisting of FLT and its subsidiaries. The financial report is presented in Australian currency.

FLT is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report.

The financial report was authorised for issue by the directors on 30 August 2023. The directors have the power to amend and reissue the financial report.

FLT endorses the ASX's Corporate Governance Principles and Recommendations and complies in all areas, apart from amalgamating the Remuneration and the Nomination Committee. Further information on FLT's compliance with the Corporate Governance Principles and Recommendations, including FLT's Corporate Governance Statement, can be found on the company's website, <https://www.fctgl.com/investors#governance-documents>

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## KEY DATES 2023/24

August 30, 2023	2022/23 full year results released
September 21, 2023	2022/23 final dividend record date
September 26, 2023	Director nomination deadline
October 19, 2023	2022/23 final dividend payment date
November 15, 2023	Annual General Meeting
February 28, 2024*	2023/24 half year results released
March 28, 2024*	2023/24 interim dividend record date
April 19, 2024*	2023/24 interim dividend payment date

\* Date is subject to change

# CHAIRMAN'S MESSAGE

GARY SMITH

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I am delighted to share our annual report for the 2023 fiscal year (FY23) with you, our valued shareholders.

In this column 12 months ago, the dominant theme was post-COVID recovery as our industry and our people – and no doubt countless others – looked forward to the safe and sensible removal of the last remaining border restrictions and dared to dream of a return to normalcy. As a company, we were preparing to take meaningful steps on our path to recovery as societies started to live with the virus and as travel reawakened, which allowed families and friends to reconnect after a painful period of enforced hibernation.

Fast forward 12 months and the outlook is considerably brighter.

The dark clouds of COVID that hung over our heads for some two-and-half years have all but disappeared and travel patterns have slowly but surely started to return to normal.

In a vastly improved trading environment in FY23, we delivered material uplifts in total transaction value (TTV), profit and other key financial metrics, as covered in detail in Skroo's column and elsewhere in this report. TTV more than doubled year-on-year to \$22billion – our second strongest full year result – while underlying earnings before interest, tax, depreciation and amortisation (EBITDA) reached \$301.6million – a circa \$485million year-on-year turnaround.

While travel was being so heavily disrupted, we took the opportunity to ensure the appropriate building blocks were put in place within our business to create new TTV and profit milestones and to deliver stronger returns to our shareholders, while preserving our key assets.

As a result, our culture, beliefs and philosophies are unchanged, but we are now a vastly different business with a leaner cost base, streamlined systems and an even more diverse stable of brands, businesses and channels in both the leisure and corporate travel sectors.

Given these changes, we believe it is no longer relevant to compare our business of today and its financial achievements with our pre-COVID state. While these comparisons served a useful purpose as a gauge of our initial recovery, they have largely become irrelevant as our rebound has gained momentum.

Our relentless focus during the pandemic was to ready the business beyond recovery by putting in place the building blocks which would position us to embark on a new era of growth.

You will see references to pre-COVID or pre-pandemic results in some areas of this report, but moving forward our attention will focus very firmly on delivering sustainable year-on-year growth across our key performance metrics, which will in turn deliver stronger returns to our shareholders.

## FOCUSING ON IMPROVING SHAREHOLDER RETURNS - NEW CAPITAL MANAGEMENT POLICY IN PLACE

Improving shareholder returns remains a priority and I am very pleased to report that we are taking significant steps to achieve this objective as we again start to generate strong cash flows.

During FY23, the company recorded a \$156million operating cash inflow, a \$257million improvement on FY22, and had a \$1.4billion global cash and investment portfolio at June 30, 2023, up \$77million year-on-year.

Given this strong recovery and our improved outlook, our Board of Directors declared a fully franked \$0.18 per share final dividend for FY23 – our first dividend payment for four years.

The dividend will be paid on October 19, 2023 to shareholders registered on September 21, 2023 and represents a \$39.1 million total return – which equates to 52% of underlying net profit after tax (NPAT).

Based on this dividend and the increase in our share price from \$17.36 to \$19.05 during FY23, total shareholder returns (TSR) for the year were a healthy 10.8%.

In addition to this one-off dividend related to FY23, we have unveiled a broader new capital management policy that has been designed to create shareholder value in the short and long-term by using free cash flow to:

- Re-invest in the business to drive longer term growth through capital expenditure and, where appropriate, mergers and acquisitions (M&A); and
- Deliver tangible benefits in both the short and long-term through a combination of dividend payments and strategic buy-backs of FLT's issued capital or convertible notes to reduce future dilution and increase earnings per share

Under this policy, the intention is that 50-60% of FLT's NPAT will be allocated to dividends or capital management initiatives from this year (FY24), subject of course to the business's anticipated needs at the time.

### ONGOING INVESTMENT IN KEY GROWTH DRIVERS

Of course, we will also invest significantly in the business to drive future growth.

Key areas of focus include:

- Our people
- Our diverse, global networks in both leisure and corporate travel; and
- Technology and systems to enhance productivity and the customer experience

Cyber security risk management and data protection are also at the forefront of our thinking and we continue to prioritise and invest in these areas. We have built and retained strong internal capabilities in these domains and have augmented this with external expertise delivered by market leading specialists, as we have developed and fine-tuned our systems and our response plans.

While our business expansion focus will be on organic growth, we will consider M&A activity if suitable opportunities arise that are aligned with our culture and with our strategic objectives.

Generally, our recent M&A activities have focused on enhancing our technology platforms, expanding in new areas of the travel industry or fast-tracking growth in attractive sectors, an objective we achieved with our Scott Dunn acquisition during FY23.

Scott Dunn is proving to be a fantastic addition to our luxury leisure collection and we thank shareholders for their very strong support during the capital raising to fund the acquisition early in the FY23 second half (2H).

I'd also like to take this opportunity to thank a number of other people and groups for their invaluable contributions to our recovery.

Firstly, our people – our expert travel advisors and support teams continue to work tirelessly to create a compelling customer offering and they are our most valuable asset.

Secondly, our senior leadership team or task-force, which is, of course, headed by Graham "Skroo" Turner, our tireless CEO and founder.

Thirdly, my fellow directors, who continue to provide invaluable guidance and oversight – both individually and collectively. Our board was bolstered early in FY23 with the addition of Kirsty Rankin, already proving to be a great contributor.

Finally, I would like to update you on our progress in another very important area of focus - sustainability and ESG strategy (environmental, social and governance).

Throughout FY23 we broadened our approach to ESG to ensure engagement across our key focus areas including our people, suppliers, industry partners and our customers.

Highlights and achievements included:

- Providing extensive training and development opportunities to our people, taking care of their health and well-being and developing and enhancing diverse and inclusive workplaces in which they can thrive
- The recruitment of a First Nations Inclusion Leader to help us achieve our commitments within our Reconciliation Action Plan (RAP)
- Creation of a global environmental sustainability champions group including some 50 employees across 11 countries
- Stronger engagement with our industry suppliers and partners through initiatives like the travel consortium that we have formed in conjunction with Intrepid to help address modern slavery supply chain risks across the travel industry; and
- Ongoing engagement with our customers with a continued focus on preserving and enriching a world worth seeing through initiatives like Flight Centre brand's "planting for the planet" program, which is now part of the brand's Captain's Pack offerings. Under this program, Flight Centre aims to work with customers to plant one million trees globally

In terms of reporting on our achievements, we have mobilised an internal working group to understand and evaluate future requirements in light of the upcoming introduction of The International Sustainability Standards Board's (ISSB) new sustainability disclosure standards that take effect from FY25.

The standards will form a comprehensive global baseline of sustainability disclosures designed to meet capital market stakeholder's information needs and will also serve the purpose of assisting us with our own reporting to internal and external stakeholders.

Under the Science Based Targets Initiative, we have submitted plans to reduce our Scope 1 and 2 carbon emissions. The validation process is currently underway, with an outcome expected next month (September 2023). We look forward to updating you on our progress.



# FY23 RESULTS & OUTLOOK

BY GRAHAM TURNER

MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER



## RESULT OVERVIEW

FLIGHT Centre Travel Group (FLT) recorded a strong profit turnaround during FY23.

The diversified global travel company delivered \$301.6million in underlying earnings before interest, tax, depreciation and amortisation (EBITDA) for the 12 months to June 30, 2023 – an almost \$485million turnaround from FY22's \$183.1million underlying loss.

The result represented a 265% year-on-year (YOY) improvement and was above the mid-point in FLT's upgraded, targeted profit range for FY23 (\$295million-\$305million).

On a profit before tax (PBT) basis, the company achieved an underlying \$106million profit (FY22: \$361million loss) and a \$70million statutory PBT (FY22: \$378million loss).

FLT's strong profit recovery was underpinned by:

- A 112% total transaction value (TTV) uplift to \$22billion (FY22: \$10.3billion), FLT's second strongest result behind FY19 (\$23.7billion), in an improved trading climate
- Efficiency gains, highlighted by a 70 basis point (bps) revenue margin improvement and a record-low 9.6% underlying cost margin, which together led to improved profit margin; and
- Solid cash generation and cash flow to fund business re-investment and pave the way for an 18 cents per share fully franked final dividend for shareholders. A new capital management policy, effective from FY24, has also been introduced

As foreshadowed during FY23, results were heavily 2H weighted, with almost 70% of underlying EBITDA generated during the six months to June 30, 2023.

Underlying PBT margin (underlying PBT as a percentage of TTV) increased from 0% during the 1H to 0.9% during the 2H, leading to a 0.5% FY23 result and providing solid momentum into FY24.

This 2H profit weighting reflects improved market conditions after travel restrictions were removed globally, improved industry dynamics, specifically airline capacity growth, and normal seasonality (key booking periods are typically during the six months to June 30).

In Australia, outbound capacity reached 85% of pre-COVID levels at year-end, with near-term increases expected from key airline partners including Emirates, Singapore Airlines, Qantas, China Southern and Cathay Pacific. FLT also strongly supports unapproved plans by other airlines, including Qatar Airways and Turkish Airlines, to increase traffic to Australia to boost tourism and to deliver cheaper airfares to travellers.

During FY23, the company successfully executed its key global strategies, which included:

- Maintaining a lower cost base – operating expenses were at 75% of FY19 levels
- Productivity – average TTV per average full-time employee increased by 52% compared to FY19
- Conversion – 38% of incremental revenue generated during the year was converted to underlying EBITDA, with the leisure and corporate businesses converting at 47% and 41% respectively, during a period of heavy up-front investment that should translate to stronger future earnings growth

- Grow to Win – a strategy that has been instrumental to FLT outpacing broader industry recovery in the \$US1.4trillion global business travel sector through high customer retention and large volumes of new account wins. FLT's corporate TTV exceeded pre-COVID levels in June 2022, some two years ahead of anticipated industry recovery (based on Global Business Travel Association projections), and grew strongly again during FY23; and
- Cost effectively capturing leisure TTV through a transformed offering featuring a modernised Flight Centre brand, with a stronger digital presence, and a diverse range of channels and brands that are delivering record TTV and scalable growth

As mentioned above, while FLT has permanently and structurally lowered its cost base, it has continued to invest in important growth drivers. These investments have included:

- An additional 2,500 people during FY23 to right-size FLT's global sales force – the corporate business is now fully staffed, while the leisure business will continue to recruit to match future growth plans, while maintaining productivity
- Network enhancements leading to increased scale, brand and geographic diversity, and improved customer access to businesses and services. Examples included Scott Dunn acquisition, Luxperience event, the reopening of Flight Centre shops that hibernated during the pandemic, cruise brand Cruiseabout's upcoming reintroduction in Australia, broader geographic rollout of Stage & Screen (USA) and FCM Meetings and Events, Corporate Traveller's return to New York via the new Bryant Park hub and the deployment of a new centralised global hub model for multi-national corporate clients; and
- Technology – to increase productivity, reduce costs and enhance the customer experience. Examples include the proprietary Melon and FCM corporate platforms, products that are driving Flight Centre brand's omni-channel evolution and Home, a portal offering independent agents "single-door" access to FLT's suite of tools

In both leisure and corporate, FLT is driving innovation by investing in new ways to deliver a better customer experience and achieve its sales and savings objectives, leveraging Artificial Intelligence (AI), machine learning and robotic process automation (RPA).

The company also continues to strengthen its product (content) aggregation capabilities to deliver leisure and corporate customers the widest airfare range as airlines in particular invest heavily in new distribution models, including New Distribution Capability (NDC).

### COMFORTABLY OUTPACING INDUSTRY RECOVERY IN GLOBAL CORPORATE TRAVEL SECTOR

FLT's corporate travel business continued to out-perform, comfortably out-pacing broader industry recovery and delivering record TTV during FY23.

The \$11billion FY23 result represented 96% YOY growth (FY22: \$5.6billion) and an almost 25% increase on the previous TTV record (FY19: \$8.9billion).

New TTV milestones were established in all geographic segments, with the Europe, Middle East and Africa (EMEA) business topping its previous record by 59%, Asia by 24%, the Americas by 15.6% and Australia-New Zealand (ANZ) by 10.5%.

The Americas business was FLT's largest corporate operation, generating 31% of group corporate TTV, just ahead of ANZ (30%), EMEA (28%) and Asia (11%).

Corporate transaction volumes also exceeded pre-COVID levels – well ahead of the estimated industry-wide recovery of 70-75% of FY19 transaction levels – with growth again driven organically through high customer retention rates and a large pipeline of global account wins for both FCM (large market sector) and Corporate Traveller (SMEs/start-ups).

FCM secured new, contracted accounts with annual spends in the order of \$1.6billion, with wins typically coming from competitors. More than half of Corporate Traveller's wins (uncontracted) were previously unmanaged accounts.

In terms of FY23 EBITDA, the business delivered a \$190million underlying profit, an almost 3,000% YOY improvement (FY22: \$6million).

Bottom-line results were, however, impacted by significant upfront costs incurred in winning and onboarding the large volume of accounts secured with some 1,000 new sales and support staff added to the corporate workforce during FY23. The business also invested in its leading tech platforms, with Melon deployed in the United Kingdom (UK), following its successful Americas introduction, and new features added to the global FCM Platform.

While the business will continue to focus on the Grow To Win strategy, a Productive Operations initiative is also underway to identify savings, productivity gains and customer benefits through automation and streamlined systems following a period of rapid recovery.

### LEISURE: TRANSFORMED BUSINESS RECOVERING RAPIDLY

Global leisure TTV increased by 162% to \$10billion during FY23 (FY22: \$3.8billion) at improved revenue and cost margins.

This margin improvement – which saw 2H underlying profit margin exceed FY19 2H levels – drove a 207% increase in underlying EBITDA to \$172million (FY22: \$160million underlying loss) as the leisure business's four pillars (Mass Market, Independent, Luxury and Complementary) all delivered profits.

The mass market Flight Centre brand was again leisure's major profit contributor and has maintained high market-share in its key markets of Australia, New Zealand and South Africa.

In the Northern Hemisphere, where FLT historically had a smaller presence and an inconsistent profit record, the company has focused on establishing foundations for profitable recovery. The UK business performed strongly, but its profits were offset by North America's losses (predominantly incurred in Canada and in StudentUniverse).

Following a major transformation, which was initiated prior to the pandemic and fast-tracked during the crisis, the leisure business now has a leaner cost base and a scalable brand and channel stable that has started to deliver meaningful TTV at improved margins.

A number of these brands and channels contributed record TTV during FY23 including:

- The online leisure businesses, which together contributed circa \$1.6billion in TTV – more than double the \$750million FY22 contribution – with growth driven primarily by flightcentre.com
- The independent agent network – TTV tripled YOY to \$1.5billion; and
- The luxury collection, which was bolstered by Scott Dunn's contributions

Ignite (MyHolidays) and Travel Money (foreign exchange), which sit in the Complementary pillar with online travel agencies Jetmax and StudentUniverse and US business Liberty, also performed strongly, with Travel Money opening 42 outlets during FY23

Scott Dunn (acquisition announced in January 2023) is trading in line with expectations and establishing a broader growth platform in a resilient and attractive customer demographic by:

- Developing a US east coast presence in New York; and
- Unlocking revenue synergies by wholesaling its unique, curated products within FLT

## CAPITAL REVIEW COMPLETE AND NEW FRAMEWORK IN PLACE

After incurring almost \$2billion in statutory losses (PBT), raising capital and taking on \$800million in convertible notes during the pandemic, FLT is rebuilding its balance sheet and reviewing its future capital needs, as it again starts to generate strong cash flows.

Given its strong recovery and improved outlook, FLT today unveiled a new capital management policy designed to create shareholder value by using free cash flow to:

- Re-invest in the business to drive longer term growth through capital expenditure and, where appropriate, mergers and acquisitions; and
- Deliver tangible short and long-term benefits through a combination of dividend payments and strategic buy-backs of FLT's issued capital or convertible notes to reduce future dilution and increase earnings per share

Under this policy, 50-60% of FLT's net profit after tax (NPAT) will be allocated to dividends or buy-backs from this year (FY24), subject to the business's anticipated needs at the time.

In addition to unveiling its new capital management policy, the company today declared an \$0.18 per share fully franked final dividend for FY23. The dividend, FLT's first since before the pandemic, will be paid on October 19, 2023 to shareholders registered on September 21, 2023 and represents a 52% return of FY23 underlying NPAT to shareholders.

## OUTLOOK - TARGETING FURTHER RECOVERY

FLT has started FY24 in a solid financial position and currently expects:

- More favourable industry dynamics for travellers as competition on international routes increases and as airfare prices gradually start to decrease more significantly
- Further leisure and corporate TTV growth; and
- Gradual revenue margin increases and further cost margin decreases, particularly in corporate, as the company continues to target a 2% underlying PBT margin for FY25

While revenue margin is now increasing, it is expected to remain below historic levels, predominantly as a result of planned and ongoing business mix changes brought about by rapid growth in lower revenue and lower cost margin businesses and sectors, including online leisure, foreign exchange, large market corporate (FCM) and independent agents.

In terms of supplier margin, total available margins (TAM) and overall contract structures are generally in line with those that were in place pre-COVID in the land, tour and cruise sectors.

FY23 air TAM reductions largely reflect front-end commission changes in ANZ at the start of the year and fewer strategic and volume-based incentive agreements with airlines globally, while sales opportunities were limited during the pandemic. Traditional back-end contract structures are now returning in Australia and globally, as competition and capacity increase.

In addition to pursuing leisure and corporate margin improvement strategies, FLT is working with airlines to increase TAM paid to its large and diverse stable of businesses through NDC deals and content arrangements, nett fares and mutually beneficial partnerships.

In leisure, TTV growth is expected to be driven by further outbound travel recovery as airfares become more affordable and as holidays and experiences are prioritised over other areas of discretionary spending. This resilience among holidaymakers is evidenced by the consistent YOY outbound travel growth globally and in Australia in particular pre-COVID.

While FLT will continue to monitor macro-economic changes, current conditions do not appear to be significantly impacting demand, with July-August profit and sales well up YOY in both leisure and corporate.

Very low unemployment globally is aiding leisure sector recovery, while FLT's business is leveraged towards demographics that are less affected by mortgage stress, specifically the luxury sector and babyboomers, and who are therefore more likely to continue to travel.

In corporate, FLT expects client spend to typically remain below pre-COVID levels in the near-term, as customers maintain their cost reduction focus. New account wins are, however, expected to drive FLT's TTV above its record FY23 result, with accounts with projected annual spends of circa \$750million already implemented during the FY23 2H and set to trade for a full year during FY24.

Industry-wide, corporate travel spend is tipped to exceed FY19 levels during CY24 (Source: GBTA) – some two years after FLT's corporate business first exceeded pre-pandemic TTV.

The company expects to provide profit guidance and more detailed commentary on its FY24 expectations at its Annual General Meeting on November 15, 2023.

# DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Flight Centre Travel Group Limited (FLT) and the entities it controlled at the end of, or during, the year ended 30 June 2023.

## PRINCIPAL ACTIVITIES

The group's principal continuing activities consisted of travel retailing in both the leisure and corporate travel sectors, plus in-destination travel experience businesses including tour operations, hotel management, destination management companies (DMCs) and wholesaling.

There were no significant changes in the nature of the group's activities during the year.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no significant change in the group's state of affairs during the year.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on likely developments in the group's operations and the expected results of operations has been included in the FY23 Results & Outlook column on page 4.

## DIVIDENDS – FLIGHT CENTRE TRAVEL GROUP LIMITED

There were no dividend payments to members during the current or prior year.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

### DIVIDENDS

On 30 August 2023, FLT's directors declared a fully franked 18.0 cents per fully paid ordinary share final dividend for the year ended 30 June 2023 (2022: nil). The total amount of the dividend is \$39.1million and represents 52% of FLT's underlying NPAT.

No other material matters have arisen since 30 June 2023.

## ENVIRONMENTAL REGULATIONS

The group has determined that no particular or significant environmental regulations apply to it.

## REVIEW OF OPERATIONS – OVERCOMING OPERATIONAL RISKS

A review of operations, operational risks, financial position, business strategies and details of FLT's outlook for 2023/24 are included on pages 2 to 6 of this report.

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# DIRECTORS' REPORT CONTINUED

## INFORMATION ON DIRECTORS

The following persons were FLT directors during the financial year and up to the date of this report:

DIRECTOR	EXPERIENCE AND DIRECTORSHIPS	SPECIAL RESPONSIBILITIES	DIRECTORS' INTERESTS IN SHARES OF FLT AS AT DATE OF THIS REPORT ORDINARY SHARES
Gary Smith BCom, FCA, FAICD Age: 63	FLT director since 2007. Gary has vast tourism industry experience and has served on a diverse range of boards and tourism industry related bodies during the past 30 years. Gary is a Fellow of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand. He is also a director of Michael Hill International Limited (from Feb-16) and National Roads and Motorists' Association Limited (the NRMA) (from Feb-19).	Independent non-executive chairman  Remuneration & nomination committee member  Audit and risk committee member	25,675
John Eales BA, GAICD Age: 53	FLT director since 2012. Chairman of Trajan Group Holdings Ltd (from Mar-21) and De Motu Cordis Pty Ltd (from Jan-20). Director of Magellan Financial Group Limited (from Jul-17), Executive Health Solutions (from Jun-15) and FUJIFILM Data Management Solutions Pty Ltd (from Jan-14).	Independent non-executive director  Remuneration & nomination committee chairman  Audit and risk committee member	13,438
Robert Baker FCA, GAICD BBus (Accountancy) Age: 65	FLT director since 2013. Former audit partner of PricewaterhouseCoopers, with experience in the retail, travel and hospitality sectors. Chairman of Rightcrowd Limited (from Aug-17) and Goodman Private Wealth Ltd (from Oct-14). Board member of Tourism Holdings Limited (from Nov 22), Apollo Tourism & Leisure Limited (from Jan-20 to Nov-22) and Ozcare (from Jan 22). Pro bono roles include chairman of the Archdiocesan Development Fund, Catholic Archdiocese of Brisbane (from Jan-18), and chairman of the audit and risk committee of Australian Catholic University Limited (from May-15).	Independent non-executive director  Remuneration & nomination committee member  Audit and risk committee chairman	7,307
Colette Garnsey OAM Age: 63	FLT Director since Feb-18. Chairman of Laser Clinics Australia (previously non-executive director from 2020) and non-executive director of Seven West Media (from Dec-18) and Magellan Financial Group Ltd (from Nov-20). Extensive experience in Australian retail industry, marketing and distribution. Former advisory roles include advisor to Federal Minister for Trade and Investment, Australian Fashion Week, Melbourne Fashion Festival and CSIRO.	Independent non-executive director  Remuneration & nomination committee member  Audit and risk committee member	7,453
Kirsty Rankin Age: 63	FLT Director since Aug-22. Former CEO of Pinpoint Pty Ltd, an organisation that specialised in cultivating customer loyalty and engagement programs, prior to its sale to Mastercard in 2014. Subsequently a global executive with Mastercard in the USA. Current non-executive director of Azupay (privately-owned real-time payments platform), Stone & Chalk (leading innovation start-up and scale-up hub) and Skyfii Ltd, an ASX-listed omni-data intelligence company.	Independent non-executive director  Remuneration & nomination committee  Audit and risk committee member	3,168
Graham Turner BVSc Age: 74	Founding FLT director with significant experience in running retail travel businesses in Australia, New Zealand, USA, UK, South Africa, Canada and Asia. Director of the Australian Federation of Travel Agents Limited (from Sept-05).	Managing director	16,641,081

No directors held interests in share rights, options or performance rights during the year (2022: nil).

Kirsty Rankin was appointed as a non-executive director on 25 August 2022.

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# DIRECTORS' REPORT CONTINUED

## SKILLS AND EXPERIENCE

The current mix of skills and experience represented by the directors during the period, is as follows:

	GARY SMITH	JOHN EALES	ROBERT BAKER	COLETTE GARNSEY	KIRSTY RANKIN	GRAHAM TURNER
Travel or retail industry	✓	✓	✓	✓	✓	✓
Senior executive	✓		✓	✓	✓	✓
Finance/capital markets			✓			
Audit/accounting	✓		✓			
Legal*						
Regulatory/public policy	✓					
International markets	✓	✓		✓	✓	✓
Strategy/risk management	✓	✓	✓	✓	✓	✓
Governance	✓	✓	✓	✓	✓	
Marketing/communications	✓	✓		✓	✓	✓
Technology/IT*					✓	

\* For expertise in areas not listed above, the directors seek expertise within FLT and externally where appropriate.

## COMPANY SECRETARY

The company secretary, Mr David Smith (B.Com, LLB) joined FLT in 2002, and was appointed as company secretary in February 2008. Mr Smith has over 24 years legal experience. Mr Smith is also the general manager of mergers & acquisitions with FLT. Prior to joining FLT, Mr Smith held positions with Wilson HTM, Blake Dawson (now Ashurst) and Clayton Utz.

## MEETINGS OF DIRECTORS

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2023 and the number of meetings attended by each director were:

	COMMITTEE MEETINGS					
	FULL MEETINGS OF DIRECTORS		AUDIT & RISK		REMUNERATION & NOMINATION	
	A	B	A	B	A	B
Gary Smith	14	14	4	4	3	3
John Eales	14	14	4	4	3	3
Robert Baker	14	14	4	4	3	3
Colette Garnsey	13	14	4	4	3	3
Kirsty Rankin	10	10	3	3	2	2
Graham Turner	13	14	*	*	*	*

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the year

\* = Not a member of the relevant committee

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# OVERVIEW

BY JOHN EALES, REMUNERATION AND  
NOMINATION COMMITTEE CHAIRMAN



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I am pleased to present your company's FY23 Remuneration Report.

As covered elsewhere in this report, the year to June 30, 2023 was a period of strong recovery for our company as we achieved a \$485million underlying earnings turnaround. Underlying EBITDA ultimately exceeded \$300million, which was above both our initial expectations for the full year (outlined when we acquired Scott Dunn in January 2023) and above the upgraded target we set in early May 2023.

Once again, credit for our achievements must go to our people at all levels - from our in-store workforce through to Skroo's Taskforce, our senior global leadership team.

As longer term shareholders will recall, we worked very hard to invest in and retain our people - and indeed our unique company culture - amid a very challenging trading climate during the pandemic.

We refined our remuneration structures to meet the short-term challenges brought about by lockdowns that effectively grounded travel and severely limited our peoples' earning capacity, while continuing to ensure these structures were aligned with our short and longer-term strategic objectives.

We worked to retain critical IP within our shops, leadership and support ranks while keeping tight controls over costs, challenges which we proactively addressed within our remuneration structures through initiatives like the extended GRR and expanded LTRP programs.

Through these purpose-built programs, we achieved another strategic objective - increasing employee ownership to strengthen ties between the interests of our people and our shareholders in both the short and long-term.

Clearly, we are now starting to see the benefits of this critical investment as the travel sector continues its recovery and as leisure and corporate travellers seek expert advice and service from our people and brands.

Before highlighting the key areas that we have been focusing on, along with our FY23 remuneration outcomes and FY24 expectations, I'd like to remind shareholders of our overall approach to remuneration.

## REMUNERATION REPORT GLOSSARY

**BOS:** Business ownership scheme  
**CEO:** Chief executive officer  
**CFO:** Chief financial officer  
**EBITDA:** Earnings before interest, tax, depreciation and amortisation  
**EGM:** Executive general manager  
**EMEA:** Europe, Middle East and Africa  
**EPS:** Earnings per share  
**ESP:** Employee Share Plan  
**FLT:** Flight Centre Travel Group Limited  
**FY:** The fiscal year  
**GRR:** Global Recovery Rights  
**KMP:** Key management personnel  
**KPIs:** Key performance indicators, the basis for FLT's STIs  
**LSL:** Long service leave

**LTRP:** Long Term Retention Plan  
**MDs:** Managing directors  
**NEDs:** Non-executive directors  
**PBT:** Profit before tax  
**PCRPP:** Post-COVID-19 Retention Plan  
**RNC:** FLT's Remuneration and Nomination Committee  
**SBP:** Share based payments  
**STIs/LTIs:** Short-term incentives/long-term incentives  
**Targeted Packages:** The packages KMP are offered at the beginning of each year and consisting of base pay, superannuation and targeted STI earnings  
**Taskforce:** FLT's global executive team, consisting of Graham Turner, Adam Campbell, Chris Galanty, Melanie Waters-Ryan, James Kavanagh, Charlene Leiss, and Steven Norris  
**TIP:** Transformation Incentive Plan

## A COMMON-SENSE REMUNERATION SYSTEM THAT IS PURPOSE-BUILT AND ALIGNED TO FLT'S STRATEGIC OBJECTIVES

Those who follow our company closely will know that we value common-sense over conventional wisdom. This means that we adopt a common-sense approach to business that is aligned to our strategic objectives and our core philosophies, rather than simply follow a traditional path.

This is clearly evident in our remuneration structures which are simple and purpose-built to suit our specific needs.

While our structures differ to conventional models, we continue to focus on four key factors that commonly underpin remuneration best-practice, namely:

- Attracting and retaining key people. Our success in this area is outlined in Table 1, which shows the experience and tenure of Graham Turner's global leadership team, and by the very strong returns we have seen on our investments in the LTRP, PCRCP and GRR
- Recognising and rewarding people appropriately for their achievements in growing the business and helping it achieve long-term strategic objectives that should deliver sustainable growth to shareholders. This is clearly reflected in increased executive earnings during FY23 in a year when results significantly exceeded expectations, which led to EPS growth and contributed to an almost 10% increase in market capitalisation
- Delivering simple, sensible and transparent incentive structures; and
- Providing the opportunity for our people to invest in their company through long-term share ownership, which in turn ensures they adopt the behaviours and
- Implement the strategies that deliver long-term wealth creation for shareholders, rather than over indexing on short-term performance

In Table 2, we have highlighted four differences between FLT's tailor-made remuneration system and models that companies have typically adopted.

Two key adjustments are, however, in place for FY24 and will more closely align our model with common market practice.

These adjustments relate to executive STIs and will deliver a simpler system that still rewards achievement and contribution to shareholder wealth creation, but takes away some earnings volatility that our people may experience by:

- Removing the 90% floor that was previously part of executives' targeted remuneration. Executives are now guaranteed to receive at least their targeted packages, which will also aid staff attraction; and
- Capping STIs at 30% of targeted remuneration

Given our unique system, we regularly engage with industry bodies, special interest groups and other stakeholders to ensure they understand our remuneration structures and the alignment to our overarching business objectives.

Generally, shareholders have responded positively to our remuneration system and the policies, beliefs and governance structures which underpin it, as evidenced by the strong support that this report has traditionally received at our Annual General Meetings.

To date, the largest vote against our Remuneration Report was 5.85% in 2007 and the average over the past three years has been just under 1.9%.

## ONGOING RETENTION AND ATTRACTION FOCUS

Within this column last year, I highlighted the emphasis we placed on both retention and attraction in what was a highly competitive labour market.

These strategic priorities have not changed.

We continue to refine our remuneration structures to ensure they align with our philosophies and our overarching strategic objectives in an evolving trading climate.

Our use of the GRR and PCRCP as retention tools during the pandemic are examples of our ability to develop solutions that are tailored to our specific needs.

These programs, along with the longer-standing LTRP, have proven highly effective in helping our company retain people.

More than 7000 of our people accepted the initial GRR offer in September 2021 and almost 85% met the continuous employment vesting condition (at the first vesting date of February 24, 2023)

In relation to the LTRP, which targets senior executives, retention continues to track at a very high level, with only seven voluntary resignations from participants during the year (circa 95% retention rate).

We are also successfully rebuilding our workforce by:

- Attracting industry newcomers to our business; and, where possible:
- Welcoming back former "Flighties" who were forced to leave the business during the pandemic.

During FY23, we added more than 1,000 new people to both our leisure and corporate businesses to meet current and anticipated future demand, as articulated in Graham Turner's column. At June 30, we had regrown our global workforce to over 13,000 full time employees, after cutting back to circa 8,000 after borders closed and travel was grounded.

**TABLE 1: KMP TENURE - SUCCESSFULLY DEVELOPING AND RETAINING KEY PEOPLE**

EXECUTIVE	AGE	TENURE	FIRST FLT ROLE	CURRENT FLT ROLE
Graham Turner	74	42 years	CEO, Founder	CEO, Founder
Adam Campbell	48	16 years	Risk & Audit	CFO
Chris Galanty	49	26 years	Flight Centre Putney (UK)	CEO - Corporate
Melanie Waters-Ryan	56	36 years	Flight Centre Queen Street (QLD)	CEO - Supply
James Kavanagh	45	19 years	Campus Travel account manager	CEO - Leisure
Charlene Leiss	53	27 years	Sales administrator (Garber Travel)	MD - The Americas
Steven Norris	46	21 years	Flight Centre Uxbridge (UK)	MD - EMEA



Where possible, we are offering greater flexibility to our people, while also recognising that a very high percentage of our workforce has public-facing, in-store roles.

People are, of course, our most valuable asset, a fact recognised in our number one philosophy.

The recent appointment of our new Chief Global People and Culture Officer, Lincoln Turvey, will ensure we maintain and build on this through a renewed focus on our employee value proposition (EVP).

Globalising our People and Culture practices to create “one best way” will allow us to:

- Create an improved and consistent end-to-end employee journey; and
- Test and challenge our EVP, ensuring it is contemporary and compelling

We will engage our people as we work through this process and adjust our practices and offerings to ensure we are able to attract and retain the best talent and that our people are able to be at their best every day.

## FY23 OUTCOMES AND FY24 EXPECTATIONS

As mentioned previously, our remuneration system is designed in such a way that our executives and our people overall benefit when shareholders benefit.

Accordingly, executive earnings increased during FY23, given that our financial results exceeded expectations and given that normal remuneration structures were back in place, after the temporary measures applied during the pandemic were removed.

All executives exceeded the KPIs required for them to achieve their targeted remuneration packages, which meant they earned stretch STIs for the first time since early in FY20. These STIs were tied to profit improvement, which also drove the almost 10% improvement in FLT’s market capitalisation during the year.

This again underlines the ties between executive STIs and shareholder value creation.

The overall remuneration paid to our executives in a year of extraordinary growth also highlights the curbs that are in place to prevent STIs reaching unacceptable levels.

During FY23, Skroo was paid almost \$900,000, which meant he earned significantly less than the average ASX 100-150 CEO (Source: CGL Glass Lewis 2022. - \$3.097million). This included about \$690,000 in fixed pay, compared to the ASX 100-150 2022 average of \$1.255million (Source: CGI Glass Lewis).

As we outlined at the start of last year, we applied an additional safeguard during FY23 to ensure that executive STIs were appropriate in a year of rapid recovery that could have potentially led to extraordinary earnings growth.

This change meant that executives initially worked towards December 31 targets, which were then re-set to create appropriate full year targets.

This game-of-two-halves approach ensured:

1. Targets for our key executives remained relevant throughout the year; and
2. STI payments would not reach abnormally high levels in FY23 if FLT delivered extraordinary year-on-year profit growth in superior trading conditions compared to FY22.

While not related to KMP, we also continued to refine our STI model for front-end sales staff. Within Flight Centre brand, sales staff are now incentivised to deliver a full service offering to their customers by attaching additional components to a booking, which should eventually lead to higher revenue and profit margins.

Looking ahead to FY24, similar remuneration structures are in place for executives, with the exception of the new STI cap and the removal of the 90% floor in targeted remuneration. Profit growth targets are in place for the full year, as is traditionally the case, and are again the basis for executive KPIs.

Generally, executives and NEDs will receive a modest increase in targeted remuneration or fees reflecting changes in superannuation payments in Australia and inflation, although increases will typically be below CPI. Graham Turner will receive a 5% increase in fixed pay, while Adam Campbell’s package is unchanged, with the exception of the superannuation increase.

## TABLE 2: UNDERSTANDING THE DIFFERENCES: FLT’S TAILOR-MADE REMUNERATION MODEL V TRADITIONAL OFFERINGS

### STI component historically built into targeted remuneration packages, not paid as an annual bonus

Prior to FY24, STIs were not annual bonuses that were only payable to FLT’s executives in good years. The company’s people were historically targeted to earn an STI component as part of their normal (targeted) remuneration packages and had the opportunity to earn additional stretch STIs (above and beyond targeted packages) if they exceeded their KPIs.

### Profit-Based KPIs Tied to Sustainable, Ongoing Growth

FLT uses profit – generally a combination of underlying PBT and underlying EBITDA – as the basis of its executive STIs, which is aligned to its goal of delivering sustainable, earnings growth to benefit all stakeholders. To earn their STIs, executives need to build businesses that deliver year-on-year profit growth.

### LTRP is primarily a retention tool, not a traditional LTI

The company’s main LTI for KMP and senior executives, the LTRP, does not have results-related performance hurdles attached to it. This is because the LTRP is a tailor-made retention tool for key executives and its performance hurdle is longevity-related. The company is currently evaluating other LTI models with multiple performance hurdles for FY25.

### STIs were historically uncapped

Fairness and reward for achievement are key components of FLT’s remuneration system. The company did not historically cap STIs for KMP and instead relied on governance processes and natural curbs to ensure that rewards were aligned to shareholders’ interests and to prevent salaries from reaching unacceptable levels. While the company was generally successful in achieving this objective, an STI cap (30% of targeted earnings) has been introduced for FY24.

**TABLE 3: KEY EXECUTIVE TARGETED REMUNERATION FOR FY23**

KMP	TARGETED REMUNERATION	TARGETED FIXED PAY COMPONENT	TARGETED STI COMPONENT	ESTIMATED STI EARNED	ACTUAL REMUNERATION	
					PAID	REASON FOR STI VARIATION
Graham Turner	A\$768,748	A\$691,874	A\$76,874	A\$204,057	A\$895,931	Surpassed KPI
Melanie Waters-Ryan	A\$1,383,750	A\$1,245,375	A\$138,375	A\$363,182	A\$1,608,557	Surpassed KPI
Adam Campbell	A\$1,112,125	A\$1,000,913	A\$111,212	A\$295,205	A\$1,296,117	Surpassed KPI
James Kavanagh	A\$900,000	A\$810,000	A\$90,000	A\$386,669	A\$1,203,510	Surpassed KPI
Chris Galanty	£362,250	£326,025	£36,225	£69,468	£395,493	Surpassed KPI
Steven Norris	£470,000	£423,000	£47,000	£110,637	£533,637	Surpassed KPI
Charlene Leiss	US\$669,840	US\$603,840	US\$66,000	US\$87,017	US\$690,857	Surpassed KPI

## CONCLUSION

Twelve months ago, we talked about our company being well positioned for recovery given the very important investments that were made during the pandemic. The major investments in our people and culture were critical and have already started to deliver very solid returns.

As we continue to rebuild, retention and attraction remain ongoing focus areas.

Naturally, we will continue to innovate and refine our own unique remuneration structures to help achieve these company-wide objectives, while maintaining the strong alignment with shareholder interests and delivering on the objectives that typically underpin remuneration systems.

Once again, thank-you for your ongoing support of our company.

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# DIRECTORS' REPORT CONTINUED

## REMUNERATION REPORT – AUDITED

The remuneration report outlines FLT's KMP reward framework and is set out under the following headings:

1. Principles used to determine the nature and amount of remuneration
2. Details of remuneration, including service agreements
3. LTIs: BOS return multiples on redemption
4. Share-based compensation; and
5. Loans to KMP

Information in this remuneration report has been audited in accordance with section 308(3C) of the *Corporations Act 2001*.

### 1 PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The following section outlines FLT's remuneration policy and the philosophies that underpin it. Information is presented in a Question and Answer (Q&A) format in five sub-sections:

- i. Remuneration philosophies and structures
- ii. Alignment with shareholder wealth creation
- iii. Director remuneration
- iv. Executive (KMP) remuneration; and
- v. Remuneration governance

#### 1 I) REMUNERATION PHILOSOPHIES AND STRUCTURES

##### WHAT IS FLT'S REMUNERATION PHILOSOPHY?

In line with its belief in common-sense over conventional wisdom, FLT has a simple remuneration system that is tied to its core philosophies and strategic objectives.

Although this remuneration framework is unique and is tailor-made to suit FLT's specific goals, its objective is to align with market practice by being:

- Competitive, which allows the company to attract and retain high calibre people. This is particularly important in the current trading climate, given low unemployment rates in key markets and keen competition for talent as the travel industry rebuilds after being grounded during the pandemic
- Aligned with participants' interests, reflecting responsibilities and rewarding achievement in creating short and long-term shareholder value
- Acceptable to shareholders and strongly aligned with their interests
- Transparent – clear targets are set and achievements against these targets are measurable; and
- Tied to the company's longer-term objectives, capital management strategies and structures

Remuneration structures for KMP (excluding NEDs) are also carefully tailored to ensure they include an appropriate mix of:

- Fixed and variable pay; and
- STIs and LTIs to ensure a strong short and long-term alignment between executive and shareholder interests

Measurable, outcome-based KPIs underpin FLT's STI programs and its overall remuneration systems globally. FLT believes that if the right outcomes are rewarded via its STIs, the company, its people, its customers and its shareholders will benefit.

FLT's belief in the value of using quantitative and outcome-based STIs to drive desired outcomes is articulated in the company's core philosophies, which are included in this Annual Report.

The company's philosophies also underline FLT's belief in the importance of providing its people with ownership opportunities and the chance "to share in the company's success through outcome-based incentives, profit share, BOS and Employee Share Plans".

Accordingly, ownership opportunities are built into the company's remuneration structures to encourage FLT's people at all levels to behave as long-term stakeholders in the company and to adopt the strategies, disciplines and behaviours that create longer term value.

##### WHAT ARE THE KEY COMPONENTS OF FLT'S REMUNERATION FRAMEWORK FOR EXECUTIVES?

In a normal year, all executives can earn a combination of fixed pay, variable STIs; and LTIs, which are predominantly share-based compensation.

Pre-COVID, some executives also received returns on their investments in the BOS, a tailor-made program that rewarded FLT's people for building businesses that delivered sustainable returns over the long-term. While the BOS program was suspended during the pandemic and has not been re-introduced for senior executives, it has been outlined below in Table 1, along with other areas of KMP remuneration.

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# DIRECTORS' REPORT CONTINUED

TABLE 1: KEY COMPONENTS OF FLT'S REWARD FRAMEWORK

## Fixed Pay

Fixed pay typically includes base pay (retainer), LSL provisions and employer superannuation contributions. FLT does not guarantee annual base pay increases for executives.

Other fixed payments, including LSL accruals, are made in accordance with relevant government regulations. Superannuation contributions are paid to a defined contribution superannuation fund.

FLT's people are guaranteed to earn at least the minimum amount payable to them under the applicable awards or other regulations and agreements.

## STIs

For executives, FY24 STIs are capped at 30% of their targeted packages in additional STIs. These STIs are based on measurable achievements (quantifiable) against KPIs or targets that are set annually and are not guaranteed - either in part or in full.

Prior to FY24, FLT had an uncapped STI system which included:

1. A targeted STI component, which executives would earn if they achieved the KPIs that were in place; and
2. A stretch STI component, additional payments that executives would earn if the pre-determined targets or KPIs were exceeded

## BOS returns

In line with FLT's belief in the importance of leaders taking ownership of the businesses they run, eligible executives have historically been invited to invest in unsecured notes in their individual businesses via the BOS. In return for this investment, BOS participants received a variable return that was tied to the individual business's performance.

In basic terms, BOS participants who invested in a 10% interest in their businesses were entitled to 10% of the business's profit as a return on the investment. Each participating executive was exposed to the business's risks, as neither FLT nor any of its group companies guaranteed returns above face value.

In accordance with the BOS prospectus, the board, via its RNC, could review and amend a BOS note if an individual return exceeded 35% of the BOS note's face value in any 12-month period. In addition, FLT could redeem the BOS note at face value at any point, as it elected to do during the pandemic. The BOS program was suspended during the pandemic but has now been reintroduced in some businesses. It is not currently available to KMP.

## BOS Multiplier Program

To ensure that the leaders of some key businesses remained in their roles for the long-term, the company offered a BOS Multiplier program (see section 3). Under this program, invited senior executives became entitled to multiples of 5, 10, and up to 15 times the BOS return in the last full financial year before their BOS note was redeemed, provided they achieved tenure-related hurdles.

Provisions for these future payments are taken up annually and the amounts are shown in the KMP salary tables in section 2. These provisions can be positive or negative as the company adjusts accruals to meet the anticipated future obligation.

## Share-based payments

In line with the company's strong belief in creating ownership opportunities for its people, SBP are available to KMP and other employees (excluding directors). Programs include:

1. The ESP, which was offered to staff in 20 countries; and
2. The LTRP and the one-off PCRPP, which have become critical retention tools and have been offered to various senior executives globally (refer section 4).

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# DIRECTORS' REPORT CONTINUED

## HOW ARE EXECUTIVE SALARIES STRUCTURED?

Executives are offered an annual remuneration package which includes:

- A fixed or guaranteed component (an executive's targeted package); and
- An additional variable STI component, which is not guaranteed (in part or in full) and is now capped at 30% of their targeted package

STIs are tied to pre-determined KPIs. If the KPIs are not achieved in any given year, executives will not typically earn any STIs.

Remuneration packages are periodically compared to remuneration packages for equivalent positions externally to ensure executives are remunerated at a market-equivalent level. A benchmarking exercise, conducted by external consultants was undertaken late in FY22 for executives.

## WHAT WERE THE MOST RECENT BENCHMARKING EXERCISES' FINDINGS?

Targeted FY21 earnings for FLT's executives (Taskforce) were compared to both a Market Comparator Group (75 ASX 200 companies) and an Industry Comparator Group (23 companies). Based on these comparisons, all FLT executives earned below the median and most were paid below the 25th percentile. LTRP earnings were factored into the benchmarking, which was undertaken before the one-off PCRPs was implemented.

## 1 II) ALIGNMENT WITH SHAREHOLDER WEALTH CREATION

### HOW IS EXECUTIVE REMUNERATION ALIGNED WITH SHAREHOLDER WEALTH CREATION?

FLT has developed a simple and logical reward system that ties KMP earnings to financial results achieved and, at the same time, rewards executives for creating longer term shareholder value. Pay-for-performance is integral to this system.

KMP are incentivised within the STI structure to improve key financial results year-on-year and are rewarded according to their achievements against pre-determined, measurable and outcome-based KPIs. Executive STIs are tied to year-on-year growth in FLT's overall profit and, in some instances, within its key business or geographic divisions, which means that senior executives' interests are tied to the company's success and are fully aligned with shareholders' interests.

During FY24 if the company or the key business or geographic divisions' results exceed expectations, KMP will earn up to 30% of their packages in additional STIs. Conversely, if the company or the key business or geographic divisions' results are below expectations, KMP will earn a fraction of their targeted STIs (and possibly zero). Table 2 below illustrates FLT's achievements in the areas that drive shareholder wealth during the past five years:

TABLE 2: KEY MEASURES

	FY23	FY22	FY21	FY20	FY19
<b>Profit / (loss) before income tax</b>	\$70.5m	(\$377.8m)	(\$601.7m)	(\$848.6m)	\$343.5m
Underlying profit / (loss) before income tax <sup>1</sup>	\$106.0m	(\$360.9m)	(\$507.1m)	(\$509.2m)	\$343.1m
Profit / (loss) after income tax	\$47.4m	(\$287.2m)	(\$433.5m)	(\$662.2m)	\$264.2m
Interim dividend	—	—	—	—c	60.0c
Final dividend	18.0c	—	—	—c	98.0c
Special dividend	—	—	—	—c	149.0c
Earnings / (loss) per share (basic)	23.1c	(142.4c)	(217.5c)	(552.2c)	224.2c
Share price at 30 June <sup>2</sup>	\$19.05	\$17.36	\$14.85	\$11.12	\$41.55
Increase / (decrease) in share price %	10 %	17%	34%	(73%)	(35%)

<sup>1</sup> Underlying profit / (loss) before tax is a non-IFRS measure and is unaudited. Refer to note A1 segment information for reconciliation of underlying to statutory profit / (loss) before tax.

<sup>2</sup> The share price at 30 June 2018 was \$63.65.

During FY23, FLT's executives earned stretch STIs, above their initial targets, given that the company and its key businesses and geographic regions significantly exceeded their profit targets.

Conversely, during the two previous years, when results were heavily impacted by COVID-19 and the company recorded significant losses, executives accepted temporary pay reductions and did not, therefore, earn their targeted packages.

## TABLE 3: IMPACT ON KMP EARNINGS

Executive STIs are tied to FLT's underlying PBT globally and/or the PBT generated by key business or geographic divisions.

In simple terms, this means that executives' STI earnings will typically be:

- Higher in years when profits within their areas of responsibility exceed expectations (when they exceed their KPIs)
- Lower in years when they meet, but do not exceed, expectations and do not reach the incentive cap (now 30% in FY24); and
- Zero (unpaid) in years when results are below expectations and no KPIs are achieved

## HOW DOES FLT'S REMUNERATION SYSTEM BENEFIT BOTH ITS EMPLOYEES AND ITS SHAREHOLDERS?

For executives and employees in general, benefits include:

- Clear and measurable targets and structures for achieving rewards are in place
- Ownership is encouraged and structures are built into the remuneration model to deliver a high degree of employee investment in the business
- Achievement, capability and experience are recognised and rewarded; and
- Contribution to shareholder wealth creation is rewarded because STIs are tied to the company's profit or the profit its key business or geographic divisions achieve and additional LTIs are in place to reward executives for developing businesses that deliver sustainable growth over a longer horizon

For shareholders, benefits include:

- A clear short and long-term performance improvement focus, as year-on-year profit growth is a core component of FLT's remuneration system. KMP must deliver reasonable year-on-year growth to maintain consistent earnings
- A clear alignment between employee interests and those of shareholders, given high levels of staff ownership
- A focus on sustained growth in shareholder wealth, as outlined above; and
- The ability to attract and retain high calibre executives

## 1 III) DIRECTOR REMUNERATION

### HOW ARE NEDs REMUNERATED?

To preserve their independence, NEDs receive fixed fees that reflect the positions' demands and responsibilities. They are not eligible to participate in the ESP or BOS program, are not included in LTI programs and do not receive additional fees for their membership of any relevant Board Committees, including the audit and risk committee or the RNC.

The fees, which the RNC reviews annually, are determined within an aggregate directors' fee pool, which is periodically recommended for shareholder approval. The pool currently stands at \$1.1million per annum, as approved by shareholders on 22 October 2018.

An external benchmarking exercise for NEDs (including the chairman) was conducted during FY23 to ensure that fees paid to individual directors were appropriate and competitive. Based on this benchmarking, the fees paid to FLT's chairman increased to \$300,000 while the other NEDs were paid in the order of \$175,000 in annual fees. Kirsty Rankin was appointed during the year and, therefore, received a percentage of the annualised fees paid to the company's other NEDs.

### HOW ARE CHAIRMAN'S FEES DETERMINED?

The chairman's fees are determined independently and are benchmarked against comparable roles in other listed entities. The chairman does not attend Board and RNC discussions relating to his remuneration.

# DIRECTORS' REPORT CONTINUED

## 1 IV) KMP REMUNERATION STRUCTURES

### WHAT ARE KMP STIs BASED ON?

After operating with modified pay structures during FY21 and FY22, traditional STI structures for executives were restored during FY23.

This saw STIs:

- Tied exclusively to FLT's global profit (EBITDA) for Graham Turner (CEO), Adam Campbell (CFO) and Melanie Waters-Ryan (CEO - Supply); and
- Tied 70% to divisional profit (PBT) and 30% to FLT's global profit (EBITDA) for other executives, specifically Chris Galanty (CEO - Corporate), James Kavanagh (CEO - Leisure), Charlene Leiss (MD - The Americas) and Steven Norris (MD - EMEA)

Given the difficulties in setting relevant and appropriate longer term growth targets in the post-COVID trading climate, KMP KPIs were initially tied to 1H profits and then reset at the half year to ensure appropriate full year targets were in place in a year when the company achieved an extra-ordinary turnaround of \$466million in underlying profit before tax.

For FY24, executive STIs are tied to:

- Global PBT profit growth for Graham Turner and Adam Campbell; and
- A combination of global PBT profit growth, business PBT profit growth and regional (geographic) PBT profit growth for other executives who are considered KMP. STIs are weighted towards the executive's primary area of responsibility, which is the relevant business division for the global leisure and corporate CEOs and the geographic region for MDs

FLT's traditional STI structure is outlined in Table 4 below.

**TABLE 4: STI SUMMARY – KMP**

Participants:	All executives are eligible to earn performance-based STIs.
Award Type:	Cash payments made annually to the global CEO and CFO and monthly to other executives who are classed as KMP.
Performance conditions:	KMP STIs are not guaranteed – in part or in full – and are strictly tied to the company's PBT/EBITDA or the PBT/EBITDA achieved within its key geographic or business divisions.
Structure:	If the KPIs are achieved, KMP receive a small percentage of the company's profit and, in some cases, the profit achieved within its key geographic or business divisions.
Limits:	Executive STIs are now capped at 30% of the executive's targeted remuneration package (cap not in place during FY23, in place from FY24).
Deferral:	Not applicable.
Clawback:	Adjustments can be made to withhold STIs, to claw-back over-payments or to top-up under-payments.

FY23 Outcomes: The STI outcomes for KMP have been outlined in Table 4 in John Eales' overview.

### WHAT PERCENTAGE OF REMUNERATION IS FIXED FOR FLT EXECUTIVES?

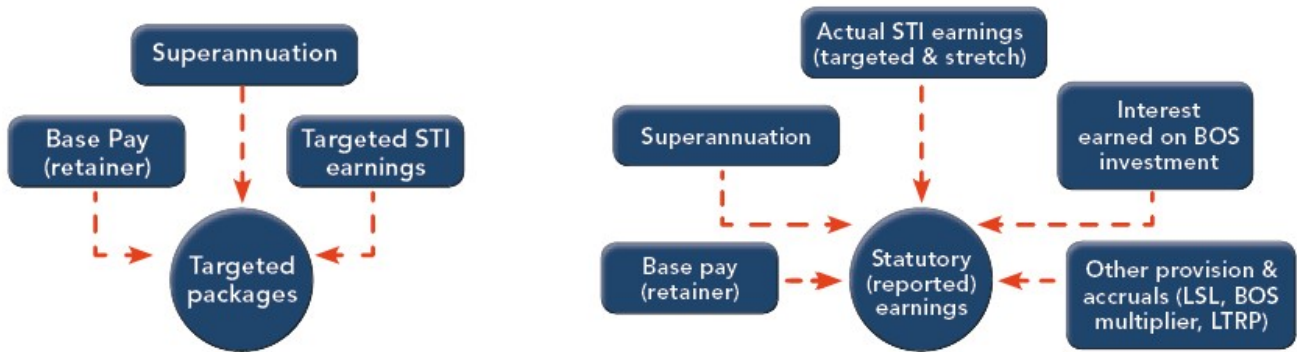
During FY23, 90% of each executive's targeted package was fixed, with an additional 10% subject to performance (described as targeted STIs). Additional stretch STIs were also available and were earned, given that the business significantly exceeded its profit expectations.

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# DIRECTORS' REPORT CONTINUED

## HOW DO EXECUTIVES' TARGETED SALARY PACKAGES DIFFER FROM OVERALL EARNINGS DISCLOSED IN THIS REPORT?

The diagrams below illustrate the differences between the targeted remuneration packages that are offered to FLT's executives and statutory (reported) remuneration.



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### ARE NON-FINANCIAL KPIs USED?

While FLT does not currently and has not traditionally tied KMP incentives to non-financial KPIs, the company may consider using them in future if they are measurable (quantifiable) and aligned to FLT's strategic objectives and shareholder interests.

### HOW DID FLT LIMIT EXECUTIVE STIs BEFORE THE 30% CAP WAS INTRODUCED?

While executive STI earnings were theoretically uncapped in the past, structures, governance processes and natural curbs were in place to ensure that executive earnings were acceptable and aligned to shareholders' interests.

For example, if executives significantly exceeded their KPIs and reached "stretch" targets, a decelerator mechanism kicked-in to slow the executive's earnings growth. During FY23, two decelerators applied to the global portion of STIs. The first applied if an executive earned 130% of his or her targeted remuneration package and the second applied at 150%.

A number of other factors also limited earnings growth for KMP:

- Firstly, STIs were tied to results achieved by mature businesses and were, therefore, limited by the relevant business's earnings growth potential in any normal year. As outlined previously, an additional safeguard was in place for FY23 to reflect both the uncertainty around trading conditions and the prospect of abnormally strong year-on-year growth being achieved, with executive STIs based on a first half target and an additional second half target; and
- Secondly, the percentage of profit the executive earned under his or her KPIs was relatively small. In a year of normal profit growth, executive STIs would not significantly increase, as illustrated in previous annual reports.

The RNC also reviews incentive payments and structures during the course of the year and has the discretion to adjust KPIs if earnings are not aligned to the company's and its shareholders' interests, as outlined elsewhere in the report.



# DIRECTORS' REPORT CONTINUED

## EXECUTIVE LONG-TERM INCENTIVES (LTIs)

### WHAT IS THE LTRP AND HOW IS IT STRUCTURED?

The LTRP (established in FY16) is an equity-based tool that is aligned with FLT's longer term strategic objectives and aims to:

- Encourage retention of key executives and other senior leaders
- Enhance the level of ownership among these key people to strengthen the alignment to shareholder interests; and
- Balance the use of STIs

A summary is included below and further detail is provided in Section 4.

### LTRP SUMMARY

Participants:	Key executives and other senior leaders globally, including KMP apart from Graham Turner and NEDs.
Award Type:	Annual equity grant of Base Rights that will vest in the future if the executive achieves the longevity-related service condition. An additional Matched Right is attached to each Base Right and will also vest in the future if the executive achieves the performance conditions. On vesting, the rights become exercisable by the participant. No amount is payable on exercise.
Service conditions:	As the program is primarily a retention and alignment tool, the service condition is tied to longevity. No result-related performance conditions or hurdles are in place.
Structure:	<p>The number of Base Rights issued is based on a fixed dollar amount of rights granted for each participant divided by the company's share price (Volume Weighted Average Price) over the 10 trading days following release of FLT's full year accounts.</p> <p>Base Rights granted from FY19 onwards will vest three years after the applicable grant date or three years after the applicable grant date of the first grant for new participants' first three years of grants, provided that the executive continues to be employed within FLT at that time.</p> <p>The Matched Rights are linked one-for-one to the granted Base Rights to further encourage key executives to build longer term careers with the company (continuous employment).</p> <p>Matched Rights granted from FY19 onwards will vest three years after the applicable grant date or five years after the applicable grant date of the first grant for new participants' first three years of grants, upon release of FLT's audited full year accounts.</p> <p>The vesting of Matched Rights is conditional on:</p> <ul style="list-style-type: none"><li>• The executive still holding the corresponding Base Rights previously issued under the LTRP for the applicable grant, or the associated shares received on exercise of those Base Rights (i.e. the executive has not sold the shares received from the Base Rights); and</li><li>• The executive remaining employed within FLT</li></ul> <p>In line with FLT's reporting requirements, the Base Rights and Matched Rights issued are recorded at grant date fair value within the remuneration tables in this report.</p>
Limits:	Participants receive a percentage of their targeted remuneration package (typically 20 or 30%) divided equally between Base and Matched Rights under the plan
Voting and dividend rights	In return for each Base Right or Matched Right exercised, the executive will receive one fully paid FLT ordinary share with attached voting and dividend rights.
Other key terms	Participants can receive up to 12 annual share grants through to 2027. Shares can be bought on-market or issued, as is the case for the ESP. Provisions are in place for a change of control or other material changes in company structure.
Clawback:	Not applicable, although the Board, via the RNC, has full discretion over the LTRP and can "alter, modify, add to or repeal" any provisions of the LTRP's rules.
FY23 Outcomes:	The board invited 174 key executives globally to participate in the expanded LTRP program during FY23. Approximately 95% were retained.

### WHY AREN'T RESULT-RELATED PERFORMANCE HURDLES IN PLACE FOR THE LTRP?

Given that the LTRP is not a traditional LTI and is strategically designed to be an executive retention tool, no result-related performance hurdles apply. Rights can be granted to participants annually while they remain part of the program.

While FLT met with various stakeholders and considered adding performance hurdles to the plan when it was reviewed during FY18, the company elected to maintain the original structure, given the plan's success in achieving its primary strategic objective of retaining key individuals.

FLT also believes that its program gives executives a stronger sense of ownership and alignment with shareholders than other commonly used plans that are tied to longer term performance hurdles that may or may not be achieved. Like other shareholders, LTRP participants gain an immediate sense of share ownership when they are invited to become part of the program, rather than the possibility of a longer term reward, and see the same short-term benefits as other shareholders (excluding dividends and voting rights), while also being motivated as an owner to deliver longer term value.

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# DIRECTORS' REPORT CONTINUED

## ARE OTHER LTIs IN PLACE FOR KMP?

FLT is currently reviewing LTI structures and is contemplating changes for FY25. While this review is ongoing, the company is evaluating tailored LTI offerings with multiple performance hurdles that are aligned to the company's overall strategies.

FLT's senior executives are integral to the success of its key businesses and the company overall. To help retain these key people and to encourage them to build businesses that deliver sustainable profits into the future, the company historically offered an additional LTI that was aligned to the BOS and available to some KMP. Under this BOS Multiplier program, which is outlined in section 3, participating executives became entitled to a one-off BOS return multiplier payment upon the BOS note's redemption if they remained in their role, or an equivalent or more senior position, for the relevant tenure period.

One current executive, Chris Galanty, continues to participate in the BOS Multiplier program, with Melanie Waters-Ryan due to retire in early FY24.

During FY21, the company formally introduced the PCR, which was available to all KMP apart from directors, to help it achieve two of its key post-COVID strategic objectives:

1. Retaining key executives who are crucial to FLT's recovery, but who may also be at risk of leaving while the travel industry continues to be heavily impacted by government restrictions; and
2. Maintaining tight cash controls while revenue generating opportunities were severely restrained

## WHAT IS THE PCR AND GRR?

Both the PCR and the GRR (approved by shareholders at FLT's 2021 AGM) were developed to ensure people who would be crucial to FLT's post-COVID recovery were retained while the business recovered and during the rebuilding phase.

The one-off PCR program focused on key members of FLT's global leadership team, whose skills easily translated to industries and sectors that were not as heavily impacted by the pandemic and who were, therefore, at heightened risk of being targeted by other companies.

Of FLT's KMP, Chris Galanty, Melanie Waters-Ryan, Adam Campbell, Steve Norris, James Kavanagh and Charlene Leiss were included in the PCR, which was built around a one-off grant of share rights (vesting after two years), plus additional matched rights (vesting after years three and four).

The GRR has identical objectives to the PCR but is a broader program targeted at FLT's global workforce (excluding PCR participants and directors). It was initially intended to be a one-off program, but the company elected to extend it for a second year as a strategic response to prevailing market conditions globally. Additional PCR details are included in Section 4.

## HOW IS THE PCR ALIGNED TO SHAREHOLDER INTERESTS AND TO THE COMPANY'S SHORT AND LONG-TERM STRATEGIC OBJECTIVES?

FLT's board believed the PCR participants were required to:

- Lead the company through an extraordinarily difficult time; and
- Rebuild FLT and create shareholder value as restrictions ease and as it emerges from the crisis

This program has helped lock in these key people while they have developed and deployed strategies designed to fast-track recovery.

PCR participants have genuine ownership of the company, via their share rights, and will be rewarded for creating value, meaning their interests are aligned with other shareholders in both the near-term, given that PCR shares will vest over a two-to-four-year period, and the long-term, given their simultaneous involvement in the ongoing LTRP.

The PCR provided these critical employees with additional incentive to continue their careers with FLT in a tight labour market and during what was likely to be a rebuilding phase with earnings likely to be lower than normal. It also aligned with another strategic objective - minimising cash outflows - while the company's recovery gained momentum.

## HOW DOES THE PCR DIFFER STRATEGICALLY FROM THE LTRP?

The LTRP is an ongoing program that aims to retain a pool of key executives for an extended period.

The PCR was a strategic, one-off response to COVID-19 and was a short-term program focused specifically on retaining a group of executives who were considered crucial to FLT's recovery during the rebuilding phase and who were at heightened risk of being targeted by other companies operating in less affected industries.

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# DIRECTORS' REPORT CONTINUED

## 1 V) REMUNERATION GOVERNANCE

### HOW IS EXECUTIVE REMUNERATION MONITORED TO ENSURE FLT ACHIEVES ITS REWARD OBJECTIVES?

FLT's RNC oversees and monitors executive remuneration and provides specific recommendations on remuneration and incentive structures, policies and practices and other employment terms for directors and senior executives.

In making its recommendations, the RNC considers:

- External benchmarks against ASX-listed companies, other global travel companies and retailers in general
- Targeted earnings being aligned with targeted profit growth; and
- Three-five years' salary data for the position to ensure earnings are aligned with results over the longer term

During the course of the year, the RNC receives regular employee earnings updates, which allows it to monitor executives' potential earnings against their divisions' performance and the targets that were set at the start of the year.

The RNC also has the discretion to withhold or clawback STI payments if deemed appropriate.

The RNC can adjust KPIs if actual earnings are likely to excessively exceed targeted packages or if a material change occurs within the business. For example, the RNC can normalise earnings by excluding unforeseen items or including an acquired business's contributions for the purposes of calculating STIs.

The RNC can "alter, modify, add to or repeal any provisions of the LTRP's rules in any way it believes is necessary or desirable to better secure or protect the company's rights". Subject to some conditions, the RNC committee can, at any time, "amend, add to, revoke or substitute all or any of the provisions of the LTRP rules".

Under the LTRP, amendments can be made if the company is subject to a takeover bid or if the company's capital is consolidated, subdivided, returned, reduced or cancelled.

The RNC is supported by local committees that operate within FLT's key geographic divisions. These local committees generally meet quarterly and include the local MD, CFO and HR (People & Culture) leader.

### WITHIN ITS EXECUTIVE REMUNERATION STRUCTURES, HOW DOES THE COMPANY ENSURE THAT KMP ARE FOCUSED ON PROTECTING AND GROWING SHAREHOLDER VALUE NOW AND INTO THE FUTURE?

Through the tailor-made programs that FLT has developed and refined, it has created a remuneration program that:

- Encourages executives to adopt a business owners' mindset; and
- Rewards executives for surpassing the prior year's achievement, but also for delivering results that can be sustained into the future.

Executive STIs are tied to FLT's underlying profits for the year, which are subject to rigorous internal and external checks and reviews and can be adjusted (withheld, clawed back or topped up) if required.

Within this STI structure, executives are also rewarded for adopting strategies that deliver long-term growth, as future STIs require the business to achieve ongoing profit growth. This ongoing growth focus promotes longer term thinking and sustainability, as an executive who took a short-term approach to profit growth and earned higher STIs in any given year would be adversely affected in future years.

To further encourage long-term thinking and to ensure key people are focused on building businesses that can deliver sustainable returns for the future, KMP (excluding directors) are included in the LTRP. In addition to aiding executive retention, this has delivered a stronger sense of ownership and a clear alignment with shareholders' medium to long-term interests. In prior years, various KMP have also taken ownership interests in the businesses they run, via the BOS.

As a direct response to COVID-19, FLT introduced the PCRFP to ensure the key global executives who are critical to FLT's recovery are retained and are working to create shareholder value over the next few years.

FLT has a share trading policy which prohibits directors, senior executives and their closely connected persons from entering into margin loans, hedging or any other arrangement that would have the effect of limiting their exposure to risk in relation to an element of their remuneration that has not yet vested or has vested but remains subject to a holding lock. The policy is available on FLT's website at <https://www.fctgl.com/investors#governance-documents>.

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# DIRECTORS' REPORT CONTINUED

## 2 DETAILS OF REMUNERATION

The following tables outline KMP remuneration details for the company and consolidated entity consisting of FLT and the entities it controlled for the year ended 30 June 2023. Board and KMP are as defined in AASB 124 *Related Party Disclosures* and are responsible for planning, directing and controlling the entity's activities.

### BOARD OF DIRECTORS

#### Non-Executive Directors

Gary Smith – Chairman

John Eales

Robert Baker

Colette Garnsey

Kirsty Rankin

#### Executive Director

Graham Turner

### OTHER GROUP KMP

Melanie Waters-Ryan – CEO - Supply (due to retire 31 August 2023)

Adam Campbell – CFO

Chris Galanty – CEO – Corporate

James Kavanagh – CEO – Leisure

Charlene Leiss – MD – The Americas

Steven Norris – MD – EMEA

### PARENT ENTITY

With the exception of Chris Galanty, Charlene Leiss and Steven Norris, the executives listed above were also Parent Entity executives.

### SERVICE AGREEMENTS

No fixed-term service agreements are in place with FLT's directors or KMP. Senior executives are bound by independent and open-ended employment contracts that are reviewed annually.

The company does not pay sign-on bonuses and requires KMP to provide at least 12 weeks' written notice of their intention to leave FLT. If FLT gives notice, it must also provide at least 12 weeks' written notice. Termination payments to executives and other employees who are displaced as a result of their roles becoming redundant are assessed on a case-by-case basis and are capped by law. FLT is not bound, under the terms of any executive's employment contract, to provide termination benefits beyond those that are required by law.

As is the case for all employees, KMP employment may be terminated immediately for serious misconduct.

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# DIRECTORS' REPORT CONTINUED

## DETAILS OF REMUNERATION

The following table shows the remuneration paid and payable to KMP for the year ended 30 June 2023. Remuneration amounts are determined in accordance with the *Corporations Act 2001*'s requirements and are set out in the table below and in conjunction with the table on the following page of this report.

NAME	PAID AND PAYABLE REMUNERATION				TOTAL PAID AND PAYABLE REMUNERATION \$
	CASH SALARY AND FEES <sup>2</sup> \$	SHORT-TERM EMPLOYEE BENEFITS		POST EMPLOYMENT BENEFITS <sup>1</sup>	
		SHORT TERM INCENTIVE <sup>2</sup> \$	BOS INTEREST <sup>3</sup> \$	SUPERANNUATION \$	
<b>NON-EXECUTIVE DIRECTORS</b>					
<b>Gary Smith</b>					
2023	274,708	—	—	25,292	300,000
2022	227,273	—	—	22,727	250,000
<b>John Eales</b>					
2023	158,873	—	—	16,682	175,555
2022	154,545	—	—	15,455	170,000
<b>Robert Baker</b>					
2023	158,873	—	—	16,682	175,555
2022	154,545	—	—	15,455	170,000
<b>Colette Garnsey</b>					
2023	158,873	—	—	16,682	175,555
2022	154,545	—	—	15,455	170,000
<b>Kirsty Rankin (appointed 25 August 2022)<sup>4</sup></b>					
2023	135,272	—	—	14,204	149,476
2022	—	—	—	—	—
<b>EXECUTIVE DIRECTORS</b>					
<b>Graham Turner</b>					
2023	666,582	204,057	—	25,292	895,931
2022	651,432	9,375	—	23,568	684,375
<b>OTHER GROUP KMP</b>					
<b>Melanie Waters-Ryan</b>					
2023	1,220,083	363,182	—	25,292	1,608,557
2022	1,191,432	16,875	—	23,568	1,231,875
<b>Adam Campbell</b>					
2023	975,620	295,205	—	25,292	1,296,117
2022	952,932	13,563	—	23,568	990,063
<b>Chris Galanty</b>					
2023	582,500	124,116	815,246	—	1,521,862
2022	1,165,156	16,183	—	—	1,181,339
<b>James Kavanagh</b>					
2023	791,549	386,669	—	25,292	1,203,510
2022	703,280	10,095	—	23,568	736,943
<b>Charlene Leiss</b>					
2023	882,091	129,220	—	14,612	1,025,923
2022	751,028	—	—	—	751,028
<b>Steven Norris</b>					
2023	755,762	197,673	—	—	953,435
2022	723,701	10,052	—	—	733,753
<b>TOTAL KMP COMPENSATION (EXCLUDING LONG TERM BENEFITS)</b>					
<b>2023</b>	<b>6,760,786</b>	<b>1,700,122</b>	<b>815,246</b>	<b>205,322</b>	<b>9,481,476</b>
<b>2022</b>	<b>6,829,869</b>	<b>76,143</b>	<b>—</b>	<b>163,364</b>	<b>7,069,376</b>

1 No termination benefits (leave entitlements and redundancy payments owing to employees at the date of termination) were paid during the year (2022: nil).

2 For each executive who is classed as KMP, 90% of the targeted remuneration package was fixed for 2023.

3 BOS interest shown above does not take into account financial liabilities (principal repayments) that may relate to this investment.

4 For KMP who were appointed during the current year, the amounts disclosed reflect the relevant service period served.

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# DIRECTORS' REPORT CONTINUED

NEDs receive fixed fees, do not receive STIs or LTIs and do not participate in the BOS or BOS Multiplier program. No components of their remuneration are at risk.

NAME	TOTAL PAID AND PAYABLE REMUNERATION \$	LONG-TERM EMPLOYEE BENEFITS			SHARE-BASED PAYMENTS	TOTAL REMUNERATION \$	PERCENTAGE PERFORMANCE RELATED <sup>6</sup> %
		LONG SERVICE LEAVE <sup>1</sup> \$	BOS MULTIPLIER PROVISION <sup>2</sup> \$	TERMINATION BENEFITS <sup>3</sup> 000	EQUITY SETTLED PLANS <sup>4,5</sup> \$		
<b>TOTAL NON EXECUTIVE DIRECTORS COMPENSATION</b>							
2023	976,141	—	—	—	—	<b>976,141</b>	—%
2022	760,000	—	—	—	—	<b>760,000</b>	—%
<b>EXECUTIVE DIRECTORS</b>							
<b>Graham Turner</b>							
2023	895,931	56,763	—	—	—	<b>952,694</b>	21%
2022	684,375	48,513	—	—	—	<b>732,888</b>	1%
<b>OTHER GROUP KMP</b>							
<b>Melanie Waters-Ryan</b>							
2023	1,608,557	90,702	(2,619,811)	1,220,000	(57,537)	<b>241,911</b>	(933)%
2022	1,231,875	243,010	—	—	759,377	<b>2,234,262</b>	1%
<b>Adam Campbell</b>							
2023	1,296,117	51,102	—	—	716,938	<b>2,064,157</b>	14%
2022	990,063	57,208	—	—	1,023,165	<b>2,070,436</b>	1%
<b>Chris Galanty</b>							
2023	1,521,862	—	1,099,366	—	433,375	<b>3,054,603</b>	67%
2022	1,181,339	—	—	—	746,182	<b>1,927,521</b>	1%
<b>James Kavanagh</b>							
2023	1,203,510	51,870	—	—	366,271	<b>1,621,651</b>	24%
2022	736,943	108,364	—	—	466,069	<b>1,311,376</b>	1%
<b>Charlene Leiss</b>							
2023	1,025,923	—	—	—	363,858	<b>1,389,781</b>	9%
2022	751,028	—	—	—	527,053	<b>1,278,081</b>	—%
<b>Steven Norris</b>							
2023	953,435	—	—	—	355,235	<b>1,308,670</b>	15%
2022	733,753	—	—	—	496,160	<b>1,229,913</b>	1%
<b>TOTAL KMP COMPENSATION</b>							
<b>2023</b>	<b>9,481,476</b>	<b>250,437</b>	<b>(1,520,445)</b>	<b>1,220,000</b>	<b>2,178,140</b>	<b>11,609,608</b>	
<b>2022</b>	<b>7,069,376</b>	<b>457,095</b>	<b>—</b>	<b>—</b>	<b>4,018,006</b>	<b>11,544,477</b>	

1 Long Service Leave (LSL) includes amounts accrued and taken during the year. LSL provisions are linked to overall executive remuneration (which consists of the short-term benefits noted above) and, therefore, vary from year to year. Movements are based on total salary which is dependent on performance during the year. Negative amounts are sometimes recognised, as provisions naturally adjust in periods where incentives are not earned and the rate used for LSL calculation reduces compared to prior periods.

2 BOS Multiplier program provisions are linked to profit and, therefore, vary from year to year. Melanie Waters-Ryan's negative BOS Multiplier amount reflects the decrease in the BOS Multiplier provision due to her retirement and in accordance with the final redemption terms. Information on the BOS program is included in section 3.

3 Melanie Waters-Ryan will retire on 31 August 2023 with an agreed upon termination benefit to be received at the conclusion of the service period. The benefit relates to services performed during FY23 and up until 31 August 2023.

4 Share-based payments represent amounts expensed in relation to rights granted under LTRP Grant 2019 (Grant 4b), LTRP Grant 2020 (Grant 5b), LTRP Grant 2021 (Grant 6 & Grant 6b), LTRP Grant 2022 (Grant 7), LTRP Grant 2023 (Grant 8) and PCRPs (refer section 4). A. Campbell, J. Kavanagh, C. Leiss and S. Norris' include matched rights granted under the ESP (refer section 4).

5 Melanie Waters-Ryan will retire on 31 August 2023. Share-based payment expense previously recognised under AASB 2 in respect of the rights relating to LTRP Grant 7 and PCRPs Match 2 rights has been reversed in the year ended 30 June 2023 resulting in a negative amount reported for share-based payment remuneration in 2023.

6 Performance related percentage calculated as the sum of the STI and BOS interest, and BOS Multiplier divided by total remuneration.

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# DIRECTORS' REPORT CONTINUED

## DETAILS OF REMUNERATION PAID AND FORFEITED

OTHER GROUP KMP	INCENTIVES	
	PAID %	FORFEITED %
Graham Turner	100 %	0 %
Melanie Waters-Ryan	100 %	0 %
Chris Galanty	100 %	0 %
Adam Campbell	100 %	0 %
James Kavanagh	100 %	0 %
Charlene Leiss	100 %	0 %
Steven Norris	100 %	0 %

For each STI, the percentage of the available bonus that was paid, or that vested, in the financial year and the percentage that was forfeited because the person did not meet the performance criteria is set out above. No part of the bonus is payable in future years.

### 3 LTIs: BOS RETURN MULTIPLES ON REDEMPTION

To encourage key executives to continue in their roles for the long-term and to drive growth in large and important businesses, two KMPs had BOS notes in effect in FY23 – namely Melanie Waters-Ryan and Chris Galanty.

Ms. Waters-Ryan resigned from her role as Chief Executive Officer, Supply effective 31 August 2023. For the period 1 January 2020 to 31 December 2022 (MWR Hibernation Period) Ms. Waters-Ryan's BOS (MWR BOS) was hibernated via a series of amending documents. During the MWR Hibernation Period, the MWR BOS' face value was repaid to Ms. Waters-Ryan and all other entitlements under the MWR BOS to interest earnings and multipliers were suspended. In order to reactivate the MWR BOS, Ms. Waters-Ryan was required to repay the face value of the MWR BOS to Flight Centre within thirty (30) days of the end of the MWR Hibernation Period. Ms. Waters-Ryan elected not to repay the face value and accordingly the MWR BOS was deemed to have been redeemed as at 31 December 2019 (Redemption Date). As at the Redemption Date, in accordance with the terms of the MWR BOS (as amended and restated), Ms. Waters-Ryan was entitled to a one-off multiplier payment equivalent to the MWR BOS' interest earnings for FY2019 multiplied by five. This was paid to Ms. Waters-Ryan in July 2023.

Mr. Galanty's BOS (CG BOS) was also hibernated for the period 1 January 2020 to 30 June 2022 (CG Hibernation Period). Mr. Galanty elected to repay the face value of the CG BOS at the end of the CG Hibernation Period to Flight Centre and the CG BOS (including its relevant entitlements) recommenced in accordance with its amended and restated terms, in particular:

- if the CG BOS is finally redeemed after its fifth anniversary but before its tenth anniversary, Mr. Galanty will be entitled to a one-off payment equivalent to the CG BOS return for FY19 multiplied by five, being the applicable redemption multiple;
- if the CG BOS is finally redeemed after its tenth anniversary but before its fifteenth anniversary, Mr. Galanty will be entitled to a one-off payment equivalent to the CG BOS return for the last full financial year before the final redemption date, multiplied by 10, being the applicable redemption multiple;
- if the CG BOS is not redeemed by the end of FY28 (when it must then be redeemed) a final redemption multiple of 15 multiplied by CG BOS return for the last full financial year will be payable; and
- if the CG BOS is finally redeemed after its fifth anniversary but before its fifteenth anniversary (FY28) as a result of Mr. Galanty transferring into a comparable or more senior role within Flight Centre, an affiliate or a related body corporate or as a result of the sale of any material and relevant part of the business (collectively the Relevant Actions), then the redemption multiple payable to Mr. Galanty will be the number of full years the CG BOS note has been held as at the date of the Relevant Action multiplied by the relevant interest earnings of the CG BOS for the last full financial year before the redemption date.

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# DIRECTORS' REPORT CONTINUED

## 3 LTIs: BOS RETURN MULTIPLES ON REDEMPTION (CONTINUED)

The BOS's Face Value, being the amount paid by the holder to purchase the BOS, is guaranteed – subject to the issue of a designation notice, it cannot decrease in value – and will always be deducted from the final redemption multiple payment.

BOS MULTIPLIER PROGRAM							
OTHER GROUP KMP	GRANT DATE	VESTED %	FORFEITED %	FINANCIAL YEARS IN WHICH BOS RETURN MULTIPLE MAY VEST	MINIMUM TOTAL BOS RETURN MULTIPLE <sup>1</sup>	MAXIMUM TOTAL BOS RETURN MULTIPLE <sup>1</sup>	BALANCE AT 30 JUNE 2023 <sup>2</sup> \$
Melanie Waters-Ryan	1 July 2012	100 %	—	2018-2029	5 times	15 times	1,103,153
Chris Galanty	1 July 2010	100 %	—	2016-2028	5 times	15 times	10,025,001
<b>Total</b>							<b>11,128,154</b>

<sup>1</sup> The BOS Holder will be entitled to be paid an amount equivalent to his or her BOS return for the last full financial year before the redemption date, multiplied by the applicable redemption multiple. This does not apply to the MWR BOS which was deemed to have been redeemed on 31 December 2019 (per the details set out above). Otherwise, as the BOS return multiple is dependent on profit during the last full financial year before the date of redemption, neither the minimum nor maximum amount can be reliably estimated until redeemed. The failure of Ms. Waters Ryan to repay the face value of the MWR BOS at the conclusion of the MWR Hibernation Period triggered the redemption of the MWR BOS and the final calculation of amount payable (being FY19 MWR BOS earnings multiplied by five).

<sup>2</sup> The balance held for C. Galanty as at 30 June 2023 incorporates both a recalculation of the estimated provision out to FY28 and revaluation for movement in foreign exchange rates.

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# DIRECTORS' REPORT CONTINUED

## 4 SHARE-BASED COMPENSATION

In line with FLT's philosophies, share-based plans are in place to allow KMP (excluding directors) and employees in general to take an equity interest in the company. These plans include the LTRP and the ESP.

### LTRP

The LTRP was introduced to provide equity-based compensation with a focus on balancing FLT's use of STIs, long-term shareholder alignment and retention of key executives.

#### General terms

Invited participants are granted base rights, for no consideration, in annual tranches over a 12-year period with vesting conditions based upon continued service. When these base rights are granted, participants are also granted a corresponding number of matched rights for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

#### Vesting requirements

Base rights granted to participants for each tranche will vest on the base rights' vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

Matched rights granted to participants for each tranche will vest on the matched rights' vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and the base rights (or shares) in respect of the respective grant continue to be held.

#### Method of settlement

The base rights and matched rights may be issued by FLT, purchased on-market or allocated from treasury shares.

#### Valuation

The fair value of base and matched rights under the plan is estimated at the date of grant using a fixed dollar amount of rights granted for each participant and the Black-Scholes option pricing model. The fair value is allocated equally over the period from grant date to vesting date and is included in the remuneration report compensation tables. Details of rights provided as remuneration to KMP are set out below:

GRANT NUMBER	GRANT DATE	BASE RIGHTS			MATCHING RIGHTS		
		DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE <sup>2</sup>	DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE <sup>2</sup>
4b	1 July 2018	August 2021	1 July 2030	\$54.26	August 2023	1 July 2030	\$51.58
5	1 July 2019	August 2022	1 July 2030	\$42.06	August 2022	1 July 2030	\$42.06
5b	1 July 2019	August 2021	1 July 2030	\$42.06	August 2024	1 July 2030	\$38.84
6	1 July 2020	August 2023	1 July 2030	\$11.30	August 2023	1 July 2030	\$11.30
6b	1 July 2020	August 2021	1 July 2030	\$11.30	August 2023	1 July 2030	\$11.30
7	1 Jul 2021	August 2024	1 Jul 2030	\$17.27	August 2024	1 July 2030	\$17.27
8	1 Jul 2022	August 2025	1 Jul 2030	\$17.02	August 2025	1 July 2030	\$17.02

<sup>1</sup> The vesting date is the day the Company releases full year financial results to the ASX in the year of vesting.

<sup>2</sup> The maximum value of each grant can be calculated by multiplying the fair value of the rights on the grant date by the number of rights granted during the relevant year. This amount represents the maximum value which will be expensed over the performance period. The minimum value is nil if the service conditions are not met.

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# DIRECTORS' REPORT CONTINUED

## PCRP

The PCRP was introduced as a one-off strategic response to the profound impacts that COVID-19 restrictions had on the business, with a focus on ensuring key executives who were likely to be crucial to FLT's recovery were retained while the business recovered and during the rebuilding phase.

### General terms

Invited PCRP participants were granted one-off base rights, for no consideration, that will vest if they achieve the program's continued service condition, which extends through what the company believes will be a recovery period. Additional matched rights have been attached to each base right held and will vest in two equal tranches after the attached base rights vest (subject to conditions outlined below).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

### Vesting requirements

Base rights granted to participants will vest on the base rights' vesting date as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

Matched rights granted to participants for each tranche will vest on the matched rights' vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and for Tranche 1 matched rights that the base rights (or shares) in respect of the respective grant continue to be held, and for Tranche 2 matched rights that the Tranche 1 matched rights (or shares) continue to be held.

### Method of settlement

The base rights and matched rights may be issued by FLT, purchased on-market or allocated from treasury shares.

### Valuation

The fair value of base and matched rights under the plan is estimated at the date of grant using the Black-Scholes option pricing model. The fair value is allocated equally over the period from grant date to vesting date, and is included in the remuneration report compensation tables.

Details of rights provided as remuneration to KMP are set out below:

GRANT NUMBER	GRANT DATE	BASE RIGHTS			MATCHING RIGHTS - TRANCHE 1		
		DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE <sup>2</sup>	DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE <sup>2</sup>
1	29 June 2020	August 2022	1 July 2031	\$9.66	August 2023	1 July 2031	\$9.25
					MATCHING RIGHTS - TRANCHE 2		
					August 2024	1 July 2031	\$8.83

<sup>1</sup> The vesting date is the day the Company releases full year financial results to the ASX in the year of vesting.

<sup>2</sup> The maximum value of the grant can be calculated by multiplying the fair value of the rights on the grant date by the number of rights granted during the relevant year. This amount represents the maximum value which will be expensed over the performance period. The minimum value is nil if the service conditions are not met.

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# DIRECTORS' REPORT CONTINUED

## RIGHTS HOLDINGS

The number of rights over ordinary FLT shares held during the financial year by FLT's group KMP, including the number granted, vested, exercised and forfeited is set out below:

OTHER GROUP RIGHTS	BALANCE AT 1 JULY 2022				BALANCE AT 30 JUNE 2023				VALUE OF RIGHTS GRANTED DURING THE YEAR \$
	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	EXERCISED NUMBER		
<b>MELANIE WATERS-RYAN<sup>1</sup></b>									
<b>LTRP Grant 7</b>									
Base	—	7,820	—	(7,820)	—	—	—	—	—
Match	—	7,820	—	(7,820)	—	—	—	—	—
<b>LTRP Grant 6</b>									
Base	—	10,508	—	—	—	—	—	10,508	—
Match	—	10,508	—	—	—	—	—	10,508	—
<b>LTRP Grant 5</b>									
Base	—	2,386	—	—	2,386	—	2,386	—	—
Match	—	2,386	—	—	2,386	—	2,386	—	—
<b>LTRP Grant 4</b>									
Base	1,923	—	—	—	—	—	1,923	—	—
Match	1,923	—	—	—	—	—	1,923	—	—
<b>PCRP</b>									
Base	—	70,000	—	—	70,000	—	70,000	—	—
Match 1	—	35,000	—	—	—	—	—	35,000	—
Match 2	—	35,000	—	(35,000)	—	—	—	—	—
<b>ADAM CAMPBELL</b>									
<b>LTRP Grant 8</b>									
Base	—	—	16,335	—	—	—	—	16,335	278,063
Match	—	—	16,335	—	—	—	—	16,335	278,063
<b>LTRP Grant 7</b>									
Base	—	15,712	—	—	—	—	—	15,712	—
Match	—	15,712	—	—	—	—	—	15,712	—
<b>LTRP Grant 6</b>									
Base	—	21,113	—	—	—	—	—	21,113	—
Match	—	21,113	—	—	—	—	—	21,113	—
<b>LTRP Grant 5</b>									
Base	—	5,754	—	—	5,754	(5,754)	—	—	—
Match	—	5,754	—	—	5,754	(5,754)	—	—	—
<b>PCRP</b>									
Base	—	70,000	—	—	70,000	—	70,000	—	—
Match 1	—	35,000	—	—	—	—	—	35,000	—
Match 2	—	35,000	—	—	—	—	—	35,000	—
<b>CHRIS GALANTY</b>									
<b>LTRP Grant 8</b>									
Base	—	—	8,129	—	—	—	—	8,129	138,375
Match	—	—	8,129	—	—	—	—	8,129	138,375
<b>LTRP Grant 7</b>									
Base	—	7,820	—	—	—	—	—	7,820	—
Match	—	7,820	—	—	—	—	—	7,820	—
<b>LTRP Grant 6</b>									
Base	—	8,756	—	—	—	—	—	8,756	—
Match	—	8,756	—	—	—	—	—	8,756	—
<b>LTRP Grant 5</b>									
Base	—	2,386	—	—	2,386	(2,386)	—	—	—
Match	—	2,386	—	—	2,386	(2,386)	—	—	—
<b>PCRP</b>									
Base	—	70,000	—	—	70,000	—	70,000	—	—
Match 1	—	35,000	—	—	—	—	—	35,000	—
Match 2	—	35,000	—	—	—	—	—	35,000	—

<sup>1</sup> Melanie Waters-Ryan retired on 31 August 2023 and forfeited her LTRP Grant 7 rights and PCRP Match 2 rights. Share-based payment expense previously recognised under AASB 2 in respect of the rights has been reversed in the year ended 30 June 2023.

# DIRECTORS' REPORT CONTINUED

OTHER GROUP KMP RIGHTS	BALANCE AT 1 JULY 2022				BALANCE AT 30 JUNE 2023				VALUE OF RIGHTS GRANTED DURING THE YEAR \$
	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	EXERCISED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	
<b>JAMES KAVANAGH</b>									
<b>LTRP Grant 8</b>									
Base	—	—	7,931	—	—	—	—	7,931	135,000
Match	—	—	7,931	—	—	—	—	7,931	135,000
<b>LTRP Grant 7</b>									
Base	—	7,017	—	—	—	—	—	7,017	—
Match	—	7,017	—	—	—	—	—	7,017	—
<b>LTRP Grant 6b</b>									
Base	9,429	—	—	—	—	—	9,429	—	—
Match	—	9,429	—	—	—	—	—	9,429	—
<b>LTRP Grant 5b</b>									
Base	2,569	—	—	—	—	—	2,569	—	—
Match	—	2,569	—	—	—	—	—	2,569	—
<b>LTRP Grant 4b</b>									
Base	1,282	—	—	—	—	—	1,282	—	—
Match	—	1,282	—	—	—	—	—	1,282	—
<b>PCR</b>									
Base	—	40,000	—	—	40,000	—	40,000	—	—
Match 1	—	20,000	—	—	—	—	—	20,000	—
Match 2	—	20,000	—	—	—	—	—	20,000	—
<b>CHARLENE LEISS</b>									
<b>LTRP Grant 8</b>									
Base	—	—	8,112	—	—	—	—	8,112	138,082
Match	—	—	8,112	—	—	—	—	8,112	138,082
<b>LTRP Grant 7</b>									
Base	—	7,017	—	—	—	—	—	7,017	—
Match	—	7,017	—	—	—	—	—	7,017	—
<b>LTRP Grant 6</b>									
Base	—	9,429	—	—	—	—	—	9,429	—
Match	—	9,429	—	—	—	—	—	9,429	—
<b>LTRP Grant 5</b>									
Base	—	2,291	—	—	2,291	(2,291)	—	—	—
Match	—	2,291	—	—	2,291	(2,291)	—	—	—
<b>PCR</b>									
Base	—	40,000	—	—	40,000	(40,000)	—	—	—
Match 1	—	20,000	—	—	—	—	—	20,000	—
Match 2	—	20,000	—	—	—	—	—	20,000	—
<b>STEVEN NORRIS</b>									
<b>LTRP Grant 8</b>									
Base	—	—	7,595	—	—	—	—	7,595	129,287
Match	—	—	7,595	—	—	—	—	7,595	129,287
<b>LTRP Grant 7</b>									
Base	—	7,017	—	—	—	—	—	7,017	—
Match	—	7,017	—	—	—	—	—	7,017	—
<b>LTRP Grant 6</b>									
Base	—	9,429	—	—	—	—	—	9,429	—
Match	—	9,429	—	—	—	—	—	9,429	—
<b>LTRP Grant 5</b>									
Base	—	1,382	—	—	1,382	(1,382)	—	—	—
Match	—	1,382	—	—	1,382	(1,382)	—	—	—
<b>PCR</b>									
Base	—	40,000	—	—	40,000	—	40,000	—	—
Match 1	—	20,000	—	—	—	—	—	20,000	—
Match 2	—	20,000	—	—	—	—	—	20,000	—

The relevant portion of the expense relating to these rights was recognised during the year ended 30 June 2023. Refer to note D3.

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# DIRECTORS' REPORT CONTINUED

## ESP

### General terms

Under the ESP, eligible employees are granted a conditional right to one matched share for every two shares purchased (for cash consideration), subject to vesting conditions.

To receive the matched shares, participants must hold the acquired shares for a period of two years and one month and still be employed with FLT at the end of that time. If acquired shares are sold before the end of the vesting period, conditional rights to the matched shares are forfeited.

The matched shares may be issued by FLT, purchased on-market or allocated from treasury shares.

## SHAREHOLDINGS

The number of ordinary shares held during the financial year by FLT's directors and KMP is set out below:

2023 FLT DIRECTORS	BALANCE AT THE START OF THE YEAR	RECEIVED ON THE EXERCISE OF RIGHTS	ESP PURCHASED SHARES	ESP MATCHED SHARES VESTED	OTHER CHANGES	BALANCE AT THE END OF THE YEAR
Gary Smith	23,621	—	—	—	2,054	25,675
John Eales	11,875	—	—	—	1,563	13,438
Robert Baker	6,457	—	—	—	850	7,307
Colette Garnsey	7,136	—	—	—	317	7,453
Kirsty Rankin	—	—	—	—	3,168	3,168
Graham Turner	16,639,027	—	—	—	2,054	16,641,081
<b>OTHER GROUP KMP</b>						
Melanie Waters-Ryan	55,622	—	—	—	—	55,622
Adam Campbell <sup>1</sup>	11,005	11,508	875	446	(2,129)	21,705
Chris Galanty	15,589	4,772	—	—	(19,772)	589
James Kavanagh <sup>1</sup>	3,778	—	1,751	1,015	—	6,544
Charlene Leiss <sup>1</sup>	13,960	44,582	2,039	878	(16,319)	45,140
Steven Norris <sup>1</sup>	3,982	2,764	1,526	640	—	8,912

<sup>1</sup> A. Campbell, J. Kavanagh, C. Leiss and S. Norris participated in the ESP and were issued with ordinary shares under the same terms and conditions as all other ESP participants. At period end A. Campbell held 632 (2022: 642), J. Kavanagh held 1,704 (2022: 1,843), C. Leiss held 1,433 (2022: 1,291) and S. Norris held 1,042 (2022: 920) conditional matched rights that had been granted under the ESP but had not yet vested.

## 5 LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loans provided to key management personnel and their related parties during the period (2022: \$nil).

End of remuneration report.

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# DIRECTORS' REPORT CONTINUED

## INDEMNIFICATION AND INSURANCE OF OFFICERS

An Officers' Deed of Indemnity, Access and Insurance is in place for directors, KMP, the company secretary and some other executives. FLT has agreed to provide indemnification to the fullest extent permitted by law. Liabilities covered include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or its controlled entities. Disclosure of premiums paid is prohibited under the insurance contract. No payment has been made to indemnify a director, KMP, the company secretary or other executives during or since the financial year.

## INDEMNIFICATION OF AUDITOR

To the extent permitted by law, FLT has agreed to indemnify its auditor, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (Ernst & Young) for audit and non-audit services provided to the consolidated group during the year are set out in note F13.

The board has considered the position and, in accordance with the advice received from the audit and risk committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the auditor's provision of non-audit services did not compromise the Act's independence requirements because none of the services undermine the general principles relating to auditor independence as set out in *APES110 Code of Ethics for Professional Accountants*.

The audit and risk committee reviewed all non-audit services to ensure they did not impact the auditor's impartiality and objectivity.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 34.

## ROUNDING OF AMOUNTS

The company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

This report is made in accordance with a directors' resolution.



G.F. Turner  
Director  
BRISBANE

30 August 2023

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**Building a better  
working world**

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## Auditor's independence declaration to the directors of Flight Centre Travel Group Limited

As lead auditor for the audit of the financial report of Flight Centre Travel Group Limited for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Flight Centre Travel Group Limited and the entities it controlled during the financial year.

Ernst & Young

Alison de Groot  
Partner  
30 August 2023

# STATEMENT OF PROFIT OR LOSS

	NOTES	FOR THE YEAR ENDED 30 JUNE	
		2023	2022
		\$'000	\$'000
Revenue	A2	2,280,782	1,007,485
Fair value gain on change in control	A3	—	4,245
Other income	A3	43,389	57,386
Share of (loss) / profit of joint ventures and associates	E1	(4,084)	11,679
Employee benefits	F1	(1,297,993)	(882,268)
Sales and marketing		(139,905)	(60,183)
Tour, hotel & cruise operations - cost of sales		(99,497)	(24,579)
Depreciation and amortisation	B8 / F7	(142,093)	(125,929)
Finance costs	A4	(84,795)	(57,827)
Impairment reversal	F6 / F7	328	8,953
Other expenses	A4	(485,673)	(316,748)
<b>Profit / (Loss) before income tax</b>		<b>70,459</b>	<b>(377,786)</b>
Income tax (expense) / credit	F12	(23,047)	90,604
<b>Profit / (Loss) after income tax</b>		<b>47,412</b>	<b>(287,182)</b>
Profit attributable to			
Company owners		47,461	(286,651)
Non-controlling interests		(49)	(531)
		<b>47,412</b>	<b>(287,182)</b>
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the company:			
		CENTS	CENTS RESTATED <sup>1</sup>
Basic earnings / (loss) per share	F2	23.1	(142.4)
Diluted earnings / (loss) per share	F2	22.5	(142.4)

<sup>1</sup> Restated as required by AASB 133 Earnings Per Share, for discount on Institutional Placement and Share Purchase Plan completed during the current year to fund the acquisition of Scott Dunn.

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

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# STATEMENT OF OTHER COMPREHENSIVE INCOME

	NOTES	FOR THE YEAR ENDED 30 JUNE	
		2023 \$'000	2022 \$'000
<b>Profit / (Loss) after income tax</b>		<b>47,412</b>	<b>(287,182)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that have been reclassified to profit or loss:</b>			
Hedging gains reclassified to profit or loss	F11	(186)	—
Net exchange differences on disposal of foreign operations	F11	—	(982)
<b>Items that may be reclassified to profit or loss:</b>			
Changes in the fair value of cash flow hedges	F11	966	—
(Loss) / Gain on net investment hedges	F11	(4,963)	2,501
Net exchange differences on translation of foreign operations	F11	43,317	19,513
Income tax on items of other comprehensive income	F12	1,255	(750)
<b>Total other comprehensive income</b>		<b>40,389</b>	<b>20,282</b>
<b>Total other comprehensive income / (loss)</b>		<b>87,801</b>	<b>(266,900)</b>
<b>Attributable to</b>			
Company owners		87,850	(266,369)
Non-controlling interests		(49)	(531)
		<b>87,801</b>	<b>(266,900)</b>

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

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# STATEMENT OF CASH FLOWS

	NOTES	FOR THE YEAR ENDED 30 JUNE	
		2023 \$'000	2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers <sup>1</sup>		2,117,217	681,396
Payments to suppliers and employees <sup>1</sup>		(1,947,811)	(842,057)
Royalties received		424	168
Interest received		29,504	5,743
Interest paid (non-leases)		(43,720)	(22,462)
Interest paid (leases)	F7	(7,295)	(8,917)
Government subsidies received		2,482	40,843
Income taxes paid		(15,720)	(2,100)
Income taxes refunded		21,089	46,012
<b>Net cash inflow / (outflow) from operating activities</b>	B1	<b>156,170</b>	<b>(101,374)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries, net of cash acquired	A6	(172,716)	(40,180)
Acquisition of non-controlling interests in subsidiaries		—	1,907
Payments for property, plant and equipment	B8/F6	(21,379)	(11,150)
Payments for intangibles	B8/A5	(70,652)	(29,221)
Payments for the purchase of financial asset investments		—	(192,261)
Proceeds from financial asset investments		24,291	187,004
<b>Net cash outflow from investing activities</b>		<b>(240,456)</b>	<b>(83,901)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	B4	254,420	—
Net proceeds from issue of convertible notes	B5	—	392,184
Repayment of borrowings	B4	(253,286)	(207,426)
Payment of principal on lease liabilities	F7	(99,973)	(93,563)
Lease surrender payments	F7	(661)	(2,480)
Payments for purchase of shares on market		(6,539)	—
Proceeds from issue of shares, net of transaction costs	D4	241,159	6,655
Payments for purchase of treasury shares	D4	—	(2,437)
Dividends paid to non-controlling shareholders in subsidiaries		(1,009)	—
<b>Net cash inflow from financing activities</b>		<b>134,111</b>	<b>92,933</b>
<b>Net increase / (decrease) in cash held</b>		<b>49,825</b>	<b>(92,342)</b>
Cash and cash equivalents at the beginning of the financial year		1,210,257	1,290,831
Effects of exchange rate changes on cash and cash equivalents		18,854	11,768
<b>Cash and cash equivalents at end of the financial year</b>	B1	<b>1,278,936</b>	<b>1,210,257</b>

<sup>1</sup> Including consumption tax.

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

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# BALANCE SHEET

ASSETS	NOTES	AS AT 30 JUNE	
		2023	2022
Current assets		\$'000	\$'000
Cash and cash equivalents	B1	1,328,438	1,226,904
Financial asset investments	B2	20,227	—
Trade receivables	F3	834,765	669,325
Contract assets	F4	317,578	130,301
Other assets	F5	82,488	44,487
Other financial assets	C3	25,452	9,200
Current tax receivables		14,602	31,007
Derivative financial instruments	C2	6,490	1,282
<b>Total current assets</b>		<b>2,630,040</b>	<b>2,112,506</b>
<b>Non-current assets</b>			
Financial asset investments	B2	14,656	58,977
Property, plant and equipment	F6	66,653	73,089
Intangible assets	A5	1,054,489	782,293
Right of use asset	F7	196,531	198,530
Other assets	F5	21,608	32,290
Other financial assets	C3	3,103	19,497
Investments in joint ventures and associates	E1	45,599	49,678
Deferred tax assets	F12	403,748	403,536
Derivative financial instruments	C2	—	1,691
<b>Total non-current assets</b>		<b>1,806,387</b>	<b>1,619,581</b>
<b>Total assets</b>		<b>4,436,427</b>	<b>3,732,087</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	F8	1,684,600	1,402,378
Contract liabilities	F9	71,997	55,064
Financial liabilities	A7	3,908	3,683
Lease liabilities	F7	81,869	92,424
Borrowings	B4	57,477	20,238
Provisions	F10	55,334	43,805
Current tax liabilities		2,295	615
Derivative financial instruments	C2	9,809	7,760
<b>Total current liabilities</b>		<b>1,967,289</b>	<b>1,625,967</b>
<b>Non-current liabilities</b>			
Trade and other payables		2,930	19,810
Contract liabilities	F9	27,077	30,736
Financial liabilities	A7	10,573	10,386
Lease liabilities	F7	177,554	193,627
Borrowings	B4	352,893	354,000
Convertible notes	B5	688,940	655,985
Provisions	F10	27,335	27,671
Deferred tax liabilities	F12	9,979	4,227
Derivative financial instruments	C2	35,360	32,216
<b>Total non-current liabilities</b>		<b>1,332,641</b>	<b>1,328,658</b>
<b>Total liabilities</b>		<b>3,299,930</b>	<b>2,954,625</b>
<b>Net assets</b>		<b>1,136,497</b>	<b>777,462</b>
<b>EQUITY</b>			
Contributed equity	D4	1,374,592	1,105,711
Treasury shares	D4	(14,748)	(1,055)
Reserves	F11	193,068	136,460
Retained profits / (accumulated losses)		(417,824)	(465,285)
<b>Equity attributable to the Company owners</b>		<b>1,135,088</b>	<b>775,831</b>
Non-controlling interests		1,409	1,631
<b>Total equity</b>		<b>1,136,497</b>	<b>777,462</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

	FOR THE YEAR ENDED 30 JUNE							
		CONTRIBUTED EQUITY	TREASURY SHARES	RESERVES	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>		<b>1,099,056</b>	<b>—</b>	<b>35,614</b>	<b>(178,634)</b>	<b>956,036</b>	<b>—</b>	<b>956,036</b>
Loss for the year		—	—	—	(286,651)	(286,651)	(531)	(287,182)
Other comprehensive income		—	—	20,282	—	20,282	—	20,282
<b>Total comprehensive income for the year</b>		<b>—</b>	<b>—</b>	<b>20,282</b>	<b>(286,651)</b>	<b>(266,369)</b>	<b>(531)</b>	<b>(266,900)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Non-controlling interest recognised		—	—	—	—	—	2,162	2,162
Acquisition reserve	F11	—	—	(5,311)	—	(5,311)	—	(5,311)
Other reserves	F11	—	—	(424)	—	(424)	—	(424)
Employee share-based payments	D4/F11	6,655	—	32,894	—	39,549	—	39,549
Treasury shares	D4	—	(1,055)	—	—	(1,055)	—	(1,055)
Equity component of convertible bond, net of tax	B5/F12	—	—	53,405	—	53,405	—	53,405
<b>Balance at 30 June 2022</b>		<b>1,105,711</b>	<b>(1,055)</b>	<b>136,460</b>	<b>(465,285)</b>	<b>775,831</b>	<b>1,631</b>	<b>777,462</b>
Profit / (loss) for the year		—	—	—	47,461	47,461	(49)	47,412
Other comprehensive income		—	—	40,389	—	40,389	—	40,389
<b>Total comprehensive income for the year</b>		<b>—</b>	<b>—</b>	<b>40,389</b>	<b>47,461</b>	<b>87,850</b>	<b>(49)</b>	<b>87,801</b>
<b>Transactions with owners in their capacity as owners:</b>								
Non-controlling interest reserve		—	—	—	—	—	(173)	(173)
Institutional placement and share purchase plan, net of transaction costs & tax	D4	236,399	—	—	—	236,399	—	236,399
Employee share-based payments	D4/F11	32,482	—	16,219	—	48,701	—	48,701
Treasury shares	D4	—	(13,693)	—	—	(13,693)	—	(13,693)
Equity component of convertible bond, net of tax	B5/F12	—	—	—	—	—	—	—
<b>Balance at 30 June 2023</b>		<b>1,374,592</b>	<b>(14,748)</b>	<b>193,068</b>	<b>(417,824)</b>	<b>1,135,088</b>	<b>1,409</b>	<b>1,136,497</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## SIGNIFICANT MATTERS

The following significant events and transactions occurred during or after the end of the reporting period:

### EQUITY RAISING

On 1 February 2023, FLT announced the successful completion of its institutional placement of new fully paid ordinary shares to raise \$180,000,000 to part-fund its acquisition of United Kingdom-based luxury travel specialist Luxury Travel Holdings Ltd (Scott Dunn). Approximately 12,300,000 new shares were issued under the placement at a fixed price of \$A14.60 per new share, which represented a 7.8% discount to the last traded price of A\$15.83 on 30 January 2023.

After the institutional placement, on 9 February 2023, FLT opened its non-underwritten share purchase plan (SPP) to fund the remainder of its acquisition of Scott Dunn. The SPP offer provided eligible shareholders the opportunity to buy shares at an issue price of \$A14.60, in line with the offer made to institutional investors. On 13 March 2023, FLT announced the successful completion of the SPP and approximately 4,100,000 new fully paid ordinary shares were issued to SPP participants.

Refer to note D4.

### ACQUISITIONS

#### Scott Dunn acquisition

On 7 February 2023, FLT acquired 100% of Luxury Travel Holdings Ltd and its subsidiaries (Scott Dunn) for \$203,916,000. The business is now accounted for as a subsidiary of FLT.

Scott Dunn is a leading UK-based luxury travel brand specialising in tailor-made luxury holidays. Scott Dunn provides an entry point into the UK and US luxury travel market through a well-regarded, scalable brand which will be supported by FLT's global platform.

The goodwill represents the synergies expected to be achieved through integrating Scott Dunn, entry into the UK and US luxury travel market and employee talent.

For further details, refer to note A6.

### MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 30 August 2023, FLT's directors declared a final dividend for the year ended 30 June 2023. Refer to note B7 for details.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the group's performance during the year, and where relevant, the accounting policies that have been applied and significant estimates and judgements made.

A1	Segment information
A2	Revenue
A3	Other income
A4	Expenses
A5	Intangible assets
A6	Business combinations
A7	Financial liabilities

## A1 SEGMENT INFORMATION

### (A) IDENTIFICATION AND DESCRIPTION OF SEGMENTS

FLT has identified its operating segments based on the internal reports that are reviewed and used by the board and global task force (chief operating decision makers – CODM) in assessing performance and in determining resource allocation.

The company's executive team currently consists of the following members:

- Managing director
- Chief financial officer
- Chief executive officer – Leisure
- Chief executive officer – Corporate; and
- Chief executive officer – Supply

The executive team, together with the below regional Managing Directors (MDs) form the global Taskforce:

- MD – The Americas; and
- MD – EMEA

While the MD's play a key role in setting the strategy, they report to the CEOs who then allocate resources and assess performance. Therefore the MDs are not considered as part of the CODM.

Supply is not considered a reportable segment and the reportable segments are consistent to the prior year - Leisure, Corporate and Other. However, the new senior leadership roles have led to a realignment of brands across each of the segments with the major change being the global experiences business, incorporating touring, ground-handling and hotels, which has moved from Leisure to Other segment. Comparatives have been restated.

#### LEISURE

The Leisure segment combines the retail store front and online brands for retail customers, luxury travel brands Travel Associates and Scott Dunn, Independent agents and complementary offerings.

#### CORPORATE

The Corporate segment includes the FCM brand, Corporate Traveller and other Corporate customer brands.

#### OTHER

Other segment includes Brisbane-based and other head office support businesses, including Supply, that support the global network (including global head office teams), and the share of profit or loss relating to the investment in Pedal Group. Also included is Travel Management Services which incorporates touring, ground-handling and hotels.

The group consolidation adjustments are also included in this segment.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A1 SEGMENT INFORMATION (CONTINUED)

### (B) MAJOR CUSTOMERS

FLT provides services to and derives revenue from a number of customers. The company does not derive more than 10% of total consolidated revenue from any one customer.

### (C) UNDERSTANDING THE SEGMENT RESULT

Segment information is presented below in the manner in which it is presented to the CODMs and upon which they make their decisions.

Underlying information is shown as this is information presented and used by the CODMs.

#### **SEGMENT REVENUE**

The measurement of segment revenue has not changed since 30 June 2022. Refer to note A2 for details of revenue policies.

Sales between segments are carried out at arm's length and are eliminated on consolidation.

#### **ALTERNATIVE PROFIT MEASURES**

In addition to using profit as a measure of the group and its segments' financial performance, FLT uses EBITDA, underlying EBITDA and underlying PBT as this information is presented and used by the CODMs. These unaudited measures are not defined under IFRS and are, therefore, termed "non-IFRS" measures.

Within this note, Earnings before net interest, tax, depreciation and amortisation before royalty and intercompany service fee (EBITDA), Underlying earnings before net interest, tax, depreciation and amortisation before royalty and intercompany service fee (Underlying EBITDA), Underlying PBT<sup>1</sup>, royalty and intercompany service fee (Underlying PBT) and Underlying profit / (loss) after tax, royalty and intercompany service fee (Underlying NPAT) are non-IFRS measures.

A reconciliation of these non-IFRS measures and specific items to the nearest measure prepared in accordance with IFRS is included in the tables on the following pages.

#### **SEGMENT ASSETS AND LIABILITIES**

The amounts provided to the board and global task force in respect of total assets and total liabilities are measured in a manner consistent with that of the financial statements. These reports do not allocate total assets or total liabilities based on the operations of each segment.

FLT has not disclosed non-current assets by segment as this information is not provided to or reviewed by the chief operating decision makers nor produced for other reasons and, as such, the cost of developing and providing this information exceeds the attributable benefits.

#### **TOTAL TRANSACTION VALUE (TTV)**

TTV is unaudited, non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, both as agent for various airlines and other service providers and as principal, plus revenue from other sources. TTV has been reduced by refunds. FLT's revenue is, therefore, derived from TTV.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A1 SEGMENT INFORMATION (CONTINUED)

### (D) SEGMENT INFORMATION PRESENTED TO THE BOARD OF DIRECTORS AND GLOBAL TASK FORCE

The segment information provided to the board and task force for the reportable segments for the years ended 30 June 2023 and 30 June 2022 is shown in the table below and on page 45.

30 JUNE 2023	LEISURE <sup>3</sup> \$'000	CORPORATE \$'000	OTHER \$'000	TOTAL \$'000
<b>Segment information</b>				
<b>TTV<sup>1</sup></b>	<b>10,005,615</b>	<b>11,005,893</b>	<b>927,086</b>	<b>21,938,594</b>
Agency revenue from the provision of travel	1,052,707	961,136	26,602	2,040,445
Principal revenue from the provision of travel	54,519	12,705	6,299	73,523
Revenue from tour, hotel & cruise operations	2,817	43	132,903	135,763
Revenue from other businesses	10,753	4,567	15,731	31,051
<b>Total revenue from contracts with customers</b>	<b>1,120,796</b>	<b>978,451</b>	<b>181,535</b>	<b>2,280,782</b>
<b>EBITDA<sup>1</sup></b>	<b>156,917</b>	<b>176,758</b>	<b>(67,523)</b>	<b>266,152</b>
Depreciation and amortisation	(73,228)	(41,719)	(27,146)	(142,093)
Interest income	19,241	15,826	(3,872)	31,195
Interest expense	(16,303)	(20,762)	(47,730)	(84,795)
<b>Net profit / (loss) before tax, royalty and intercompany service fee</b>	<b>86,627</b>	<b>130,103</b>	<b>(146,271)</b>	<b>70,459</b>
Royalty	—	—	—	—
Intercompany service fee	—	—	—	—
<b>Net profit / (loss) before tax</b>	<b>86,627</b>	<b>130,103</b>	<b>(146,271)</b>	<b>70,459</b>
<b>Reconciliation of EBITDA to Underlying EBITDA</b>				
<b>EBITDA<sup>1</sup></b>	<b>156,917</b>	<b>176,758</b>	<b>(67,523)</b>	<b>266,152</b>
Acquisition transaction costs - Scott Dunn <sup>2</sup>	—	—	6,065	6,065
COVID-19 ROUA impairment / (reversal)	1,369	(261)	(1,437)	(329)
Employee retention plans	13,324	13,756	2,677	29,757
<b>Underlying EBITDA<sup>1</sup></b>	<b>171,610</b>	<b>190,253</b>	<b>(60,218)</b>	<b>301,645</b>
<b>Underlying PBT<sup>1</sup></b>	<b>101,320</b>	<b>143,598</b>	<b>(138,966)</b>	<b>105,952</b>

<sup>1</sup> TTV, EBITDA, underlying EBITDA and underlying PBT are unaudited, non-IFRS measures.

<sup>2</sup> Acquisition transaction costs are considered head office support expenses and are therefore in the Other segment.

<sup>3</sup> The results of the Scott Dunn acquisition made during the period are shown in the Leisure segment.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A1 SEGMENT INFORMATION (CONTINUED)

RESTATED <sup>1</sup> 30 JUNE 2022	LEISURE <sup>4</sup> \$'000	CORPORATE <sup>4</sup> \$'000	OTHER <sup>4</sup> \$'000	TOTAL \$'000
<b>Segment information</b>				
<b>TTV<sup>2</sup></b>	<b>3,821,968</b>	<b>5,615,487</b>	<b>902,952</b>	<b>10,340,407</b>
Agency revenue from the provision of travel	392,844	513,414	21,760	928,018
Principal revenue from the provision of travel	14,620	5,818	4,451	24,889
Revenue from tour, hotel & cruise operations	—	—	32,159	32,159
Revenue from other businesses	5,223	7,817	9,379	22,419
<b>Total revenue from contracts with customers</b>	<b>412,687</b>	<b>527,049</b>	<b>67,749</b>	<b>1,007,485</b>
<b>EBITDA<sup>2</sup></b>	<b>(168,529)</b>	<b>3,244</b>	<b>(34,746)</b>	<b>(200,031)</b>
Depreciation and amortisation	(79,750)	(32,876)	(13,303)	(125,929)
Interest income	5,922	914	(835)	6,001
Interest expense	(8,283)	(5,061)	(44,483)	(57,827)
<b>Net (loss) before tax, royalty and intercompany service fee</b>	<b>(250,640)</b>	<b>(33,779)</b>	<b>(93,367)</b>	<b>(377,786)</b>
Royalty	—	(4,288)	4,288	—
<b>Net (loss) before tax</b>	<b>(250,640)</b>	<b>(38,067)</b>	<b>(89,079)</b>	<b>(377,786)</b>
<b>Reconciliation of EBITDA to Underlying EBITDA</b>				
<b>EBITDA<sup>2</sup></b>	<b>(168,529)</b>	<b>3,244</b>	<b>(34,746)</b>	<b>(200,031)</b>
COVID-19 one off costs and other non-cash items <sup>3</sup>	6,802	(1,279)	(6,291)	(768)
Fair value gain on TP Connects	—	—	(4,245)	(4,245)
Employee retention plans	1,500	4,427	15,993	21,920
<b>Underlying EBITDA<sup>2</sup></b>	<b>(160,227)</b>	<b>6,392</b>	<b>(29,289)</b>	<b>(183,124)</b>
<b>Underlying PBT<sup>1</sup></b>	<b>(242,338)</b>	<b>(30,631)</b>	<b>(87,910)</b>	<b>(360,879)</b>

<sup>1</sup> Restated due to new senior leadership roles which led to a realignment of brands across each of the segments with the major change being the global experiences business, incorporating touring, ground-handling and hotels, which has moved from Leisure to Other segment.

<sup>2</sup> TTV, EBITDA, underlying EBITDA and underlying PBT are unaudited, non-IFRS measures.

<sup>3</sup> Relates to one-off non-cash items, including gain on disposal of right-of-use assets and systems decommissioning.

<sup>4</sup> The results of the acquisitions made during the prior period are shown in the following segments: Compl.ai Inc in the Corporate pillar, TP Connects in Other pillar and Grasshopper in the Leisure pillar.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A1 SEGMENT INFORMATION (CONTINUED)

### (E) ADDITIONAL INFORMATION PRESENTED BY GEOGRAPHIC AREA

In addition to the segment information provided above, the below table presents geographic revenue disclosures and also PBT information which has been included to aid user understanding:

30 JUNE 2023	AUSTRALIA & NZ \$'000	AMERICAS <sup>3</sup> \$'000	EMEA <sup>3</sup> \$'000	ASIA <sup>3</sup> \$'000	OTHER SEGMENT \$'000	TOTAL \$'000
<b>Segment information</b>						
<b>TTV<sup>1</sup></b>	<b>11,482,128</b>	<b>4,777,287</b>	<b>3,811,044</b>	<b>1,621,511</b>	<b>246,624</b>	<b>21,938,594</b>
Agency revenue from the provision of travel	1,079,965	467,501	398,272	84,137	10,570	2,040,445
Principal revenue from the provision of travel	55,658	8,806	3,230	1,823	4,006	73,523
Revenue from tour, hotel & cruise operations	2,817	—	—	43	132,903	135,763
Revenue from other businesses	14,296	4,665	2,254	2,106	7,730	31,051
<b>Total revenue from contracts with customers</b>	<b>1,152,736</b>	<b>480,972</b>	<b>403,756</b>	<b>88,109</b>	<b>155,209</b>	<b>2,280,782</b>
<b>EBITDA<sup>1</sup></b>	<b>216,382</b>	<b>44,190</b>	<b>74,876</b>	<b>2,895</b>	<b>(72,191)</b>	<b>266,152</b>
Depreciation and amortisation	(79,872)	(21,554)	(21,948)	(4,647)	(14,072)	(142,093)
Interest income	7,535	16,846	20,858	1,218	(15,262)	31,195
Interest expense	(11,133)	(20,867)	(8,819)	(5,769)	(38,207)	(84,795)
<b>Net profit / (loss) before tax, royalty and intercompany service fee</b>	<b>132,912</b>	<b>18,615</b>	<b>64,967</b>	<b>(6,303)</b>	<b>(139,732)</b>	<b>70,459</b>
Royalty	6,426	62	(6,488)	—	—	—
Intercompany service fee	2,948	995	(3,943)	—	—	—
<b>Net profit / (loss) before tax</b>	<b>142,286</b>	<b>19,672</b>	<b>54,536</b>	<b>(6,303)</b>	<b>(139,732)</b>	<b>70,459</b>
<b>Reconciliation of EBITDA to Underlying EBITDA</b>						
<b>EBITDA<sup>1</sup></b>	<b>216,382</b>	<b>44,190</b>	<b>74,876</b>	<b>2,895</b>	<b>(72,191)</b>	<b>266,152</b>
Acquisition transaction costs - Scott Dunn <sup>2</sup>	—	—	—	—	6,065	6,065
COVID-19 ROUA impairment / (reversal)	(861)	367	178	—	(13)	(329)
Employee retention plans	10,507	4,947	6,580	2,327	5,396	29,757
<b>Underlying EBITDA<sup>1</sup></b>	<b>226,028</b>	<b>49,504</b>	<b>81,634</b>	<b>5,222</b>	<b>(60,743)</b>	<b>301,645</b>
<b>Underlying PBT<sup>1</sup></b>	<b>142,558</b>	<b>23,929</b>	<b>71,725</b>	<b>(3,976)</b>	<b>(128,284)</b>	<b>105,952</b>

<sup>1</sup> TTV, EBITDA, underlying EBITDA and underlying PBT are unaudited, non-IFRS measures.

<sup>2</sup> Acquisition transaction costs are considered head office support expenses and are therefore in the Other segment.

<sup>3</sup> The results of the Scott Dunn acquisition made during the period are shown in the Americas, EMEA and Asia segments.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A1 SEGMENT INFORMATION (CONTINUED)

RESTATED <sup>1</sup> 30 JUNE 2022	AUSTRALIA & NZ \$'000	AMERICAS \$'000	EMEA \$'000	ASIA \$'000	OTHER SEGMENT <sup>4</sup> \$'000	TOTAL \$'000
<b>Segment information</b>						
<b>TTV<sup>2</sup></b>	<b>4,499,561</b>	<b>2,642,968</b>	<b>2,074,965</b>	<b>1,030,814</b>	<b>92,099</b>	<b>10,340,407</b>
Agency revenue from the provision of travel	385,532	268,298	232,246	31,315	10,627	928,018
Principal revenue from the provision of travel	14,377	6,813	1,441	84	2,174	24,889
Revenue from tour, hotel & cruise operations	—	—	—	—	32,159	32,159
Revenue from other businesses	9,939	3,656	1,138	4,086	3,600	22,419
<b>Total revenue from contracts with customers</b>	<b>409,848</b>	<b>278,767</b>	<b>234,825</b>	<b>35,485</b>	<b>48,560</b>	<b>1,007,485</b>
<b>EBITDA<sup>2</sup></b>	<b>(144,138)</b>	<b>(22,013)</b>	<b>28,558</b>	<b>(18,586)</b>	<b>(43,852)</b>	<b>(200,031)</b>
Depreciation and amortisation	(67,542)	(18,075)	(20,026)	(3,205)	(17,081)	(125,929)
Interest income	3,918	6,807	9,803	394	(14,921)	6,001
Interest expense	(7,209)	(12,117)	(2,874)	(1,431)	(34,196)	(57,827)
<b>Net profit / (loss) before tax, royalty and intercompany service fee</b>	<b>(214,971)</b>	<b>(45,398)</b>	<b>15,461</b>	<b>(22,828)</b>	<b>(110,050)</b>	<b>(377,786)</b>
Royalty	—	—	(4,288)	—	4,288	—
<b>Net profit / (loss) before tax</b>	<b>(214,971)</b>	<b>(45,398)</b>	<b>11,173</b>	<b>(22,828)</b>	<b>(105,762)</b>	<b>(377,786)</b>
<b>Reconciliation of EBITDA to Underlying EBITDA</b>						
<b>EBITDA<sup>2</sup></b>	<b>(144,138)</b>	<b>(22,013)</b>	<b>28,558</b>	<b>(18,586)</b>	<b>(43,852)</b>	<b>(200,031)</b>
COVID-19 one off costs and other non-cash items <sup>3</sup>	(5,594)	5,246	(646)	25	201	(768)
Fair value gain on TP Connects	—	—	—	—	(4,245)	(4,245)
Employee retention plans	7,897	3,173	4,362	1,791	4,697	21,920
<b>Underlying EBITDA<sup>2</sup></b>	<b>(141,835)</b>	<b>(13,594)</b>	<b>32,274</b>	<b>(16,770)</b>	<b>(43,199)</b>	<b>(183,124)</b>
<b>Underlying PBT<sup>2</sup></b>	<b>(212,668)</b>	<b>(36,979)</b>	<b>19,177</b>	<b>(21,012)</b>	<b>(109,397)</b>	<b>(360,879)</b>

<sup>1</sup> Restated due to new senior leadership roles which led to a realignment of brands across each of the segments with the major change to align wholesale in Australia to Other Segment.

<sup>2</sup> TTV, EBITDA, underlying EBITDA and underlying PBT are unaudited, non-IFRS measures.

<sup>3</sup> Relates to one-off non-cash items, including gain on disposal of right-of-use assets and systems decommissioning.

<sup>4</sup> The results of the acquisitions made during the prior period are shown in the following segments: Compl.ai Inc, TP Connects and Grasshopper in the Other Segment.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A2 REVENUE

	2023	2022
	\$'000	\$'000
Agency revenue from the provision of travel	2,040,445	928,018
Principal revenue from the provision of travel	73,523	24,889
Revenue from tour, hotel & cruise operations	135,763	32,159
Revenue from other businesses	31,051	22,419
<b>Total revenue from contracts with customers</b>	<b>2,280,782</b>	<b>1,007,485</b>

Additional disaggregation of revenue by geographic region is presented in note A1 Segment Information.

### ACCOUNTING POLICY

#### REVENUE FROM CONTRACTS WITH CUSTOMERS

##### AGENCY REVENUE FROM THE PROVISION OF TRAVEL

Revenue is generated when FLT, acting as an agent, arrange and book travel and travel related products to be provided by suppliers to retail and corporate consumers. The supplier of the travel products is the principal in the wider travel sales transaction. From FLT's perspective (under AASB 15), the supplier of the travel products is the customer in the agency relationship.

The service is paid for in a variety of ways, including guaranteed base payments, commissions, mark-ups, transaction fees, other ancillary fees and in the case of cancelled travel, cancellation fees. Rebates are received for using travel consolidator systems known as Global Distribution Systems (GDS) to access and book travel supplier products. In addition, volume incentives are received from suppliers for achieving annual targets.

Guaranteed base payments, commission, mark-ups, transaction fees are paid for and received at the time of booking. Rebates and volume incentive payments received will vary depending on the terms of the contract. Receipt of payment can vary between upfront to post contract completion once availed data is known.

Revenue is recognised over time as the supplier of the travel products (the customer in the agency relationship under AASB 15) simultaneously receives and consumes the benefit of the travel agency services. Practically revenue is recognised when the booking is finalised as this is when the performance obligation is satisfied.

The revenue is variable, however it is not subject to material constraints, except for volume incentives which are recorded by applying the following:

- Year-end differences – judgements and estimation techniques are required to determine revenue from consumers anticipated to travel over the remaining contract year and the associated incentive rate applicable to these forecast levels. A combination of historical data and actual ticketed data from external sources is used to predict the anticipated travel revenue and associated incentive rate.
- Utilisation rates – the likelihood of the consumer cancelling the travel prior to departure.
- Volume revenue has been booked to the extent of flown / availed revenue at guaranteed rates or expected incentive rates.

Except as noted above, the travel supplier, as principal, is responsible for refunds to the front end customer, not FLT as agent.

FLT have applied practical expedient AASB 15(121) where revenue to be recognised in future periods, for unsatisfied or partially satisfied performance obligations as at reporting date, is not disclosed as the performance obligation will be completed within 12 months or less.

##### Supplier incentives and lump-sum revenue

From time-to-time, incentives or lump sum amounts are received from suppliers. The supplier of the travel products is the customer in the agency relationship under AASB 15. The recognition pattern is dependent on the specific terms of each contract. The revenue is only recognised upfront where there has been a distinct service transferred upfront, otherwise it is recognised over the term of the contract in line with the delivery of the performance obligation. The revenue can be either fixed or variable and is constrained where contract terms require the supplier to be refunded in part or full upon termination of the contract.

Associated contract costs may be eligible for capitalisation as fulfilment assets and amortised over the same period.

Lump sum deferred revenue is recognised over the contract terms which typically range between 1 – 10 years.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A2 REVENUE (CONTINUED)

### PRINCIPAL REVENUE FROM THE PROVISION OF TRAVEL

Revenue is generated when FLT, acting as principal, provides travel related products and services to customers. This includes products and services provided by our currency exchange business Travel Money, advertising revenue, hotel management revenue and conference revenue. Revenue is recognised when the performance obligation has been satisfied. The revenue may be variable or fixed and is typically recognised over time as the service is provided. The most likely method is used for variable revenue recognition. The revenue is not subject to material constraints and it is recognised only as performance obligations have been satisfied.

### REVENUE FROM TOUR, HOTEL AND CRUISE OPERATIONS

FLT has a number of touring and ground-handling operations provided through the brands Top Deck, Back-Roads, Discova Asia and Discova Americas. In addition FLT provides hotel operations through Away Camakila.

Revenue is generated from tour, hotel and cruise operations when FLT, acting as principal, provides tours, ground-handling services and hotel accommodation, cruise cabins, and other hotel services (eg restaurant, spa). Revenue is variable and includes the gross amount sold less any cancellations/refunds.

Revenue is recognised over the duration of the tour/accommodation period or when the ground-handling service, hotel service or cruise cabin is provided. The costs associated with fulfilling these services such as transport, accommodation costs, wages and food and beverage are expensed over the same duration and disclosed as cost of tour and hotel operations in the statement of profit or loss.

As principal, FLT is responsible for refunds to the customer, with an allowance for refunds taken into consideration in the recognition of revenue.

### REVENUE FROM OTHER BUSINESSES

Revenue is generated when FLT, typically acting as principal, provides other services to customers. This includes services provided by the brands Healthwise, Moneywise, and FC Business School. Revenue is recognised when the performance obligation has been satisfied. The revenue may be variable or fixed and is typically recognised over time as the service is provided. The most likely method is used for variable revenue recognition. The revenue is not subject to material constraints as it is recognised only when all performance obligations have been satisfied.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A3 OTHER INCOME

	NOTES	2023 \$'000	2022 \$'000
<b>FAIR VALUE GAIN ON CHANGE IN CONTROL</b>			
Fair value gain on TP Connects	A6	—	4,245
<b>Total</b>		<b>—</b>	<b>4,245</b>
<b>OTHER INCOME</b>			
Interest		31,195	6,001
Rent and sub-lease rentals	F7	9,157	7,210
Loss on financial liabilities	A7	(412)	(899)
Investment distribution income		—	1,324
Gain on disposal of right-of-use asset - Southpoint head office lease		—	5,277
Net foreign exchange gains		2,212	4,110
Government subsidies		1,237	34,363
<b>Total</b>		<b>43,389</b>	<b>57,386</b>

### GAIN ON DISPOSAL OF RIGHT-OF-USE ASSET - SOUTHPOINT HEAD OFFICE LEASE

In the prior year, FLT reached an agreement with the lessor for their Brisbane head office (Southpoint) to exit a number of floors before the original lease termination date. This resulted in a reduction in the right-of-use asset and lease liability, with the difference of \$5,277,000 taken to the statement of profit or loss. The gain is presented within the prior year Australia & New Zealand geographic area and the Other pillar segment.

### GOVERNMENT SUBSIDIES

As at 30 June 2023, the majority of COVID-19 related subsidies have ended, however FLT continues to receive other types of government subsidies related to education & training. Depending on the conditions of the grant, outstanding amounts are recognised as a trade receivable (refer note F3) until the payment is received, which is typically within 7-14 days of submission, or where payment has been received in advance, recognised in deferred revenue and released to the statement of profit or loss over the term of the grant.

### ACCOUNTING POLICY

Grant income is generated and can be recognised when there is reasonable assurance that the conditions attached to the grant income will be met and that the grant will be received. The income is recognised in the statement of profit or loss over the periods in which FLT incurs expenses for which the grants are intended to compensate.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A4 EXPENSES

Profit/(loss) before income tax includes the following expenses:

	NOTES	2023 \$'000	2022 \$'000
<b>FINANCE COSTS</b>			
BOS interest expense		2,106	123
Interest and finance charges		25,622	8,875
Amortisation of convertible note at effective interest rate		49,377	39,673
Lease interest expense	F7	7,295	8,917
Unwind of make good provision discount	F10	395	239
<b>Total finance costs</b>		<b>84,795</b>	<b>57,827</b>
<b>OTHER EXPENSES</b>			
Other occupancy costs		40,854	34,641
Rent expense	F7	5,192	4,264
Consulting and outsourcing fees		75,349	50,326
Independent agent consulting fees		78,563	29,912
Communication and IT		203,088	148,670
Bad debts expense / (reversal)	F3 / F4	4,154	(1,459)
Other expenses		78,473	50,394
<b>Total other expenses</b>		<b>485,673</b>	<b>316,748</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A5 INTANGIBLE ASSETS

### OVERVIEW

FLT continues to focus on enhancing productivity, reducing costs and making it easier for customers to interact and transact with its brands and people across all channels. Growing digital capabilities has also been a priority. These strategies are reflected in the growth in intangibles through additions and acquisitions.

	BRAND NAMES, LICENCES AND CUSTOMER RELATIONSHIPS <sup>1</sup>			
	GOODWILL \$'000	RELATIONSHIPS <sup>1</sup> \$'000	SOFTWARE <sup>2</sup> \$'000	TOTAL \$'000
<b>Opening Balance at 1 July 2021</b>				
Cost	711,353	114,948	230,459	1,056,760
Accumulated amortisation (including accumulated impairment losses)	(162,274)	(99,171)	(107,803)	(369,248)
<b>Net book amount at 1 July 2021</b>	<b>549,079</b>	<b>15,777</b>	<b>122,656</b>	<b>687,512</b>
Additions	—	—	29,221	29,221
Acquisitions	46,086	84	29,260	75,430
Disposals & retirements <sup>3</sup>	—	—	(377)	(377)
Amortisation	—	(4,304)	(23,702)	(28,006)
Exchange differences	13,102	(198)	5,609	18,513
<b>Net book amount at 30 June 2022</b>	<b>608,267</b>	<b>11,359</b>	<b>162,667</b>	<b>782,293</b>
<b>Opening Balance at 1 July 2022</b>				
Cost	776,509	117,476	288,557	1,182,542
Accumulated amortisation (including accumulated impairment losses)	(168,242)	(106,117)	(125,890)	(400,249)
<b>Net book amount at 1 July 2022</b>	<b>608,267</b>	<b>11,359</b>	<b>162,667</b>	<b>782,293</b>
Additions	—	—	70,652	70,652
Acquisitions	171,882	19,125	2,024	193,031
Disposals & retirements <sup>3</sup>	—	—	(221)	(221)
Amortisation	—	(6,373)	(32,516)	(38,889)
Exchange differences	43,370	2,080	2,173	47,623
<b>Net book amount at 30 June 2023</b>	<b>823,519</b>	<b>26,191</b>	<b>204,779</b>	<b>1,054,489</b>
Cost	906,894	141,362	368,880	1,417,136
Accumulated amortisation (including accumulated impairment losses)	(83,375)	(115,171)	(164,101)	(362,647)
<b>Net book amount at 30 June 2023</b>	<b>823,519</b>	<b>26,191</b>	<b>204,779</b>	<b>1,054,489</b>

<sup>1</sup> Definite life brand names are amortised over their expected useful life, not exceeding 15 years. Customer relationships are amortised over their expected useful life, not exceeding seven years.

<sup>2</sup> Relates predominately to software which is amortised using the straight-line method over the project's period of expected future benefits, which varies from 2.5 to 5 years, with some core software products amortised over periods 10 to 15 years.

<sup>3</sup> Balances shown net of accumulated amortisation.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A5 INTANGIBLE ASSETS (CONTINUED)

### (A) IMPAIRMENT TESTS

#### Critical accounting estimates, assumptions and judgements – impairment of goodwill and indefinite life intangibles

The group tests goodwill and indefinite life intangibles (mainly brand names) annually for impairment, in accordance with the accounting policy stated in note 1(g). For all cash-generating units (CGUs) which contain goodwill or indefinite life intangibles and all other CGUs which show an indicator of impairment, the recoverable amounts have been determined based on the higher of fair value less costs of disposal or value-in-use calculations. These calculations use cash flow projections based on management's financial forecasts, the expected rebound timeline to pre-COVID-19 operating results with reference to external market view of future travel prospects and cover a five-year period. Refer below for details of these assumptions and the potential impacts of reasonable changes to the assumptions.

Goodwill and indefinite life intangibles are allocated to the CGUs, identified according to relevant business and country of operation.

Each segment includes a number of separately identifiable CGUs. Goodwill and indefinite life intangibles allocated to individually significant CGUs or groups of CGUs are presented at the net book amount below:

	GOODWILL		INDEFINITE LIFE BRAND NAMES & LICENCES	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Australia Leisure	199,757	178,094	—	—
Global Corporate	337,239	310,796	—	—
Discova <sup>1</sup>	33,840	29,266	—	—
Student Universe	19,075	18,843	2,111	2,030
TP Connects <sup>2</sup>	—	46,157	—	—
Scott Dunn	185,135	—	5,594	—
Other <sup>3</sup>	48,473	25,111	198	202
<b>Total</b>	<b>823,519</b>	<b>608,267</b>	<b>7,903</b>	<b>2,232</b>

<sup>1</sup> In the prior year, Discova Asia and Discova America were combined to more accurately reflect the way management is now monitoring and reporting activities.

<sup>2</sup> TP Connects goodwill has been allocated during the current year to the CGUs which benefit from the acquisition.

<sup>3</sup> Other includes CGUs which are not individually significant.

FLT owns these brands and licences and intends to continue to use them indefinitely.

#### Current year

There has been no impairment of goodwill or indefinite life brand names & licences in the current year.

#### Prior year

There has been no impairment of goodwill or indefinite life brand names & licences in the prior year.

### (B) KEY ASSUMPTIONS USED FOR VALUE-IN-USE / FAIR VALUE LESS COST TO SELL CALCULATIONS

The discount rates shown were applied to CGUs within each of the geographic areas. For the purposes of impairment testing, value in use (Student Universe CGU) and fair value methodologies (all other CGUs) were applied and a long-term growth rate of 2.0% - 2.5% (2022: 2.0% - 2.5%) was used to extrapolate cash flows beyond the budget period and calculate a terminal value.

These assumptions have been used for the analysis of each CGU within the business segment, in line with local expected long-term inflation.

GOODWILL & BRAND NAMES CGU	PRE-TAX DISCOUNT RATE	
	2023	2022
	%	%
Australia Leisure	16.2	14.3
Global Corporate	14.6	13.7
Discova	17.4	19.5
Student Universe	18.2	14.2
Other countries (excluding those listed above)	16.2	14.3

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A5 INTANGIBLE ASSETS (CONTINUED)

The basis of estimation of the five-year cash flows uses the following key operating assumptions:

- Five-year budgeted EBITDA is based on management's forecasts of revenue from travel services, taking into account the timelines for expected rebound of domestic and international travel
- Revenue forecasts take into account historical revenue and consider external factors such as market sector and geography
- Costs are calculated taking into account historical margins, forecast increases and estimated inflation rates over the period, consistent with the locations in which the CGUs operate
- Revenue and cost forecasts have taken into consideration the impacts of COVID-19 within an estimated potential date of travel returning to pre-COVID levels benchmarked to industry forecasts
- Where fair value less cost to sell methodology has been appropriately applied, the costs to sell are estimated at 2% of enterprise value

Management has calculated the discount rates based on available market data and data from comparable listed companies within the travel sector.

### **(C) IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS**

The Student Universe CGU is sensitive to changes in key assumptions. Increasing the pre-tax discount rate by 2% in combination with reducing the long-term growth rate by 1% would result in the carrying value of the CGU to equal the recoverable amount.

There are no other CGUs identified as being sensitive to changes in key assumptions.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A6 BUSINESS COMBINATIONS

### (A) CURRENT YEAR ACQUISITIONS

#### SUMMARY OF ACQUISITIONS

##### Scott Dunn

On 7 February 2023, FLT acquired 100% of Luxury Travel Holdings Ltd and its subsidiaries (Scott Dunn) for \$203,916,000. The business is now accounted for as a subsidiary of FLT.

Scott Dunn is a leading UK-based luxury travel brand specialising in tailor-made luxury holidays. Scott Dunn provides an entry point into the UK and US luxury travel market through a well-regarded, scalable brand which will be supported by FLT's global platform.

The goodwill represents the synergies expected to be achieved through integrating Scott Dunn, entry into the UK and US luxury travel market and employee talent.

The purchase price accounting for Scott Dunn is provisional at 30 June 2023.

Details of the purchase consideration, the net assets acquired and goodwill are set out in the table below:

	NOTE	Scott Dunn \$'000
<b>Purchase consideration</b>		
Cash consideration		203,916
<b>Total purchase consideration</b>		<b>203,916</b>
<b>Assets and liabilities acquired at fair value</b>		
Cash and cash equivalents		32,326
Trade and other receivables		52,624
Other assets		4,092
Property, plant and equipment	F6	250
Right of use asset		1,366
Intangible assets	A5	21,149
Trade and other payables		(75,311)
Deferred tax liability		(1,790)
Lease liability		(1,504)
Other financial liabilities		(1,168)
<b>Net identifiable assets and liabilities acquired</b>		<b>32,034</b>
<b>Goodwill arising on acquisition<sup>1</sup></b>		<b>171,882</b>
<b>Purchase consideration - cash outflow</b>		
Cash consideration		203,916
Less: balances acquired		(32,326)
<b>Total cash outflow - investing activities</b>		<b>171,590</b>
<b>Revenue and profit contribution from the date of acquisition to year-end</b>		
Revenue		29,897
Profit before tax		9,893

<sup>1</sup> Goodwill arising on Scott Dunn acquisition is provisional pending the final valuation of the acquired intangible assets.

Had the acquisition occurred on 1 July 2022, revenue contribution would have been \$64,197,000 and profit contribution would have been \$24,831,000 for the year.

Acquisition-related costs of \$6,065,000 have been recognised in the statement of profit or loss and other comprehensive income (other expenses) and in operating cash flows in the statement of cash flows (payments to suppliers and employees).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A6 BUSINESS COMBINATIONS (CONTINUED)

### (B) PRIOR YEAR ACQUISITIONS

#### **SUMMARY OF ACQUISITIONS**

During the prior year FLT announced the acquisitions as set out below.

#### **Compl.ai Inc**

On 22 December 2021, FLT acquired 100% of Compl.ai Inc., a Texas based business that has developed an industry first browser extension, Shep, that will be integrated into FLT's flagship FCM travel management business.

The acquisition price was USD \$2,000,000 paid in five quarterly instalments of USD \$400,000. The remaining instalments of the acquisition price of USD \$800,000 (AUD \$1,126,000) were paid during the year and no amounts remain outstanding at 30 June 2023.

The accounting for the business combination was finalised prior to 30 June 2022 with no significant changes.

Details of the purchase consideration, net assets acquired and goodwill are set out in the table on the following page.

#### **Travel Technology FZ LLC (TP Connects)**

On 13 April 2022, FLT acquired an additional 47.5% of Travel Technology FZ LLC and its subsidiaries (TP Connects) for \$39,260,000, bringing FLT's shareholding to 70%. FLT gained control of TP Connects and the business is now accounted for as a subsidiary of FLT. As at 30 June 2021, TP Connects was accounted for as an investment in associate.

TP Connects is a Dubai-based, technology provider and travel aggregator, helping airlines and travel agencies to retail travel through cloud-based software designed to streamline and personalise the distribution of travel products.

FLT have acquired significant software through the next generation New Distribution Capability (NDC), Global Distribution Systems (GDS) and One Order based travel technology platform and software development resources.

The goodwill represents the synergies expected to be achieved through integrating TP Connects and the technical talent of the employees.

Had the acquisition occurred on 1 July 2021, revenue contribution would have been \$1,725,000 and loss contribution would have been \$5,040,000 for the prior year.

The business combination accounting for TP Connects was finalised prior to 30 June 2023 with no significant changes.

Details of the purchase consideration, net assets acquired and goodwill are set out in the table on the following page.

#### **Grasshopper Adventures Ltd (Grasshopper)**

On 7 February 2022, FLT acquired 100% of the assets and liabilities of Grasshopper Adventures, a boutique Asia-based operator specialising in active travel.

The acquisition price was \$623,000 (US\$450,000) with \$407,000 (US\$300,000) paid in cash. \$216,000 (US\$150,000) is payable in December 2023 subject to terms, this is currently recorded as contingent consideration. The purchase price accounting was final at 30 June 2022.

Details of the purchase consideration, net assets acquired and goodwill are set out in the table on the following page.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A6 BUSINESS COMBINATIONS (CONTINUED)

### (B) PRIOR YEAR ACQUISITIONS (CONTINUED)

	NOTE	Compl.ai Inc \$'000	TP Connects \$'000	Grasshopper \$'000	Total \$'000
<b>Purchase consideration</b>					
Cash consideration		1,654	39,260	407	<b>41,321</b>
Deferred consideration		1,102	—	—	<b>1,102</b>
Contingent consideration	A7	—	—	216	<b>216</b>
<b>Total purchase consideration</b>		<b>2,756</b>	<b>39,260</b>	<b>623</b>	<b>42,639</b>

### Assets and liabilities acquired at fair

Cash and cash equivalents		63	1,078	—	<b>1,141</b>
Trade and other receivables		81	285	—	<b>366</b>
Other assets		52	180	—	<b>232</b>
Property, plant and equipment	F6	2	83	557	<b>642</b>
Intangible assets	A5	2,687	26,573	84	<b>29,344</b>
Trade and other payables		(28)	(2,410)	(906)	<b>(3,344)</b>
Other financial liabilities		—	(1,301)	—	<b>(1,301)</b>
Financial liabilities		—	(8,508)	—	<b>(8,508)</b>
Contract liabilities		(101)	(31)	—	<b>(132)</b>
<b>Net identifiable assets and liabilities acquired</b>		<b>2,756</b>	<b>15,949</b>	<b>(265)</b>	<b>18,440</b>

Equity accounted value of previous interest		—	(11,801)	—	<b>(11,801)</b>
Fair value gain on change in control <sup>1</sup>	A3	—	(5,227)	—	<b>(5,227)</b>
<b>Fair value of previous interest held</b>		<b>—</b>	<b>(17,028)</b>	<b>—</b>	<b>(17,028)</b>
Non-controlling interest on change in control <sup>2</sup>		—	(4,859)	—	<b>(4,859)</b>
<b>Goodwill arising on acquisition<sup>3</sup></b>		<b>—</b>	<b>45,198</b>	<b>888</b>	<b>46,086</b>

### Purchase consideration - cash outflow

Cash consideration		1,654	39,260	407	<b>41,321</b>
Less: balances acquired		(63)	(1,078)	—	<b>(1,141)</b>
<b>Total cash outflow - investing activities</b>		<b>1,591</b>	<b>38,182</b>	<b>407</b>	<b>40,180</b>

### Revenue and profit contribution from the date of acquisition to year-end

Revenue		23	494	168	<b>685</b>
Profit / (loss) before tax		(789)	(1,582)	(52)	<b>(2,423)</b>

<sup>1</sup> Fair value gain on change in control for TP Connects of \$4,245,000 in the statement of profit or loss is made up of the above \$5,227,000 less \$982,000 in reserves reversal. Refer to note F11.

<sup>2</sup> The non-controlling interest on change in control is measured at a proportionate share of the recognised amounts of TP Connects net identifiable assets and liabilities. This has been de-recognised against the acquisition reserve. Refer to notes A7 and F11.

<sup>3</sup> Goodwill arising on TP Connects acquisition is final and has been allocated during the current year to the CGUs which benefit from the acquisition.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## A7 FINANCIAL LIABILITIES

	2023	2022
CURRENT	\$'000	\$'000
Contingent consideration	3,908	3,683
<b>Total current financial liabilities</b>	<b>3,908</b>	<b>3,683</b>
<b>NON-CURRENT</b>		
Contingent consideration	—	216
Put option financial liability	10,573	10,170
<b>Total non-current financial liabilities</b>	<b>10,573</b>	<b>10,386</b>

Contingent consideration and the put option financial liability are recognised in relation to the acquisitions listed below. FLT has determined that contingent consideration is classified as Level 3 (2022: Level 3) under the AASB 13 *Fair value measurement* hierarchy as the main valuation inputs outlined below are unobservable.

Any changes in the fair value of the contingent consideration are recorded through other income in the statement of profit or loss.

### AVMIN PTY LIMITED (AVMIN)

The financial liability related to the put option for AVMIN of \$3,683,000 (2022: \$3,683,000) has been recorded as part of current contingent consideration. The potential undiscounted amount of this liability has been estimated as the value of future expected cash flows for the settlement of the put option for AVMIN. The expected cash flows are based on a multiple of the average NPAT for the year ended 30 June 2021 and for the year ended 30 June 2022. This put option does not have an expiry date.

### TRAVEL TECHNOLOGY FZ LLC (TP CONNECTS)

Concurrent with the acquisition, FLT through its subsidiary Flight Centre Travel Group (UAE Holdings) Limited entered into a call option over the non-controlling shareholders' remaining 30% interest in TP Connects and the non-controlling shareholders entered into a corresponding put option. The call option can be exercised after 1 July 2027 and the put option can only be exercised by the non-controlling shareholders of TP Connects if the call option is not exercised by FLT.

The financial liability related to the expected put option exercise price has been recorded as a non-current financial liability of \$10,573,000 (2022: \$10,170,000) with a corresponding amount recognised in the acquisition reserve (note F11). The carrying value of the liability has been estimated by discounting the value of future expected cash flows for the settlement of the put option at a discount rate of 4.2% (2022: 3.0%). The expected cash flows are based on the forecast EBITDA for FY24, FY26 and FY27. Any change in value, together with the net present value interest unwind on the put option liability, is recorded through the statement of profit or loss.

### GRASSHOPPER ADVENTURES LTD (GRASSHOPPER)

The financial liability related to the Grasshopper acquisition has been recorded as part of current contingent consideration. The potential undiscounted amount payable per the asset purchase agreement is \$225,000 (2022: \$216,000).

Reconciliation of financial liabilities for the period is set out below:

	NOTES	FINANCIAL LIABILITIES \$'000
<b>Opening balance at 1 July 2022</b>		<b>14,069</b>
Other unrealised (gains) / losses including net foreign exchange movements	A3	412
<b>Closing balance at 30 June 2023</b>		<b>14,481</b>

### SIGNIFICANT ACCOUNTING ESTIMATE

The valuations used to determine the carrying amount of put option financial liabilities are based on forward looking key assumptions that are, by nature, uncertain. This requires an estimation of future earnings which includes assumptions in relation to revenue growth and the cost of business operations.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B CASH MANAGEMENT

FLT has traditionally focused on maintaining a strong balance sheet through increasing cash and investments and keeping low levels of debt. The strategy also considers the group's expenditure, growth and acquisition requirements, and the desire to return dividends to shareholders.

COVID-19 caused a prolonged downturn of demand due to the unprecedented restrictions that governments globally imposed on travel to slow the spread of COVID-19. The travel industry supply constraints have begun to normalise during FY23, however a full industry recovery is expected in late FY24.

B1	Cash and cash equivalents
B2	Financial asset investments
B3	Cash and financial asset investments - financial risk management
B4	Borrowings
B5	Convertible notes
B6	Ratios <ul style="list-style-type: none"> <li>• Net debt</li> <li>• Gearing ratio</li> </ul>
B7	Dividends
B8	Capital expenditure

## B1 CASH AND CASH EQUIVALENTS

	2023 \$'000	2022 \$'000
Cash at bank and on hand	926,414	866,153
Restricted cash <sup>1</sup>	402,024	360,751
<b>Total cash and cash equivalents</b>	<b>1,328,438</b>	<b>1,226,904</b>

<sup>1</sup> Restricted cash relates to cash held within legal entities of the Group for payment to product and service suppliers or cash held for supplier guarantees where contractually required. Restricted cash includes monies paid to the Group by end consumers for payment to local International Air Transport Association (IATA) for ticketed travel arrangements, and refund monies received from IATA awaiting payment to end consumers.

## RECONCILIATION TO STATEMENT OF CASH FLOWS

	2023 \$'000	2022 \$'000
Cash and cash equivalents	1,328,438	1,226,904
Bank overdraft	(49,502)	(16,647)
<b>Balance per Statement of Cash Flows</b>	<b>1,278,936</b>	<b>1,210,257</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B1 CASH AND CASH EQUIVALENTS (CONTINUED)

### RECONCILIATION OF PROFIT / (LOSS) AFTER TAX TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	2023 \$'000	2022 \$'000
Profit / (loss) after income tax for the year	47,412	(287,182)
Depreciation and amortisation	142,092	125,929
Net (gain) / loss on disposal of non-current assets	(306)	8,138
Net gain on sale of financial assets at fair value	(138)	(47)
Share of loss / (profits) of joint ventures & associates	4,084	(11,679)
Impairment reversals	(328)	(8,953)
Dividends paid to non-controlling shareholders in subsidiaries	1,009	—
Fair value gain on change in control	—	(4,245)
Fair value adjustment to contingent consideration	—	899
Non-cash employee benefits expense - share based payments	41,100	33,206
Non-cash employee benefits expense - other	772	—
Amortisation of convertible note	24,366	25,070
Lease surrender payments	661	2,480
Net exchange differences	(7,968)	5,679
Increase in trade and other receivables, contracts assets and other assets	(349,768)	(464,102)
Increase in trade creditors and other payables	213,103	523,140
Increase / (decrease) in net income taxes payable	29,734	(47,719)
Increase / (decrease) in other provisions	10,345	(1,988)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>156,170</b>	<b>(101,374)</b>

## B2 FINANCIAL ASSET INVESTMENTS

	2023 \$'000	2022 \$'000
<b>CURRENT</b>		
Debt securities - Fair value through other comprehensive income (FVOCI)	20,227	—
<b>Total current financial asset investments</b>	<b>20,227</b>	<b>—</b>
<b>NON-CURRENT</b>		
Equity investments - Fair value through profit or loss (FVTPL)	4,589	4,509
Debt securities - Fair value through other comprehensive income (FVOCI)	10,067	54,468
<b>Total non-current financial asset investments</b>	<b>14,656</b>	<b>58,977</b>

Debt securities measured at FVOCI have contractual cash flow characteristics that are solely payment of principal and interest and are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Debt securities and repurchase receivables are measured at amortised cost only if both the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest

Debt securities at FVOCI (corporate bonds) and debt securities at FVTPL are measured at fair value, which is determined by reference to price quotations in a market for identical assets. FLT has determined that they are classified as Level 2 (2022: Level 2) under the AASB 13 *Fair Value Measurement* hierarchy.

Equity investments at FVTPL are measured at fair value, which is determined by an independent qualified valuer in accordance with Australian Accounting Standards (AASB's) and International Private Equity and Venture Capital Valuation Guidelines as adopted by Australian Private Equity and Venture Capital Association Limited. FLT has determined that they are classified as Level 3 (2022: Level 3) under the AASB 13 *Fair Value Measurement* hierarchy, based on the valuation technique as described above.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B3 CASH AND FINANCIAL ASSET INVESTMENTS - FINANCIAL RISK MANAGEMENT

### CREDIT RISK

Credit risk arising from cash and cash equivalents and financial asset investments is managed in accordance with group treasury policy. Limits are set on credit rating, type of security, counterparty exposure and maturity.

Credit quality has been assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There has been no significant increase to credit risk for cash and cash equivalents and financial assets.

	EQUIVALENT S&P RATING				UNRATED - FX BUSINESS CURRENCY HOLDINGS	TOTAL
	AA AND ABOVE	AA-TO A-	BBB+ TO BBB-	NON INVESTMENT GRADE / UNRATED		
AT 30 JUNE 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	—	1,157,068	53,264	76,992	41,114	1,328,438
Equity investments - FVTPL	—	—	—	4,589	—	4,589
Debt securities - FVOCI	—	30,294	—	—	—	30,294

### AT 30 JUNE 2022

Cash and cash equivalents	—	1,086,241	76,573	37,871	26,219	1,226,904
Equity investments - FVTPL	—	—	—	4,509	—	4,509
Debt securities - FVOCI	—	50,451	4,017	—	—	54,468

### ACCOUNTING POLICY

FLT has applied the simplified approach for provisioning for expected credit losses prescribed by AASB 9 for financial assets held at amortised cost. Additional information on trade and other receivables accounting policy is included in note I (m).

The maximum exposure to credit risk is the carrying amount of financial assets and the carrying amount of cash and cash equivalents as disclosed above. Rated assets falling outside the AAA and BBB- range are considered non-investment grade / unrated. These include term deposits in overseas banks held by the subsidiaries, mainly in South Africa. Unrated FX business currency holdings consists of cash on hand for trading purposes as part of the Travel Money foreign exchange business.

### MARKET RISK

#### INTEREST RATE AND FOREIGN CURRENCY RISK

The group holds investments at variable rates. FLT's profit and operating cash flows are, therefore, exposed to changes in market interest rates. The group constantly analyses its interest rate exposure.

The Group has no exposures to interbank offered rates (IBORs) on its non-derivative financial instruments that have been replaced or reformed as part of the market-wide initiatives.

Refer to note C1 for sensitivity of interest rate risk and foreign currency risk.

## B4 BORROWINGS

	NOTES	2023 \$'000	2022 \$'000
<b>CURRENT</b>			
Bank loans (including bank overdraft)		56,875	19,779
Net unsecured notes principal <sup>1</sup>	D2	602	459
<b>Total current borrowings</b>		<b>57,477</b>	<b>20,238</b>
<b>NON-CURRENT</b>			
Bank loans		352,893	354,000
<b>Total non-current borrowings</b>		<b>352,893</b>	<b>354,000</b>

<sup>1</sup> Refer to note D2 for further information on the net unsecured notes that form part of the Business Ownership Scheme (BOS).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B4 BORROWINGS (CONTINUED)

### CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2023	2022
	\$'000	\$'000
<b>BORROWINGS</b>		
<b>Opening Balance at 1 July</b>	<b>374,238</b>	<b>567,851</b>
Cashflow - Proceeds from borrowings <sup>1</sup>	254,420	—
Cashflow - Repayment of borrowings <sup>1</sup>	(253,286)	(207,426)
Proceeds from bank overdrafts	34,259	16,647
Repayment of bank overdrafts	(1,404)	—
Foreign exchange movement	2,143	(2,834)
<b>Closing Balance at 30 June</b>	<b>410,370</b>	<b>374,238</b>

<sup>1</sup> This includes the bank debt facilities, the periodic use of the repurchase facility and operation of the Business Ownership Scheme (BOS) during the year. Further details of BOS are included in note D2.

The Group classifies interest paid within cash flows from operating activities.

### FINANCIAL RISK MANAGEMENT

#### CAPITAL MANAGEMENT

On 18 April 2023, FLT refinanced the \$350,000,000 secured syndicated debt facility with its existing bank lenders. This, inter alia, extended the maturity date to 22 February 2025, converted the term debt facility into a revolving credit facility and reduced the interest margin. The Facility is guaranteed by certain members of the group and is secured. The total amount drawn down at the reporting date was \$350,000,000.

At 30 June 2023 FLT complied with the operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants for the six month period from 1 January 2023 to 30 June 2023. This satisfied the requirements under the secured syndicated debt facility meaning that from 30 June 2023 FLT is no longer required to maintain the cash to borrowings ratio of greater than or equal to 1:1.

FLT's next covenant compliance obligation is 31 December 2023, where FLT will be required to comply with the operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants for the twelve month period from 1 January 2023 to 31 December 2023, and thereafter every 30 June and 31 December.

#### MARKET RISK

A fundamental reform of major interest rate benchmarks was undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has no exposures to IBORs on its borrowings that have been replaced or reformed as part of these market-wide initiatives.

#### CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The group holds borrowings which are issued at both effective fixed and variable rates. FLT's profit and operating cash flows are, therefore, exposed to changes in market interest rates.

The group constantly analyses its interest rate exposure, taking into consideration refinancing, renewal of existing positions and alternative financing. The group calculates the impact a defined interest rate shift will have on profit or loss. For each analysis, the same interest rate shift is used for all currencies.

Under group policy, the maximum percentage of outstanding external group debt that may be maintained at a fixed interest rate is 50%, unless the group's Global CFO and Global Treasurer approve otherwise. Current bank loan facilities are subject to annual review (except the secured syndicated debt facility) and are a mix of fixed and floating interest rates.

Non-current loan facilities have maturities between 1.5 - 3 years (2022: 1.5 - 4 years) and are at a mix of fixed and floating rates.

The current interest rates on loan facilities range from 0.55% - 8.00% (2022: 0.55% - 4.20%).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B4 BORROWINGS (CONTINUED)

### LIQUIDITY RISK

The group has access to additional financing via unused bank loan facilities, repurchase agreements, credit card facilities, bank guarantees and letter of credit facilities.

	BANK LOANS & LEASING FACILITIES		CREDIT CARDS		BANK GUARANTEES & LETTERS OF CREDIT	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Unused	17,493	19,541	89,686	35,589	42,086	51,205
Used	410,729	374,798	73,264	41,982	44,577	35,275
<b>Total facilities</b>	<b>428,222</b>	<b>394,339</b>	<b>162,950</b>	<b>77,571</b>	<b>86,663</b>	<b>86,480</b>

Bank guarantees and letters of credit are provided as security on various facilities with vendors and in accordance with local travel agency licensing and IATA regulations.

Refer to note C1 for a sensitivity analysis of borrowings' interest rate risk and details of borrowings' maturity profiles and associated liquidity risks.

There have been no defaults during the period.

### FAIR VALUE

The carrying amount of the group's borrowings approximates their fair values, as commercial rates of interest are paid and the impact of discounting is not significant.

### ASSETS PLEDGED AS SECURITY

The \$350,000,000 syndicated debt facility is secured against the assets of Flight Centre Travel Group Limited and certain subsidiaries of the group who are also guarantors. In addition, \$44,950,000 of FLT's cash is invested with the providers of certain bank guarantees and letter of credit facilities and used as collateral for bank guarantees and letters of credit issued under those facilities.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B5 CONVERTIBLE NOTES

The Company issued convertible notes with an aggregate amount of \$400m and strike price of \$20.04, on 17 November 2020 and convertible notes with an aggregate amount of \$400m and strike price of \$27.30, on 1 November 2021 (total aggregate amount of \$800m). There has been no movement in the number of these convertible notes since issue date.

Note holders have an option to redeem the first bond issuance at the end of 4 years (November 2024) and the second bond issuance at the end of 4.5 years (May 2026) at face value plus any accrued interest. Any convertible notes not converted will be redeemed on 17 November 2027 and 1 November 2028 respectively, at the principal amount together with accrued but unpaid interest thereon.

The 17 November 2020 bonds carry an interest rate of 2.50% per annum (effective interest rate of 7.00% per annum based on a four year amortisation period on estimation of cashflow timing in line with a four year redemption option), which is payable semi-annually in arrears in May and November.

The 1 November 2021 bonds carry interest at a rate of 1.625% per annum (effective interest rate of 7.12% per annum based on a four-and-a-half-year amortisation period on estimation of cashflow timing in line with four-and-a-half year redemption option), which is payable semi-annually in arrears in May and November.

Interest expense for the period \$49,377,000, comprised of \$32,877,000 amortisation and \$16,500,000 coupon paid or payable at the end of the period. The interest expense is recognised in finance costs in the statement of profit or loss.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in reserves. FLT applies significant judgment in determining the amortisation period.

The convertible notes issued during the prior periods have been split into the liability and equity components as follows:

	NOTES	2023 \$'000	2022 \$'000
<b>Opening Balance at 1 July</b>		<b>655,985</b>	<b>347,239</b>
Liability component of new issuance	(a)	—	315,892
Amortisation of borrowings at effective interest rate		32,827	25,070
Changes in fair value hedge during the period	C2	128	(32,216)
<b>Closing Balance at 30 June</b>		<b>688,940</b>	<b>655,985</b>
<b>(a) Liability component of issuance</b>			
Nominal value of convertible notes issued		—	400,000
Gross equity component of convertible note issued		—	(76,292)
Transaction costs attributable to issuance		—	(7,816)
<b>Total liability component of new issuance</b>		<b>—</b>	<b>315,892</b>

No convertible note was issued during the current year.

For the note issued during the year ended 30 June 2022, transaction costs relate to the equity component of \$1,359,000 and liability component of \$6,457,000. The equity component of the convertible note after tax (refer note F12) of \$22,887,000 is \$53,405,000.

For the note issued during the year ended 30 June 2021, transaction costs relate to the equity component of \$1,074,000 and liability component of \$6,698,000. The equity component of the convertible note after tax of \$16,255,000 is \$37,930,000.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B5 CONVERTIBLE NOTES (CONTINUED)

### CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	NOTES	2023 \$'000	2022 \$'000
<b>Opening Balance at 1 July</b>		<b>655,985</b>	<b>347,239</b>
Cashflow - proceeds from issuance of convertible note, net of transaction costs		—	392,184
Gross equity component of convertible note		—	(76,292)
Amortisation of borrowings at effective interest rate		32,827	25,070
Changes in fair value hedge during the period	C2	128	(32,216)
<b>Closing Balance at 30 June</b>		<b>688,940</b>	<b>655,985</b>

### ACCOUNTING POLICY

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in liability due to passage of time is recognised as finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent periods. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

## B6 RATIOS

### CAPITAL MANAGEMENT

FLT maintains a funding structure that allows it to meet its operational and regulatory requirements, while providing sufficient flexibility to fund growth, working capital requirements and future strategic opportunities. The group's capital structure includes a mix of debt, general cash and equity attributable to the parent's equity holders.

### NET CASH / (DEBT)

	NOTES	2023 \$'000	2022 \$'000
Cash at bank and on hand (excluding restricted cash)	B1	926,414	866,153
Financial investments - current	B2	20,227	—
Financial investments - non-current	B2	14,656	58,977
		<b>961,297</b>	<b>925,130</b>
Less:			
Borrowings - current	B4	57,477	20,238
Borrowings - non-current	B4	352,893	354,000
		<b>410,370</b>	<b>374,238</b>
<b>Net cash / (debt)<sup>1</sup></b>		<b>550,927</b>	<b>550,892</b>

FLT continues to be in a net cash position (30 June 2022: net cash position).

<sup>1</sup> Net cash / (debt) = (Cash + financial investments) – (current and non-current borrowings). The calculation excludes restricted cash (refer note B1) and convertible notes. The calculation also excludes the impact of AASB 16 Leases in respect of the current and non-current lease liabilities.

### GEARING RATIO

	NOTES	2023 \$'000	2022 \$'000
Total borrowings	B4	410,370	374,238
Total equity		1,136,497	777,462
Gearing ratio <sup>1</sup>		36.1 %	48.1 %

<sup>1</sup> Gearing ratio = Total borrowings / Total equity. The calculation excludes the convertible note and lease liabilities from total borrowings.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B7 DIVIDENDS

### OVERVIEW

When determining dividend returns to shareholders, FLT's board considers a number of factors, including the company's anticipated cash requirements to fund its growth and operational plans and current and future economic conditions.

A final dividend has been declared taking into account traditional seasonal cashflows, anticipated cash outflows and one-off profit items. The final dividend represents a \$39,110,000 (2022: nil) return to shareholders, 82% (2022: nil) of FLT's statutory NPAT. The dividend represents 52% (2022: nil) of FLT's underlying NPAT<sup>1</sup>.

An interim dividend was not declared on release of the FY23 interim financial statements.

There were no dividend payments to members during the current or prior year.

The final dividend is per fully paid ordinary share fully franked based on tax paid at 30%. The aggregate amount of the proposed dividends expected to be paid on 19 October 2023 out of retained profits at 30 June 2023, but not recognised as a liability at the end of the year are as follows:

	2023 AMOUNT PER SECURITY CENTS	2022 AMOUNT PER SECURITY CENTS
Final dividend	18	—
	\$'000	\$'000
Final dividend	39,110	—
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	127,604	125,467

The above amounts represent the balance of the franking account at the end of the financial year, adjusted for:

- Franking credits that will arise from the current tax liability's payment
- Franking debits that will arise from the dividend payments recognised as a liability for the reporting period's end; and
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting period's end.

The dividend recommended by the directors since year-end, but not recognised as a year-end liability will reduce the franking account by \$16,761,000 (2022: \$nil.)

<sup>1</sup> Underlying NPAT is an unaudited, non-IFRS measure.

Current year underlying PBT of \$105,952,000 excludes \$6,065,000 of acquisition transaction costs relating to the Scott Dunn acquisition, \$29,757,000 of employee retention plan costs relating to the PCRП and GRR share rights plans, and \$329,000 of one-off costs relating to right-of-use asset and impairment reversals. Underlying NPAT of \$75,728,000 excludes the related tax impact of \$30,224,000.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## B8 CAPITAL EXPENDITURE

### OVERVIEW

FLT continues to focus on its technological offering through acquisitions in recent years of technology companies including TP Connects and WhereTo and the development of a number of IT projects to support FLT's future strategy.

		2023	2022
DEPRECIATION	NOTES	\$'000	\$'000
Buildings	F6	140	152
Plant and equipment	F6	26,217	28,381
<b>Total depreciation</b>		<b>26,357</b>	<b>28,533</b>
<b>AMORTISATION</b>			
Brand names, licences and customer relationships	A5	6,373	4,304
Software	A5	32,516	23,702
<b>Total amortisation</b>		<b>38,889</b>	<b>28,006</b>
<b>Total depreciation and amortisation</b>		<b>65,246</b>	<b>56,539</b>
<b>ADDITIONS</b>			
Plant and equipment	F6	21,379	11,150
Intangibles	A5	70,652	29,221
<b>Total additions</b>		<b>92,031</b>	<b>40,371</b>

Refer to note F7 for depreciation and amortisation relating to right of use assets under AASB16.

In addition to the depreciation and amortisation disclosed above, 'Tour, hotel & cruise operations - Cost of sales' in the income statement includes \$692,606 (2022: \$531,000) relating to depreciation and amortisation directly attributable to the delivery of tour and hotel services.

### CONTRACTUAL COMMITMENTS

Neither the parent entity, nor the group, have any material contractual obligations to purchase plant and equipment or intangible assets at balance date (2022: \$nil).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C FINANCIAL RISK MANAGEMENT

This section provides information relating to FLT group's exposure to financial risks, how they affect the group's financial position and performance and how the risks are managed.

- C1 Financial risk management
- C2 Derivative financial instruments
- C3 Other financial assets

### C1 FINANCIAL RISK MANAGEMENT

#### OVERVIEW

FLT continues to ensure it retains a robust balance sheet and liquidity position during its recovery phase.

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

A central treasury department oversees financial risk under board-approved policies that cover specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments and investments. Treasury identifies, evaluates and hedges financial risks in co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering the specific areas noted above.

Market risk and credit risk are analysed within the relevant balance sheet note disclosures with the exception of the effects of hedge accounting, which is set out below. Liquidity risk and sensitivities are also set out below.

#### LIQUIDITY RISK

FLT closely manages and monitors liquidity at a group level through rolling 18-month operating cashflow forecasts and comparing actual cashflows to this forecast, which is supported by Global Treasury review of short-term, 13-week cashflow forecasts prepared weekly at a detailed level by business and country.

At 30 June 2023, FLT complied with the operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants for the six month period from 1 January 2023 to 30 June 2023. This satisfied the requirements under the secured syndicated debt facility meaning that from 30 June 2023 FLT is no longer required to maintain the cash to borrowings ratio of greater than or equal to 1:1.

FLT's next covenant compliance obligation is 31 December 2023, where FLT will be required to comply with the operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants for the twelve month period from 1 January 2023 to 31 December 2023, and thereafter every 30 June and 31 December.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C1 FINANCIAL RISK MANAGEMENT (CONTINUED)

### LIQUIDITY RISK (CONTINUED)

#### MATURITIES OF FINANCIAL LIABILITIES

The tables below analyse the group's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings. Groupings are based on the remaining period to the contractual maturity date at the reporting period's end. The amounts disclosed in the table are the contractual undiscounted cash flows.

	LESS THAN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT (ASSETS)/ LIABILITIES
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>						
Trade and other payables	1,637,299	—	—	—	1,637,299	1,637,299
Financial liabilities	3,908	—	11,464	—	15,372	14,481
Borrowings	77,242	365,081	1,950	—	444,273	410,370
Convertible note	16,500	411,500	406,500	—	834,500	688,940
Lease liabilities	85,486	63,228	97,549	38,187	284,450	259,423
<b>Total non-derivatives</b>	<b>1,820,435</b>	<b>839,809</b>	<b>517,463</b>	<b>38,187</b>	<b>3,215,894</b>	<b>3,010,513</b>
Derivatives	21,034	12,454	13,650	—	47,138	45,169
<b>Derivatives - net settled</b>	<b>21,034</b>	<b>12,454</b>	<b>13,650</b>	<b>—</b>	<b>47,138</b>	<b>45,169</b>
<b>2022</b>						
<b>Non-derivatives</b>						
Trade and other payables	1,358,699	—	—	—	1,358,699	1,358,699
Financial liabilities	3,683	216	—	11,813	15,712	14,069
Borrowings	31,208	359,097	3,099	—	393,404	374,238
Convertible notes (including derivatives)	16,500	16,500	818,000	—	851,000	655,985
Lease liabilities	92,424	67,472	105,964	43,338	309,198	286,051
<b>Total non-derivatives</b>	<b>1,502,514</b>	<b>443,285</b>	<b>927,063</b>	<b>55,151</b>	<b>2,928,013</b>	<b>2,689,042</b>
Derivatives	17,356	9,646	15,674	—	42,676	39,976
<b>Derivatives - net settled</b>	<b>17,356</b>	<b>9,646</b>	<b>15,674</b>	<b>—</b>	<b>42,676</b>	<b>39,976</b>

#### SUMMARISED SENSITIVITY ANALYSIS

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

The foreign exchange sensitivities are based on the Group's exposures existing at balance date taking into account the Group's designated cash flow hedges.

Interest rate sensitivities are based on reasonable changes in interest rates on that portion of cash, investments and borrowings affected.

Foreign currency risks, as defined by AASB 7 *Financial Instruments: Disclosures*, arise on account of financial instruments being denominated in a currency that is not the functional currency in which the financial instrument is measured. Differences from the translation of financial statements into the Group's presentation currency are not taken into consideration in the sensitivity analysis. Foreign exchange sensitivities are based on reasonably possible changes in foreign exchange rates.

For interest rate and foreign exchange rate sensitivities, all other variables are held constant. Sensitivity figures are pre tax. The movement in equity excludes movements in retained earnings.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C1 FINANCIAL RISK MANAGEMENT (CONTINUED)

### SUMMARISED SENSITIVITY ANALYSIS (CONTINUED)

2023	CARRYING AMOUNT	INTEREST RATE RISK		FOREIGN EXCHANGE RISK	
		-1%	+1%	-10%	+10%
<b>Financial assets</b>	\$'000	PROFIT	PROFIT	PROFIT	PROFIT
Cash and cash equivalents	1,328,438	(13,284)	13,284	13,360	(10,931)
Equity securities - FVTPL	4,589	—	—	—	—
Debt securities - FVOCI	30,294	(300)	300	—	—
Trade & other receivables	866,591	—	—	10,266	(8,399)
Contract assets	320,931	—	—	14,328	(11,723)
Other financial assets	28,555	—	—	—	—
Derivative financial instruments	3,460	—	—	(2,634)	2,207

<b>Financial liabilities</b>					
Trade and other payables	1,637,299	—	—	(23,688)	19,381
Financial liabilities	14,481	—	—	(1,130)	925
Borrowings - current	57,477	496	(496)	—	—
Borrowings - non-current	352,893	3,500	(3,500)	—	—
Convertible notes (including derivatives)	688,940	4,000	(4,000)	—	—
Derivative financial instruments	40,464	—	—	(6,232)	7,030
<b>Total increase / (decrease)</b>		<b>(5,588)</b>	<b>5,588</b>	<b>4,270</b>	<b>(1,510)</b>

2022	CARRYING AMOUNT	INTEREST RATE RISK		FOREIGN EXCHANGE RISK	
		-1%	+1%	-10%	+10%
<b>Financial assets</b>	\$'000	PROFIT	PROFIT	PROFIT	PROFIT
Cash and cash equivalents	1,226,904	(12,206)	12,206	21,346	(21,346)
Equity securities - FVTPL	4,509	—	—	—	—
Debt securities - FVOCI	54,468	—	—	—	—
Trade & other receivables	697,325	—	—	8,219	(6,725)
Contract assets	139,504	—	—	1,029	(842)
Other financial assets	28,697	—	—	—	—
Derivative financial instruments	1,282	—	—	968	(856)

<b>Financial liabilities</b>					
Trade and other payables	1,358,699	—	—	(9,596)	7,851
Financial liabilities	14,069	—	—	(24)	19
Borrowings - current	20,238	202	(202)	—	—
Borrowings - non-current	354,000	3,540	(3,540)	—	—
Convertible note (including derivatives)	655,985	4,000	(4,000)	—	—
Derivative financial instruments	39,976	—	—	(16,556)	13,577
<b>Total increase / (decrease)</b>		<b>(4,464)</b>	<b>4,464</b>	<b>5,386</b>	<b>(8,322)</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C1 FINANCIAL RISK MANAGEMENT (CONTINUED)

### SUMMARISED SENSITIVITY ANALYSIS (CONTINUED)

2023	CARRYING AMOUNT	INTEREST RATE RISK		FOREIGN EXCHANGE RISK	
		-1%	+1%	-10%	+10%
Financial assets	\$'000	EQUITY	EQUITY	EQUITY	EQUITY
Derivative financial instruments	3,030	—	—	6,706	(5,487)

Financial liabilities					
Derivative financial instruments	4,705	(1,405)	1,382	(5,671)	6,452
		<b>(1,405)</b>	<b>1,382</b>	<b>1,035</b>	<b>965</b>

2022	CARRYING AMOUNT	INTEREST RATE RISK		FOREIGN EXCHANGE RISK	
		-1%	+1%	-10%	+10%
Financial assets	\$'000	EQUITY	EQUITY	EQUITY	EQUITY
Derivative financial instruments	1,691	(2,331)	2,267	(9,513)	9,513

Financial liabilities					
Derivative financial instruments	—	—	—	—	—
		<b>(2,331)</b>	<b>2,267</b>	<b>(9,513)</b>	<b>9,513</b>

Other than disclosed in the table above, there are no other equity impacts as a result of movements in interest rates and foreign exchange rates.

There is no profit or equity impact as a result of other price risk.

## C2 DERIVATIVE FINANCIAL INSTRUMENTS

CURRENT ASSETS	NOTES	2023 \$'000	2022 \$'000
Forward foreign exchange contracts - designated in a cash flow hedge		3,030	—
Forward foreign exchange contracts - FVTPL		3,460	1,282
<b>Total current derivative financial instrument assets</b>		<b>6,490</b>	<b>1,282</b>

NON-CURRENT ASSETS		2023	2022
Cross currency interest rate swaps - designated in a net investment hedge		—	1,691
<b>Total non-current derivative financial instrument assets</b>		<b>—</b>	<b>1,691</b>

CURRENT LIABILITIES		2023	2022
Forward foreign exchange contracts - designated in a cash flow hedge		1,433	—
Forward foreign exchange contracts - FVTPL		8,376	7,760
<b>Total current derivative financial instrument liabilities</b>		<b>9,809</b>	<b>7,760</b>

NON-CURRENT LIABILITIES		2023	2022
Cross currency interest rate swaps - designated in a net investment hedge		3,272	—
Interest rate swaps - designated in a fair value hedge	B5	32,088	32,216
<b>Total non-current derivative financial instrument liabilities</b>		<b>35,360</b>	<b>32,216</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

### FINANCIAL RISK MANAGEMENT

#### FAIR VALUE

Forward foreign exchange contracts are measured at fair value, which is based on observable forward foreign exchange rates and the respective currencies' yield curves, as well as the currency basis spreads between the respective currencies.

Cross currency interest rate swaps and interest rate swaps are measured at fair value, which is calculated as the present value of the estimated future cash flows. Estimate of future cash flows are based on quoted swap rates, interbank borrowing rates and, as appropriate, forward exchange rates.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument. See hedge accounting set out below for derivatives designated as part of a hedging relationship to which hedge accounting is applied. Changes in fair value for derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The forward foreign exchange contracts, cross currency interest rate swaps and interest rate swaps are classified as Level 2 (2022: Level 2) under the AASB 13 *Fair value measurement* hierarchy, based on the valuation technique described above.

#### MARKET RISK

The Group has no exposures to IBORs on its derivative financial instruments that have been replaced or reformed as part of these market-wide initiatives.

#### CREDIT RISK

The maximum exposure to credit risk in relation to derivatives at the reporting period's end is the fair value of all forward foreign exchange contracts, cross currency interest rate swaps and interest rate swaps as disclosed above. Credit quality can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. All counterparties have an equivalent S&P rating of unrated - AA-.

#### HEDGE ACCOUNTING

##### ACCOUNTING POLICY

*All derivatives are recognised in the balance sheet at fair value and are classified as FVTPL except where they are designated as part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.*

*The method of recognising the resulting fair value gain or loss on a derivative depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.*

*The group designates its derivatives as fair value hedges when hedging fair value of recognised assets or liabilities or a firm commitment.*

*The group designates its derivatives as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a foreign currency risk or interest rate risk associated with a recognised asset or liability or a highly probable foreign currency forecast transaction.*

*The group designates its derivatives as net investment hedges when hedging foreign currency risk attributable to a net investment in a foreign operation.*

*FLT documents at the inception of the transaction the relationship between hedging instruments and hedged items, the risk being hedged and the group's risk management objective and strategy for undertaking these hedge transactions. The effectiveness of the hedges is measured throughout the life of the hedging relationship. Ineffectiveness arises in the event of over hedging, whereby the notional amount of the designated hedge instrument exceeds the notional amount of the hedged item attributable to the hedged risk, or timing mismatches. Where ineffectiveness is identified, any revaluation gains or losses on the ineffective portion of the hedging instrument are immediately recognised in the statement of profit or loss in foreign exchange gains or foreign exchange losses or interest expense.*

*The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in the cash flow hedge reserve within equity. The effective portion of changes in the fair value of derivatives that are designated as net investment hedges are recognised in the foreign currency translation reserve within equity. Amounts accumulated in equity are transferred to the statement of profit or loss in the period(s) in which the hedged item affects the statement of profit or loss. Changes in the fair value of derivatives that are designated as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged items that are attributable to the hedged risk. If the fair value hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.*

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

### RISK MANAGEMENT STRATEGY

The fundamental objective is to minimise risk. This is achieved by minimising the volatility in the statement of profit or loss and variations in cash flows. The objective is not to maximise revenue or minimise costs, however in certain situations hedging may deliver value to FLT by minimising downside risk. There is no speculation allowed and all treasury activities and transactions must be linked to underlying business requirements.

FLT currently holds a cross currency interest rate swap which has been designated in a net investment hedge relationship. Net investment hedge is used to hedge FLT's exposure to the EUR foreign exchange risk on 3mundi investment. There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the EUR swap. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The effective portion of the hedge is recognised in the foreign currency translation reserve net of tax. The hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the notional amount of the swap. This is recognised in the statement of profit or loss and other comprehensive income in net foreign exchange gains or net foreign exchange losses.

FLT currently holds an interest rate swap which has been designated in a fair value hedge relationship. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate 1.625% convertible note. There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the convertible note (i.e., notional amount, maturity, and payment). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

### THE EFFECTS OF HEDGE ACCOUNTING

At 30 June 2023, FLT holds the following forward foreign exchange contracts (FECs) to hedge its exposure on forecast foreign currency receipts and forecast foreign currency payments. During the year FECs were used to hedge exposure on foreign currency payment, settlement of these FECs resulted in a loss of \$2,949,000 which was allocated to the purchase price consideration of Scott Dunn.

	NOTIONAL AMOUNT IN LOCAL CURRENCY	CARRYING AMOUNT	AVERAGE FORWARD PRICE	CHANGE IN FAIR VALUE USED FOR MEASURING INEFFECTIVENESS FOR THE PERIOD
CASH FLOW HEDGES – 2023	000	\$'000		\$'000
EUR	55,350	1,067	—	1,067
USD	80,010	981	—	981
FJD	32,100	(358)	—	(358)
GBP	23,400	241	—	241
THB	155,000	(167)	—	(167)
Others		(167)		(167)
		<b>1,597</b>		<b>1,597</b>

	CURRENCY	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS	CASH FLOW HEDGE RESERVE
CASH FLOW HEDGES – 2023		\$'000	\$'000
Foreign currency receipts	USD	1,028	1,028
	ZAR	(53)	(53)
	SGD	(43)	(43)
	NZD	(37)	(37)
	CAD	(15)	(15)
	EUR	12	12
Foreign currency payments	EUR	1,054	1,054
	FJD	(358)	(358)
	GBP	241	241
	THB	(167)	(167)
	JPY	(90)	(90)
	Others	24	25
			<b>1,597</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2023, FLT holds the following cross currency interest rate swaps and interest rate swaps to hedge its exposure on net investments in foreign operations and convertible notes. The impact of hedging instruments designated in hedging relationships at 30 June 2023 on the balance sheet of the group is as follows. Note these are all shown in the consolidated balance sheet in current assets and liabilities as derivative financial instruments.

	NOTIONAL AMOUNT \$'000	CARRYING AMOUNT \$'000	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS \$'000
<b>FAIR VALUE HEDGES - 2023</b>			
Interest rate swap	400,000	32,088	(128)
			<b>(128)</b>

<b>FAIR VALUE HEDGES - 2022</b>			
Interest rate swap	400,000	32,216	32,216
			<b>32,216</b>

	CARRYING AMOUNT \$'000	ACCUMULATED FAIR VALUE ADJUSTMENTS \$'000	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS \$'000
<b>FAIR VALUE HEDGES - 2023</b>			
Convertible note	311,578	(32,088)	128
			<b>128</b>

<b>FAIR VALUE HEDGES - 2022</b>			
Convertible note	326,394	(32,216)	(32,216)
			<b>(32,216)</b>

	NOTIONAL AMOUNT IN LOCAL CURRENCY 000	CARRYING AMOUNT \$'000	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS \$'000
<b>NET INVESTMENT HEDGES - 2023</b>			
Cross currency interest rate swap (i) - Euro	—	—	—
Cross currency interest rate swap (ii) - Euro	63,925	(3,272)	(4,963)
			<b>(4,963)</b>

<b>NET INVESTMENT HEDGES - 2022</b>			
Cross currency interest rate swap (i) - Euro	60,000	—	810
Cross currency interest rate swap (ii) - Euro	63,925	1,691	1,691
			<b>2,501</b>

Cross currency interest rate swap (i) was terminated during the year ended 30 June 2022 and replaced with cross currency interest rate swap (ii). The change in fair value accumulated in equity has not been reclassified to profit or loss.

	CHANGE IN VALUE USED FOR MEASURING INEFFECTIVENESS \$'000	FOREIGN CURRENCY TRANSLATION RESERVE \$'000
<b>NET INVESTMENT HEDGES - 2023</b>		
Investment in subsidiaries	(4,963)	(2,290)
	<b>(4,963)</b>	<b>(2,290)</b>

<b>NET INVESTMENT HEDGES - 2022</b>		
Investment in subsidiaries	2,501	2,974
	<b>2,501</b>	<b>2,974</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C2 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The impact of hedging instruments designated in hedging relationships at 30 June 2023 on the consolidated statement of profit or loss of the group is as follows. These are all shown in the consolidated statement of profit or loss in other expenses as net foreign exchange losses or finance costs in interest and finance charges paid/payable.

	INEFFECTIVENESS RECOGNISED IN THE INCOME STATEMENT \$'000	HEDGING GAIN /(LOSS) RECOGNISED IN OCI \$'000	AMOUNT RECLASSIFIED FROM OCI TO THE INCOME STATEMENT \$'000
<b>CASH FLOW HEDGES</b>			
<b>Hedges of forecast foreign currency transactions</b>			
2023	—	966	(186)
2022	—	—	—
<b>NET INVESTMENT HEDGES</b>			
2023	—	(4,963)	—
2022	—	2,501	—

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## C3 OTHER FINANCIAL ASSETS

	2023	2022
	\$'000	\$'000
Accrued Interest	2,396	716
Security deposits	23,056	8,484
<b>Total current other financial assets</b>	<b>25,452</b>	<b>9,200</b>
Loans to external parties	147	147
Security deposits	2,956	19,350
<b>Total non-current other financial assets</b>	<b>3,103</b>	<b>19,497</b>

### ACCOUNTING POLICY

Loans to related parties, external parties and security deposits are measured at amortised cost, as they are held in order to collect contractual cash flows which are solely principal and interest.

### FINANCIAL RISK MANAGEMENT

#### FAIR VALUE

Due to their short-term nature, the carrying amounts of current other financial assets are assumed to approximate their fair values.

The carrying amounts of non-current other financial assets equals their fair values, due to the commercial rates of interest earned and paid respectively, and the impact of discounting is not significant.

#### CREDIT RISK

The maximum exposure to credit risk at the reporting period's end is the carrying amount of other financial assets as disclosed above, however FLT has categorised these as having an insignificant amount of credit risk and therefore no expected credit loss has been recognised.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D REWARD AND RECOGNITION

This section provides a breakdown of the various programs FLT uses to reward and recognise employees and key executives, including Key Management Personnel (KMP).

FLT believes that these programs reinforce the value of ownership and incentives, both of which are key parts of the company's philosophies and culture, and drive performance both individually and collectively to deliver better returns to shareholders.

These programs also result in changes to the group's contributed equity.

During COVID-19 a number of these programs were put on hold, however new programs (the PCRCP and GRR) were introduced as a strategic response to the profound impacts that COVID-19 restrictions had on the business, with a focus on ensuring key executives who would be crucial to FLT's recovery were retained while the business recovers and during the rebuilding phase.

- D1 Key management personnel
- D2 Business ownership scheme (BOS)
- D3 Share-based payments
  - Long term retention plan (LTRP)
  - Post-COVID-19 retention plan (PCRCP)
  - Global recovery rights (GRR)
  - Employee share plan (ESP)
- D4 Contributed equity and treasury shares

### D1 KEY MANAGEMENT PERSONNEL

#### KMP COMPENSATION

	2023	2022
	\$	\$
Short-term employee benefits	9,276,154	6,906,012
Post-employment benefits	205,322	163,364
Long-term benefits	(50,008)	457,095
Share-based payments	2,178,140	4,018,006
<b>Total KMP compensation</b>	<b>11,609,608</b>	<b>11,544,477</b>

Detailed remuneration disclosures are provided in section 2 of the remuneration report. Supporting information on director and KMP remuneration is included in the remuneration report in sections 3 and 4 .

#### EQUITY INSTRUMENT DISCLOSURES RELATING TO KMP

Details of LTRP, PCRCP and ESP provided as remuneration to KMP and shares issued on the exercise of such, together with terms and conditions, can be found in section 4 of the remuneration report.

#### OTHER TRANSACTIONS WITH KMP

Directors and specified executives and their related companies receive travel services from FLT and its related companies on normal terms and conditions to employees and customers.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D2 BUSINESS OWNERSHIP SCHEME (BOS)

### OVERVIEW

FLT believes it is important that its leaders see the businesses they run as their own and, under the BOS, eligible employees (front-line team leaders) invest in unsecured notes in their businesses as an incentive to improve short and long-term performance. Trading conditions under COVID-19 resulted in the programme being unsuitable for its intended purpose and programmes globally were put on hold. The program commenced again during the prior year.

### ACCOUNTING POLICY

The Australian BOS program is an ASIC-registered unsecured notes scheme. In Australia, the scheme re-commenced in April 2022 in the Travel Associates business and is gradually being re-introduced in other businesses of FLT.

The employees receive a variable interest return on investment based on the individual businesses performance and is, therefore, exposed to the risks of his or her business, as neither FLT nor any of its group companies guarantees returns.

The unsecured notes are repayable within 30 days notice by either party, upon termination of the note holder's employment or on the 10th anniversary of the date of issue of the unsecured note. Interest is generally payable in arrears, one month in arrears.

FLT has arrangements through its subsidiary, P4 Finance Pty Ltd (P4), to provide loans on an arm's length, commercial basis to fund eligible business leaders' acquisition of unsecured notes. Under the terms of these loans, unsecured note holders agree that FLT will hold the Unsecured Note Certificate in escrow and note holders must assign the payment of funds owing on an unsecured note to P4.

Accordingly, the group has, at a consolidated level, offset FLT's unsecured note liability and P4's loan receivable in the group balance sheet and has also netted the interest income earned on loans provided by P4 against interest paid by FLT on the unsecured notes.

### BUSINESS OWNERSHIP SCHEME

*Both the unsecured notes and loans are recorded at amortised cost.*

	2023 \$'000	2022 \$'000
Unsecured notes principal	6,240	2,668
Loans held for unsecured notes	(5,638)	(2,209)
<b>Net unsecured notes principal</b>	<b>602</b>	<b>459</b>

The unsecured note holders earn a variable, non-guaranteed return, based on their business's performance.

Unless approved by the board, via its remuneration and nomination committee, the distribution payable in respect of any unsecured note will not exceed 35% of the face value of the unsecured note in any 12 month period.

Further information on BOS interest expense for KMP is included in section 2 and BOS return multiplier in section 3 of the remuneration report.

### FINANCIAL RISK MANAGEMENT

#### Credit risk

There is no credit risk arising for BOS loans held for unsecured notes, as there is a legally enforceable right to set-off against FLT's unsecured note liability.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D2 BUSINESS OWNERSHIP SCHEME (BOS) (CONTINUED)

### BOS MULTIPLIER PROGRAMME

As noted in the Remuneration Report, key executives that have a Founder BOS note are Melanie Waters-Ryan and Chris Galanty.

The Founder BOS notes were temporarily redeemed and placed into hibernation on 30 June 2020 (effective from 1 January 2020) and (as detailed in the Remuneration Report) reactivated on 1 July 2022 (for Mr Galanty) and 1 January 2023 (for Ms Waters-Ryan). Once the BOS notes came out of hibernation, Ms Waters-Ryan and Mr Galanty were required to repay the face value or designate funds to the value of the face value.

Ms. Waters-Ryan elected not to repay the face value and accordingly the MWR BOS was deemed to have been redeemed as at 31 December 2019 (Redemption Date).

Mr. Galanty elected to repay the face value of the CG BOS at the end of the CG Hibernation Period to Flight Centre and the CG BOS (including its relevant entitlements) recommenced in accordance with its amended and restated terms.

Mr Galanty continues to participate in the BOS Multiplier program, with Melanie Waters-Ryan due to retire in early FY24.

Refer to section 3 of the remuneration report for further information on BOS return multiplier.

### ACCOUNTING POLICY

A liability for the employee benefit of the potential BOS return multiple has been recognised as a provision (refer to note F10) when there is a contractual obligation or valid expectation that payment will be made.

CURRENT	NOTE	2023 \$'000	2022 \$'000
Employee benefits <sup>1</sup>	F10	12,944	11,896

<sup>1</sup> Includes termination benefit relating to Melanie Waters-Ryan who will retire on 31 August 2023. The benefit relates to services performed during FY23 and up until 31 August 2023.

The BOS multiplier is recognised as current as it has vested for the KMP.

## D3 SHARE-BASED PAYMENTS

### OVERVIEW

FLT has a number of plans which issue share rights to employees and key executives, including:

- Long Term Retention Plan (LTRP)
- Post-COVID-19 Retention Plan (PCRP)
- Global Recovery Rights (GRR)
- Employee Share Plan (ESP)

### EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2023 \$'000	2022 \$'000
Long term retention plan	10,226	7,784
Post COVID-19 retention plan	1,269	4,409
Employee share plan	1,525	2,341
Global recovery rights plan	28,080	17,511
<b>Total expenses arising from share-based payment transactions</b>	<b>41,100</b>	<b>32,045</b>

Directors are not eligible to participate in the LTRP, PCRP, GRR or ESP.

### ACCOUNTING POLICY AND VALUATION

The fair value of performance rights granted are recognised as an employee benefit expense with a corresponding increase in reserves. The fair value is measured at grant date and recognised over the period during which employees become unconditionally entitled to the rights.

The fair value at grant date is determined using the Black-Scholes option pricing model.

The fair value of the rights granted excludes the impact of any non-market vesting conditions (for example, continued employment). Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable and the length of the vesting period. At the reporting period's end, the entity revises its estimate of the number of rights that are expected to become exercisable and the most likely vesting period. The employee benefit expense recognised each period takes into account the most recent estimate.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D3 SHARE-BASED PAYMENTS (CONTINUED)

### LONG TERM RETENTION PLAN (LTRP)

#### GENERAL TERMS

Invited participants are granted base rights, for no consideration, in annual tranches over a 12 year period with vesting conditions based upon continued service. At the time base rights are granted, participants are granted a corresponding number of matched rights for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

#### VESTING REQUIREMENTS

Base rights granted to participants for each tranche will vest on the base rights vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

Matched rights granted to participants for each tranche will vest on the matched rights vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and the base rights (or shares) in respect of the respective grant continue to be held.

#### METHOD OF SETTLEMENT

The base rights and matched rights may be newly issued by FLT, purchased on-market or allocated from treasury shares.

#### VALUATION

The fair value of base and matched rights under the plan is estimated at the date of grant using a fixed dollar amount of rights granted for each participant and the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected dividend yield and risk-free rate for the rights' term. The fair value is recognised in the balance sheet as part of reserves over the period that the right vests with a corresponding expense recognised in the employee benefits costs.

GRANT NUMBER	GRANT DATE	BASE RIGHTS			MATCHING RIGHTS		
		DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE	DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE
4	1 July 2018	August 2021	1 July 2030	\$54.26	August 2021	1 July 2030	\$54.26
4b	1 July 2018	August 2021	1 July 2030	\$54.26	August 2023	1 July 2030	\$51.58
5	1 July 2019	August 2022	1 July 2030	\$42.06	August 2022	1 July 2030	\$42.06
5b	1 July 2019	August 2021	1 July 2030	\$42.06	August 2024	1 July 2030	\$38.84
6	1 July 2020	August 2023	1 July 2030	\$11.30	August 2023	1 July 2030	\$11.30
6b	1 July 2020	August 2021	1 July 2030	\$11.30	August 2023	1 July 2030	\$11.30
6c	1 July 2020	August 2022	1 July 2030	\$11.30	August 2024	1 July 2030	\$10.79
6d	1 July 2020	August 2023	1 July 2030	\$11.30	August 2023	1 July 2030	\$11.30
7 <sup>2</sup>	1 July 2021	August 2024	1 July 2030	\$17.27	August 2024	1 July 2030	\$17.27
7c	1 July 2021	August 2022	1 July 2030	\$17.27	August 2024	1 July 2030	\$17.27
7e <sup>2</sup>	1 July 2021	August 2023	1 July 2030	\$17.26	August 2023	1 July 2030	\$17.26 <sup>2</sup>
8	1 July 2022	August 2025	1 July 2030	\$17.02	August 2025	1 July 2030	\$17.02

<sup>1</sup> The vesting date is the day the Company releases full year financial results to the ASX in the year of vesting.

<sup>2</sup> During the period, an administrative error was identified where new LTRP participants has been offered rights on 1 July 2021 to Grant 7 and Grant 7e, however the rights had not been issued. The rights were issued during the period.

The weighted average contractual remaining life (until expiry date) is 7 years.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D3 SHARE-BASED PAYMENTS (CONTINUED)

### LONG TERM RETENTION PLAN (LTRP) (CONTINUED)

The LTRP rights held by executives, including those KMP separately disclosed in the remuneration report, is set out below:

	BALANCE AT START OF THE YEAR		DURING THE YEAR				BALANCE AT END OF THE YEAR	
	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	EXERCISED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER
<b>2023</b>								
<b>Grant 8</b>								
Base	—	—	422,927	(4,273)	—	—	—	418,654
Match	—	—	422,927	(4,273)	—	—	—	418,654
<b>Grant 7<sup>1</sup></b>								
Base	—	347,576	4,691	(12,591)	—	—	—	339,676
Match	—	347,576	4,691	(12,591)	—	—	—	339,676
<b>Grant 7c</b>								
Base	—	10,369	—	—	10,369	—	10,369	—
Match	—	10,369	—	—	2,291	—	2,291	8,078
<b>Grant 7e<sup>1</sup></b>								
Base	—	—	4,691	—	—	—	—	4,691
Match	—	—	4,691	—	—	—	—	4,691
<b>Grant 6</b>								
Base	—	197,319	—	—	—	—	—	197,319
Match	—	197,319	—	—	—	—	—	197,319
<b>Grant 6b</b>								
Base	23,417	—	—	—	—	(4,905)	18,512	—
Match	—	23,417	—	—	—	—	—	23,417
<b>Grant 6c</b>								
Base	—	13,953	—	—	13,953	—	13,953	—
Match	—	13,953	—	—	—	—	—	13,953
<b>Grant 6d</b>								
Base	—	45,207	—	(2,309)	—	—	—	42,898
Match	—	45,207	—	(2,309)	—	—	—	42,898
<b>Grant 5</b>								
Base	—	60,828	—	—	60,828	(35,333)	25,495	—
Match	—	60,828	—	—	60,828	(34,030)	26,798	—
<b>Grant 5b</b>								
Base	4,355	—	—	—	—	—	4,355	—
Match	—	4,355	—	—	—	—	—	4,355
<b>Grant 4</b>								
Base	13,305	—	—	—	—	(3,273)	10,032	—
Match	14,793	—	—	—	—	(2,410)	12,383	—
<b>Grant 4b</b>								
Base	5,498	—	—	—	—	—	5,498	—
Match	—	4,030	—	—	—	—	—	4,030
<b>Grant 3</b>								
Base	1,691	—	—	—	—	(1,691)	—	—
Match	1,691	—	—	—	—	(1,691)	—	—
<b>Grant 2</b>								
Base	2,341	—	—	—	—	(2,341)	—	—
Match	2,341	—	—	—	—	(2,341)	—	—

<sup>1</sup> During the period, an administrative error was identified where new LTRP participants has been offered rights on 1 July 2021 to Grant 7 and Grant 7e , however the rights had not been issued. The rights were issued during the period.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D3 SHARE-BASED PAYMENTS (CONTINUED)

### LONG TERM RETENTION PLAN (LTRP) (CONTINUED)

2022	BALANCE AT START OF THE YEAR		DURING THE YEAR				BALANCE AT END OF THE YEAR	
	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	EXERCISED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER
<b>Grant 7</b>								
Base	—	—	347,576	—	—	—	—	347,576
Match	—	—	347,576	—	—	—	—	347,576
<b>Grant 7c</b>								
Base	—	—	10,369	—	—	—	—	10,369
Match	—	—	10,369	—	—	—	—	10,369
<b>Grant 6</b>								
Base	—	197,319	—	—	—	—	—	197,319
Match	—	197,319	—	—	—	—	—	197,319
<b>Grant 6b</b>								
Base	—	23,417	—	—	23,417	—	23,417	—
Match	—	23,417	—	—	—	—	—	23,417
<b>Grant 6c</b>								
Base	—	13,953	—	—	—	—	—	13,953
Match	—	13,953	—	—	—	—	—	13,953
<b>Grant 6d</b>								
Base	—	45,207	—	—	—	—	—	45,207
Match	—	45,207	—	—	—	—	—	45,207
<b>Grant 5</b>								
Base	—	61,856	—	(1,028)	—	—	—	60,828
Match	—	61,856	—	(1,028)	—	—	—	60,828
<b>Grant 5b</b>								
Base	—	4,355	—	—	4,355	—	4,355	—
Match	—	4,355	—	—	—	—	—	4,355
<b>Grant 4</b>								
Base	10,225	41,679	—	(797)	40,882	(37,802)	13,305	—
Match	—	43,167	—	(797)	42,370	(27,577)	14,793	—
<b>Grant 4b</b>								
Base	—	5,518	—	—	5,518	(20)	5,498	—
Match	—	4,030	—	—	—	—	—	4,030
<b>Grant 3</b>								
Base	1,691	—	—	—	—	—	1,691	—
Match	1,691	—	—	—	—	—	1,691	—
<b>Grant 2</b>								
Base	2,341	—	—	—	—	—	2,341	—
Match	2,341	—	—	—	—	—	2,341	—

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D3 SHARE-BASED PAYMENTS (CONTINUED)

### POST-COVID-19 RETENTION PLAN (PCRP)

#### GENERAL TERMS

Invited participants are granted one-off base rights, for no consideration, with vesting conditions based upon continued service. When these base rights are granted, participants are also granted a corresponding number of one-off matched rights in two separate tranches for no consideration (one matched right for each base right granted).

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

#### VESTING REQUIREMENTS

Base rights granted to participants will vest on the base rights' vesting date as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

Matched rights granted to participants for each tranche will vest on the matched rights' vesting dates as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date) and for Tranche 1 matched rights that the base rights (or shares) in respect of the respective grant continue to be held, and for Tranche 2 matched rights' that the Tranche 1 matched rights (or shares) continue to be held.

#### METHOD OF SETTLEMENT

The base rights and matched rights may be issued by FLT, purchased on-market or allocated from treasury shares.

#### VALUATION

The fair value of base and matched rights under the plan is estimated at the date of grant using the Black-Scholes option pricing model. The fair value is allocated equally over the period from grant date to vesting date, and is included in the remuneration report compensation tables.

GRANT NUMBER	GRANT DATE	DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE
<b>Grant 1</b>	29 June 2020			
Base Rights		August 2022	1 July 2031	\$9.66
Matching Rights - Tranche 1		August 2023	1 July 2031	\$9.25
Matching Rights - Tranche 2		August 2024	1 July 2031	\$8.83

<sup>1</sup> The vesting date is the day the Company releases full year financial results to the ASX in the year of vesting.

The weighted average contractual remaining life (until expiry date) is 8 years.

The PCRP rights held by executives, including those KMP separately disclosed in the remuneration report, is set out below:

	BALANCE AT START OF THE YEAR				BALANCE AT END OF THE YEAR			
	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	EXERCISED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER
<b>2023</b>								
<b>Grant 1</b>								
Base	—	590,338	—	—	590,338	(130,439)	459,899	—
Match 1	—	295,169	—	—	—	—	—	295,169
Match 2	—	295,169	—	(45,000)	—	—	—	250,169
<b>2022</b>								
<b>Grant 1</b>								
Base	—	590,338	—	—	—	—	—	590,338
Match 1	—	295,169	—	—	—	—	—	295,169
Match 2	—	295,169	—	—	—	—	—	295,169



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D3 SHARE-BASED PAYMENTS (CONTINUED)

### GLOBAL RECOVERY RIGHTS (GRR)

The GRR has identical objectives to the PCRP but is a broader program targeted at FLT's global workforce.

#### GENERAL TERMS

Invited participants (all employees globally excluding board members and senior executives) are granted one-off rights, for no consideration.

Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary FLT share.

The plan's rules stipulate that the number of shares resulting from exercising all unexercised rights cannot exceed 5% of the company's issued capital (currently less than 1%).

#### VESTING REQUIREMENTS

Rights granted to participants will vest on the rights' vesting date as noted in the table below, subject to the service condition being satisfied (participants remain employed by the company at the vesting date).

#### METHOD OF SETTLEMENT

The rights may be issued by FLT, purchased on-market or allocated from treasury shares.

#### VALUATION

The fair value of rights under the plan is estimated at the date of grant using the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected dividend yield and risk-free rate over the rights' term. The fair value is allocated equally over the period from grant date to vesting date.

GRANT NUMBER	GRANT DATE	RIGHTS		VALUE PER RIGHT AT GRANT DATE
		DATE/YEAR VESTED AND EXERCISABLE <sup>1</sup>	EXPIRY DATE	
Grant 1	25 June 2021	February 2023	February 2028	\$15.06
Grant 2	15 June 2022	February 2024	February 2029	\$17.02

<sup>1</sup> The vesting date is the day the Company releases half year financial results to the ASX in the year of vesting

The weighted average contractual remaining life (until expiry date) for Grant 1 is 5 years, and for Grant 2, 6 years.

	BALANCE AT START OF THE YEAR		DURING THE YEAR				BALANCE AT END OF THE YEAR	
	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER	GRANTED NUMBER	FORFEITED NUMBER	VESTED NUMBER	EXERCISED NUMBER	VESTED AND EXERCISABLE NUMBER	UNVESTED NUMBER
<b>2023</b>								
Grant 2	—	—	1,829,841	(48,032)	—	—	—	1,781,809
Grant 1	—	1,647,288	—	(155,614)	1,491,674	(753,686)	737,988	—
<b>2022</b>								
Grant 1	—	—	1,772,534	(125,246)	—	—	—	1,647,288

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D3 SHARE-BASED PAYMENTS (CONTINUED)

### EMPLOYEE SHARE PLAN (ESP)

#### GENERAL TERMS

Eligible employees are granted a conditional right to one matched share for every two shares purchased (for cash consideration), subject to vesting conditions.

Employees are eligible to participate if they have been employed full time or permanent part-time for at least three months.

#### VESTING REQUIREMENTS

A participant must hold the acquired shares for a period of two years and one month and still be employed with FLT at the end of that time. If acquired shares are sold before the end of the vesting period, conditional rights to the matched shares are forfeited.

#### METHOD OF SETTLEMENT

A participant who satisfies the vesting conditions will become entitled to the matched shares on the last day of the vesting period.

The matched shares may be newly issued by FLT, purchased on-market or allocated from treasury shares.

#### VALUATION – ACQUIRED SHARES

The market value of shares issued under the plan, measured as the weighted average price at which FLT's shares are traded on the ASX during the five days following the date on which the contributions are paid, is recognised in the balance sheet as an issue of shares in the period the shares are acquired by the employee.

#### VALUATION – MATCHED SHARES

The fair value of matched shares allocated (but not issued) under the plan is estimated at the date of grant using the Black-Scholes option pricing model which takes into account the rights' term, the rights' non-tradeable nature, the expected dividend yield and risk-free rate over the rights' term and is recognised in the balance sheet as part of reserves over the period that the matched share vests with a corresponding expense recognised in the employee benefits costs.

NUMBER OF MATCHED SHARES	NOTES	2023	2022
Issued under the plan to participating employees	D4	42,467	72,003
Allocated from the share trust to participating employees	D4	52,290	—
Purchased on-market under the plan to participating employees	D4	25,787	44,659
		<b>120,544</b>	<b>116,662</b>
Weighted average market price of matched shares:			
Issued	D4	\$0.00	\$0.00
Allocated from share trust		\$18.60	\$0.00
Purchased on-market		\$17.60	\$18.33

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## D4 CONTRIBUTED EQUITY AND TREASURY SHARES

### OVERVIEW

On 1 February 2023, FLT announced the successful completion of its institutional placement of new fully paid ordinary shares to raise \$180,000,000 to part-fund its acquisition of Scott Dunn. Approximately 12,300,000 new shares were issued under the placement at a fixed price of \$A14.60 per new share, which represented a 7.8% discount to the last traded price of A\$15.83 on 30 January 2023.

After the institutional placement, FLT opened its non-underwritten share purchase plan (SPP) to fund the remainder of its acquisition of Scott Dunn. The SPP offer provided eligible shareholders the opportunity to buy shares at an issue price of \$A14.60, in line with the offer made to institutional investors. On 13 March 2023, FLT announced the successful completion of the SPP and approximately 4,100,000 new fully paid ordinary shares were issued to SPP participants.

Historically, movements in contributed equity have related to shares issued under the ESP and LTRP, which reinforced the importance that FLT places on ownership to drive business improvement and overall results. Where shares in FLT have been acquired by on-market purchases of shares prior to settling the vested entitlement, the cost of the acquired shares is carried as treasury shares and deducted from equity.

### RECONCILIATION OF ORDINARY SHARE CAPITAL:

The following reconciliation summarises the movements in authorised and issued capital during the year.

Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of shares is publicly available via the ASX.

DETAILS	NOTES	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE	\$'000
<b>Opening balance at 1 July 2021</b>		<b>199,347,493</b>		<b>1,099,056</b>
ESP		278,430	\$18.09	5,037
ESP matched shares	D3	72,003	—	—
LTRP		15,258	—	—
Treasury shares		100,000	\$16.18	1,618
<b>Closing balance at 30 June 2022</b>		<b>199,813,184</b>		<b>1,105,711</b>
ESP		365,258	\$17.25	6,302
ESP matched shares	D3	42,467	—	—
Treasury shares		1,416,799	\$18.48	26,180
Institutional placement and share purchase plan		16,437,951	\$14.60	239,994
Equity raising transaction costs				(5,137)
Deferred tax on equity raising transaction costs	F12			1,542
<b>Closing balance at 30 June 2023</b>		<b>218,075,659</b>		<b>1,374,592</b>

### RECONCILIATION OF TREASURY SHARES:

The following reconciliation summarises the movements in treasury shares held in a share trust for future allocation to employee share plans. Items of a similar nature have been grouped and the price shown is the weighted average.

DETAILS	NOTES	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	\$'000
<b>Opening balance at 1 July 2021</b>		<b>—</b>	<b>—</b>	<b>—</b>
Purchase of shares by share trust		(144,659)	\$16.32	(2,437)
Allocation of shares to ESP matched shares	D3	44,659	\$18.33	819
Allocation of shares to LTRP		34,824	\$19.28	672
Gain in equity on allocation of shares				(109)
<b>Closing balance at 30 June 2022</b>		<b>(65,176)</b>		<b>(1,055)</b>
Purchase of shares by share trust		(1,782,254)	\$18.36	(32,720)
Allocation of shares to ESP matched shares	D3	78,077	\$18.25	1,425
Allocation of shares to LTRP		142,051	\$16.90	2,401
Allocation of shares to PCR P		77,137	\$16.94	1,307
Allocation of shares to GRR		753,686	\$18.67	14,069
Gain in equity on allocation of shares				(175)
<b>Closing balance at 30 June 2023</b>		<b>(796,479)</b>		<b>(14,748)</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## E RELATED PARTIES

This section provides information relating to the FLT group related parties and the extent of related party transactions within the group and the impact they had on the group's financial performance and position.

- E1 Investments accounted for using the equity method
- E2 Related party transactions

## E1 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### OVERVIEW

#### ASSOCIATES

The Upside Travel Company (Upside) was dissolved during the period. FLT had previously fully impaired its 25% investment in the year ended 30 June 2020.

On 8 December 2022, FLT acquired a 50% shareholding in Evolve Travel Limited (ETL), a New Zealand based entity for \$5,000. The investment in ETL will create stronger preferred supplier agreements with an independent travel group for the mutual benefit of both parties. The contractual arrangements in place do not establish control or joint control over the entity's economic activities including financial and operating decisions, therefore the investment in ETL is accounted for as an investment in associate. Related party transactions represent FLT distributing to ETL, for disbursement to the independent agents, a share of the override revenue as generated through the supply agreement.

#### JOINT VENTURES

FLT holds a 46.9% shareholding in Pedal Group Pty Ltd (2022: 46.5%). FLT continues to have joint control. Significant shareholdings in Pedal Group include a 100% shareholding in 99 Bikes Pty Ltd and 99 Bikes NZ Limited, a Brisbane and Auckland based national chain of retail bike stores, and a 100% shareholding in Advance Traders (Australia) Pty Ltd and Advance Traders (New Zealand) Limited, Brisbane and Auckland based wholesale bike companies and a 100% shareholding in PGP Co Pty Ltd, a Brisbane based property purchasing company for 99 Bikes leases.

Contractual arrangements are in place to establish joint control over each entity's economic activities, including financial and operating decisions.

#### SHARE OF JOINT VENTURE AND ASSOCIATES CARRYING VALUE AND RESULTS

Joint venture and associates information is presented in accordance with the accounting policy described in note I(c)(ii) and is set out below.

	2023	2022
	\$'000	\$'000
Interest in joint ventures	45,594	49,678
Interest in associates	5	—
<b>Total interest in joint ventures and associates</b>	<b>45,599</b>	<b>49,678</b>

	2023	2022
	\$'000	\$'000
(Loss) / profit from joint ventures	(4,084)	12,136
(Loss) from associates	—	(457)
<b>Total comprehensive (loss) / profit</b>	<b>(4,084)</b>	<b>11,679</b>

Joint venture results include share of loss from Pedal Group of \$4,083,713 (2022: share of profit \$12,136,000). In addition, during the period FLT received a dividend of \$3,937,131 (2022: \$8,873,000) of which 100% (2022: 100%) was received as shares as part of the Pedal dividend reinvestment plan.

#### CONTRACTUAL COMMITMENTS

FLT has no commitments in relation to its joint venture and associate entities at 30 June 2023 (2022: nil).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## E2 RELATED PARTY TRANSACTIONS

### PARENT ENTITY

FLT is the ultimate parent entity within the group.

### SUBSIDIARIES AND JOINT VENTURES

Interests in subsidiaries are set out in note G1 and interests in joint ventures and associate are set out in note E1.

FLT is a joint venture (JV) partner in Pedal Group Pty Ltd. The other JV partners are related parties, namely Graham Turner's family company, Gainsdale Pty Ltd 21.88% (2022: 21.71%), and Graham Turner's son, Matthew Turner's family companies Hootie Blowfish Pty Ltd 14.14% (2022: 14.77%), Counting Crows Pty Ltd 0.24% (2022: nil) and his direct employee share plan holdings of 0.40% (2022: 0.41%). The remaining 16.43% (2022: 16.57%) is held by other minor parties including Pedal Group employees who are not considered related parties.

### KMP COMPENSATION AND OTHER TRANSACTIONS

KMP disclosures are set out in note D1.

### TRANSACTIONS WITH RELATED PARTIES

	2023	2022
	\$	\$
<b>Income from joint venture &amp; associate-related parties</b>		
Management fees	17,435	14,355
Travel and conference	111,624	163,823
Other	397,733	149,411
<b>Expenses to joint venture &amp; associate-related parties</b>		
Override distributions	2,393,059	—
<b>Income from director-related entities</b>		
Travel and conference	1,310,539	1,379,468
<b>Expenses to director-related entities</b>		
Conference expense	111,574	96,303
Membership expense <sup>1</sup>	355,800	151,941

<sup>1</sup> Graham Turner as Director on Industry Body, Australian Federation of Travel Agents Limited (AFTA), now known as Australian Travel Industry Association (ATIA)

From time to time, related entities may enter into transactions with FLT. These transactions are on the same terms and conditions as those entered into by other FLT subsidiaries or customers.

Joint venture and associate related parties can choose to use FLT group purchasing ability and any costs incurred are passed directly through. These transactions are included in the disclosure above.

### OUTSTANDING BALANCES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2023	2022
	\$	\$
<b>Joint ventures &amp; associates</b>		
Current receivables	994	—
Current payables	130,789	—
<b>Director-related entities</b>		
Current receivables	2,442,592	970,047
Current payables	—	9,533

No provisions for doubtful debts have been raised in relation to any outstanding balances and no expenses have been recognised in respect of bad or doubtful debts due from related parties.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## E2 RELATED PARTY TRANSACTIONS (CONTINUED)

### LOANS TO RELATED PARTIES

Loans to KMP, joint venture and associate related parties were nil during the current year and prior year.

### GUARANTEES

FLT has provided company guarantees to the suppliers of Pedal Group joint venture of \$9,046,000 (2022: \$nil). The JV partners, Gainsdale Pty Ltd and Hootie Blowfish Pty Ltd, provide full indemnity to FLT up to their respective Pedal Group shareholding percentages. No liability was recognised as the guarantee's fair values are immaterial.

### TERMS AND CONDITIONS

All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F OTHER INFORMATION

This section provides the remaining information relating to the FLT financial report that must be disclosed to comply with the accounting standards and other pronouncements.

F1	Employee benefits expense
F2	Earnings per share
F3	Trade and other receivables
F4	Contract assets
F5	Other assets
F6	Property, plant and equipment
F7	Leases
F8	Trade and other payables
F9	Contract liabilities
F10	Provisions
F11	Reserves
F12	Tax
F13	Auditor's remuneration
F14	Seasonality

## F1 EMPLOYEE BENEFITS EXPENSE

### EMPLOYEE BENEFITS EXPENSE

	NOTES	2023 \$'000	2022 \$'000
Defined contribution superannuation expense		63,430	40,776
Share based payments expense	D3	41,100	32,045
Other employee benefits expense		1,193,463	809,447
<b>Total employee benefits expense</b>		<b>1,297,993</b>	<b>882,268</b>
Staff numbers (full-time equivalents)		13,065	10,257

In addition to the employee benefits expense disclosed above, 'Tour, hotel & cruise operations - Cost of sales' in the statement of profit or loss includes \$3,914,000 (2022: \$2,430,000) relating to employee costs directly attributable to the delivery of tour and hotel services.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F2 EARNINGS PER SHARE

### OVERVIEW

Statutory earnings per share (EPS) was 23.1 cents (2022: loss 142.4 cents<sup>2</sup>), an improvement of 116.2% on the prior comparative period. At an underlying level<sup>1</sup>, EPS increased 127.3% to 36.9 cents (2022: loss 135.2 cents<sup>2</sup>).

	2023 CENTS	2022 CENTS RESTATED <sup>2</sup>
<b>Basic earnings / (loss) per share</b>		
Profit / (loss) attributable to the company's ordinary equity holders	23.1	(142.4)
<b>Diluted earnings / (loss) per share</b>		
Profit / (loss) attributable to the company's ordinary equity holders	22.5	(142.4)
<b>Reconciliation of earnings used in calculating EPS</b>		
	\$'000	\$'000
Profit / (loss) attributable to the company's ordinary equity holders used in calculating basic and diluted earnings per share	47,461	(286,651)
<b>Weighted average number of shares used as the denominator</b>		
	NUMBER	NUMBER RESTATED <sup>2</sup>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share <sup>3</sup>	205,165,141	201,236,779
Adjustments for calculation of diluted earnings per share:		
Share rights	6,095,311	—
Weighted average number of ordinary shares used in calculating diluted earnings per share	211,260,452	201,236,779

<sup>1</sup> Underlying EPS are unaudited, non-IFRS measures. Refer to note A1 for breakdown of underlying PBT used in the calculation of underlying EPS. Underlying NPAT includes the tax impact of underlying adjustments of (\$7,177,000) (2022: (\$2,355,000)).

<sup>2</sup> Restated as required by AASB 133 Earnings Per Share, for discount on Institutional Placement and Share Purchase Plan completed during the current year to fund the acquisition of Scott Dunn.

<sup>3</sup> The basic EPS denominator is the aggregate of the weighted average number of ordinary shares.

### INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

#### LTRP, PCRP, GRR, & ESP

Rights granted under the LTRP, PCRP, GRR and entitlements to matched shares under the ESP are considered contingently issuable ordinary shares as at 30 June 2023. They are included in the determination of diluted earnings per share to the extent to which they are dilutive, based on the number of shares that would be issuable if the end of the period were the end of the contingency period.

The rights are not included in the determination of basic earnings per share. Details of the incentive plans are set out in note D3.

#### CONVERTIBLE NOTES

Convertible notes issued during prior years and which are convertible into 34,612,000 shares were excluded from the diluted weighted average number of ordinary shares calculation at 30 June 2023. If the notes were converted into shares, favourable profit adjustments relating to interest expense and valuation of derivatives used to hedge interest exposure would result in an anti-dilutive effect on earnings per share. Details relating to the convertible notes are set out in note B5.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F3 TRADE AND OTHER RECEIVABLES

	2023	2022
	\$'000	\$'000
Trade receivables	865,276	694,782
Government grant receivables	1,315	2,543
Less: Provision for impairment of receivables	(31,826)	(28,000)
<b>Total trade and other receivables</b>	<b>834,765</b>	<b>669,325</b>

### ACCOUNTING POLICY

FLT has applied the simplified approach for provisioning for expected credit losses prescribed by AASB 9. Additional information on trade and other receivables accounting policies is included in note I (m).

### FINANCIAL RISK MANAGEMENT

#### MARKET RISK

##### Interest rate risk

Receivables are generally non-interest bearing and are not, therefore, subject to interest rate risk. The exception is other receivables, which generally arise from transactions outside the group's usual operating activities. Interest may be charged at commercial rates where the repayment terms exceed six months. Collateral is not normally obtained.

##### Foreign exchange risk

The group operates internationally and is subject to foreign exchange risk arising from exposure to foreign currencies.

In addition to identifying foreign exchange risk likely to arise from future commercial transactions, group treasury recognises assets and liabilities in foreign currencies and, where appropriate, uses forward exchange contracts to reduce foreign currency risk. All contracts expire within 12 months.

The group's exposure to foreign currency risk at the end of the reporting period is set out below in Australian dollars:

	2023	2022
TRADE RECEIVABLES	\$'000	\$'000
US Dollars	59,731	57,172
NZ Dollars	13,867	10,392
Great Britain Pounds	6,301	3,086
South African Rand	3,156	2,761
Euro	1,586	559
Other	7,763	2,981

Foreign exchange risk on trade payables is set out in note F8.

#### FAIR VALUE

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

#### CREDIT RISK

Credit risk arises from exposure to corporate, leisure and other customers, including outstanding receivables and committed transactions. The maximum exposure to credit risk at the reporting period's end is the receivables carrying amount. The group does not hold collateral as security. Credit risk exposure is monitored regularly as per below:

##### Corporate

Corporate clients' credit quality is assessed by analysing external credit ratings and financial position where appropriate. Individual risk limits are established for all corporate customers, in accordance with corporate credit policy, with regular monitoring and reporting to management.

##### Leisure

Agency and principal sales to end-consumers are typically settled in cash or via major credit cards at time of booking, reducing trade receivables balances and mitigating credit risk. Independent agents' credit quality is assessed by analysing external credit ratings and financial position where appropriate. Independent agents' debtors are subject to weekly payment sweeps and are generally settled before payment is required to the supplier therefore mitigating credit risk.

##### Product suppliers

Receivables are due from suppliers in relation to overrides, commissions, refunds and other revenue streams.

Suppliers' credit quality is assessed and the provisions increased based on assumptions around the deterioration in ageing, known or expected financial difficulty of customers and individual customer credit risk assessment with reference to external rating agencies and industry.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F3 TRADE AND OTHER RECEIVABLES (CONTINUED)

### Other

Exposure to credit risk for receivables from government agencies is considered low.

The concentration of risk in respect to the remaining receivables is considered low, with customers located in many locations, industries and markets.

### PROVISION FOR IMPAIRMENT OF RECEIVABLES

		2023	2022
	NOTES	\$'000	\$'000
<b>Movements in the provision for impairment of receivables are as follows:</b>			
<b>Balance at 1 July 2022</b>		<b>28,000</b>	<b>34,749</b>
Bad debts expense <sup>1</sup>	A4	2,400	(1,478)
Changes due to foreign exchange translation		1,426	(143)
Receivables written off during the year as uncollectible or reversed due to collectability		—	(5,128)
<b>Balance at 30 June 2023</b>		<b>31,826</b>	<b>28,000</b>

<sup>1</sup> The creation and release of the provision for impairment of receivables is included in other expenses (refer note A4) in the statement of profit or loss.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F4 CONTRACT ASSETS

	2023	2022
	\$'000	\$'000
Volume incentive receivables	259,681	102,567
Accrued revenue	61,250	36,937
Loss allowance	(3,353)	(9,203)
<b>Total contract assets</b>	<b>317,578</b>	<b>130,301</b>

### ACCOUNTING POLICY

A contract asset is the right to consideration in relation to volume incentive payments received from suppliers for achieving annual targets and other services transferred to the customer (under AASB 15) in advance of payment. If services are transferred to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Refer to note A2 for accounting policy on recognition of volume incentive receivables.

### SIGNIFICANT CHANGES IN CONTRACT ASSETS

The movement in contract assets each period is dependent on the contract period, volume, tier levels, rebate rates and payment terms as negotiated with each individual supplier.

### FINANCIAL RISK MANAGEMENT

#### MARKET RISK

##### Interest rate risk

Contract assets are generally non-interest bearing and are not, therefore, subject to interest rate risk. Collateral is not normally obtained.

##### Foreign exchange risk

The group operates internationally and is subject to foreign exchange risk arising from exposure to foreign currencies.

In addition to identifying foreign exchange risk likely to arise from future commercial transactions, group treasury recognises assets and liabilities in foreign currencies and, where appropriate, uses forward exchange contracts to reduce foreign currency risk. All contracts expire within 12 months.

The group's exposure to foreign currency risk at the end of the reporting period is set out below in Australian dollars:

	2023	2022
	\$'000	\$'000
<b>CONTRACT ASSETS</b>		
US Dollars	94,128	28,494
Canadian Dollars	21,589	—
Swiss Franc	6,031	2,888
Singapore Dollars	4,077	3,285
Other	3,202	5,697

### FAIR VALUE

Due to the short-term nature of these assets, their carrying amount is assumed to approximate their fair value.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F4 CONTRACT ASSETS (CONTINUED)

### CREDIT RISK

Credit risk arises from exposure to suppliers, including outstanding receivables and committed transactions.

Credit risk management assesses supplier and corporate clients' credit quality by analysing external credit ratings and financial position where appropriate. Regular monitoring and reporting to management is performed.

The maximum exposure to credit risk at the reporting period's end is the contract assets carrying amount. The group does not hold collateral as security.

### LOSS ALLOWANCE OF CONTRACT ASSETS

	NOTES	2023 \$'000	2022 \$'000
<b>Movements in the loss allowance of contract assets are as follows:</b>			
<b>Balance at 1 July</b>		<b>9,203</b>	<b>30,561</b>
Loss allowance expense	A4	1,754	19
Changes due to foreign exchange translation		—	59
Contract assets written off during the year as uncollectible or reversed due to collectability		(7,604)	(21,436)
<b>Balance at 30 June</b>		<b>3,353</b>	<b>9,203</b>

FLT has reduced the loss allowance provision for FY23 based on supplier payments being received and removing supplier balances where recoverability is highly unlikely. At risk suppliers were provided for in FY22 and continue to be provided for in FY23 unless payments have been received.

## F5 OTHER ASSETS

	2023 \$'000	2022 \$'000
GST / service tax receivable	7,772	5,108
Inventories	15,718	7,030
Prepayments	51,371	27,428
Fulfilment assets	7,627	4,921
<b>Total current other assets</b>	<b>82,488</b>	<b>44,487</b>
Inventories	11,808	20,853
Prepayments	1,220	2,967
Fulfilment assets	8,580	8,470
<b>Total non-current other assets</b>	<b>21,608</b>	<b>32,290</b>

### FULFILMENT ASSETS

Contract costs may be eligible for capitalisation as fulfilment assets and are amortised over the contract period, refer note A2.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F6 PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICY

#### USEFUL LIVES

Land is not depreciated. For other assets, depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

- Buildings 30 years
- Plant and equipment 2 - 8 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting period's end.

Additional information on property, plant and equipment accounting policies is included in note I (n).

	NOTES	FREEHOLD LAND & BUILDINGS \$'000	PLANT & EQUIPMENT \$'000	TOTAL \$'000
<b>OPENING BALANCE AT 1 JULY 2021</b>				
Cost		5,584	315,789	321,373
Accumulated depreciation		(2,156)	(229,238)	(231,394)
<b>Net book amount at 1 July 2021</b>		<b>3,428</b>	<b>86,551</b>	<b>89,979</b>
Additions	B8	17	11,133	11,150
Acquisitions	A6	—	642	642
Disposals <sup>1</sup>		—	(2,091)	(2,091)
Depreciation expense	B8	(152)	(28,381)	(28,533)
Impairment charge		—	705	705
Exchange differences		(125)	1,362	1,237
<b>Net book amount at 30 June 2022</b>		<b>3,168</b>	<b>69,921</b>	<b>73,089</b>
<b>OPENING BALANCE AT 1 JULY 2022</b>				
Cost		5,751	309,629	315,380
Accumulated depreciation		(2,583)	(239,708)	(242,291)
<b>Net book amount at 1 July 2022</b>		<b>3,168</b>	<b>69,921</b>	<b>73,089</b>
Additions	B8	22	21,357	21,379
Acquisitions	A6	—	250	250
Disposals <sup>1</sup>		—	(281)	(281)
Depreciation expense	B8	(140)	(26,217)	(26,357)
Impairment charge		—	—	—
Exchange differences		(309)	(1,118)	(1,427)
<b>Net book amount at 30 June 2023</b>		<b>2,741</b>	<b>63,912</b>	<b>66,653</b>
<b>AT 30 JUNE 2023</b>				
Cost		5,483	325,522	331,005
Accumulated depreciation		(2,742)	(261,610)	(264,352)
<b>Net book amount at 30 June 2023</b>		<b>2,741</b>	<b>63,912</b>	<b>66,653</b>

<sup>1</sup> Balances shown net of accumulated depreciation.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F7 LEASES

This note provides information for leases where the group is a lessee.

### AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

	NOTES	2023 \$'000	2022 \$'000
Rent income from sub-leasing of right-of-use assets	A3	9,157	7,210
Interest expense on lease liabilities	A4	(7,295)	(8,917)
Rental expense relating to short-term and low-value leases	A4	(5,192)	(4,264)
Depreciation/amortisation expense of right-of-use assets		(76,847)	(69,390)
		<b>(80,177)</b>	<b>(75,361)</b>

### AMOUNTS RECOGNISED IN THE BALANCE SHEET

	RIGHT OF USE ASSETS					LEASE LIABILITIES
	PROPERTY \$'000	VEHICLES \$'000	OFFICE EQUIPMENT \$'000	SOFTWARE \$'000	TOTAL \$'000	TOTAL \$'000
<b>Balance as at 1 July 2021</b>	<b>242,449</b>	<b>(53)</b>	<b>63</b>	<b>1,231</b>	<b>243,690</b>	<b>368,453</b>
Additions	5,800	—	383	—	6,183	6,168
Disposals	(3,078)	—	—	—	(3,078)	(11,153)
Depreciation and amortisation expense	(68,286)	(74)	(136)	(894)	(69,390)	—
Impairment reversal	8,248	—	—	—	8,248	—
Lease modifications	12,162	—	—	—	12,162	10,565
Interest expense	—	—	—	—	—	8,917
Lease liability repayment	—	—	—	—	—	(102,480)
Exchange differences	595	130	(10)	—	715	5,581
<b>Balance as at 30 June 2022</b>	<b>197,890</b>	<b>3</b>	<b>300</b>	<b>337</b>	<b>198,530</b>	<b>286,051</b>
<b>Balance as at 1 July 2022</b>	<b>197,890</b>	<b>3</b>	<b>300</b>	<b>337</b>	<b>198,530</b>	<b>286,051</b>
Additions	23,740	363	—	—	24,103	23,838
Disposals	(2,522)	—	—	—	(2,522)	(4,423)
Depreciation and amortisation expense	(76,325)	(108)	(154)	(260)	(76,847)	—
Impairment reversal	328	—	—	—	328	—
Lease modifications	50,503	—	—	—	50,503	49,257
Interest expense	—	—	—	—	—	7,295
Lease liability repayment	—	—	—	—	—	(107,268)
Exchange differences	2,526	(94)	3	1	2,436	4,673
<b>Balance as at 30 June 2023</b>	<b>196,140</b>	<b>164</b>	<b>149</b>	<b>78</b>	<b>196,531</b>	<b>259,423</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F7 LEASES (CONTINUED)

### CURRENT AND NON-CURRENT CLASSIFICATIONS

	2023 \$'000	2022 \$'000
Current	81,869	92,424
Non-current	177,554	193,627
<b>Total lease liabilities</b>	<b>259,423</b>	<b>286,051</b>

Refer to note C1 for contractual undiscounted cashflows and maturity analysis.

### AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOW

	2023 \$'000	2022 \$'000
Operating - payments of interest	(7,295)	(8,917)
Financing - payments of principal	(99,973)	(93,563)
Financing - lease surrender payments	(661)	(2,480)
<b>Total cash (outflow) relating to leases</b>	<b>(107,929)</b>	<b>(104,960)</b>

### ACCOUNTING POLICY

FLT leases various offices, retail stores, equipment, vehicles and software. Rental contracts are typically made for fixed periods of 1 year to 6 years.

Contracts may contain both lease and non-lease components. For leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by FLT, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

FLT is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F7 LEASES (CONTINUED)

### ACCOUNTING POLICY (CONTINUED)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with a value less than US\$5,000 (AUD \$7,500).

FLT has also adopted AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021, which extends the practical expedient originally provided by AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions. The amendment allowed for the lessee to remeasure its lease liabilities from renegotiated leases as a direct consequence of COVID-19, with the corresponding adjustment to the right-of-use asset.

A sale and leaseback is one where FLT sells an asset and immediately reacquires the use of the asset or a portion of the asset by entering into a lease with the buyer. The gain is recognised immediately in other income in the statement of profit or loss. The right-of-use asset is measured as a proportion of the previous carrying amount of the underlying asset, reflecting the rights retained under the leaseback.

### SIGNIFICANT JUDGEMENT IN DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Majority of FLT's leases are renegotiated, therefore the renewal options are not typically exercised.

### IMPAIRMENT

#### CURRENT YEAR

The impairment reversal of \$328,000 in the current period relates to the reversal of impairment on right-of-use asset property that were originally not being utilised by FLT but have subsequently been sub-leased to external parties.

#### PRIOR YEAR

The impairment reversal of \$8,248,000 in the prior period related to the reversal of impairment on right-of-use asset property that were originally not being utilised by FLT but have subsequently been sub-leased to external parties.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F8 TRADE AND OTHER PAYABLES

	2023	2022
CURRENT	\$'000	\$'000
Trade payables	668,883	513,153
Client creditors	722,624	704,435
Other trade creditors	245,792	141,111
GST / service tax payable	4,813	5,510
Accrued unsecured note interest	251	122
Annual leave	42,237	38,047
<b>Total current trade and other payables</b>	<b>1,684,600</b>	<b>1,402,378</b>

### FINANCIAL RISK MANAGEMENT

#### MARKET RISK

##### Foreign exchange risk

The group's exposure to foreign currency risk on trade and other payables at the end of the reporting period is set out below:

	2023	2022
	\$'000	\$'000
US Dollars	84,432	19,420
Fijian Dollars	43,938	26,853
Euro	36,566	14,609
NZ Dollars	19,683	14,230
Great Britain Pounds	12,425	6,329
Singapore Dollars	5,847	1,502
Thai Baht	5,178	1,013
Canadian Dollars	5,002	14
Hong Kong Dollars	161	14,230
Other	6,352	2,116

Refer to note F3 for the group's approach to foreign exchange risk and the group's exposure to foreign currency risk on trade and other receivables.

#### FAIR VALUE

The trade and other payables' carrying amounts are assumed to approximate their fair values given their short term nature.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F9 CONTRACT LIABILITIES

	2023	2022
CURRENT	\$'000	\$'000
Deferred revenue	68,246	42,309
Revenue constraint	3,751	12,755
<b>Total contract liabilities</b>	<b>71,997</b>	<b>55,064</b>
<b>NON-CURRENT</b>		
Deferred revenue	27,077	30,736
<b>Total non-current contract liabilities</b>	<b>27,077</b>	<b>30,736</b>

### ACCOUNTING POLICY

#### DEFERRED REVENUE

Deferred revenue is a contract liability that typically relates to revenue received in advance for tours and cruise cabins and lump sum payments from suppliers. It represents revenue received in advance of the completion of the performance obligation under the contract. It is recognised when the consideration is received or is due (whichever is earlier).

Deferred revenue is released to the statement of profit or loss as the performance obligation is met.

#### REVENUE CONSTRAINT

FLT has recognised a contract liability which recognises the uncertainty that the travel may be cancelled prior to departure. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rate based on trading patterns.

### SIGNIFICANT CHANGES IN CONTRACT LIABILITIES

The movement in deferred revenue is dependent on timing and volume of tours and cruises at each reporting period and any significant lump sum payments received within a contract period.

Revenue released from opening deferred revenue to the statement of profit or loss during the year was \$38,178,000 (2022: \$26,675,000).

The revenue constraint liability was raised in response to COVID-19. The amount has reduced in the current year as refunds have been paid to the end consumers, decreasing cancellation rates and less travel uncertainty.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F10 PROVISIONS

		2023	2022
	NOTES	\$'000	\$'000
<b>CURRENT</b>			
Employee benefits - long service leave		37,908	28,236
Employee benefits - BOS Multiplier	D2	12,944	11,896
Make good provision		4,482	3,673
<b>Total current provisions</b>		<b>55,334</b>	<b>43,805</b>
<b>NON-CURRENT</b>			
Employee benefits - long service leave		14,847	12,803
Employee benefits		—	2,284
Make good provision		12,488	12,584
<b>Total non-current provisions</b>		<b>27,335</b>	<b>27,671</b>

### MOVEMENTS IN PROVISIONS

Movements in each class of provision, other than employee benefits, for the financial year are set out below:

	NOTES	MAKE GOOD PROVISION \$'000
<b>Carrying amount at 1 July 2022</b>		<b>16,257</b>
Additional provisions recognised		1,350
(Decrease) / increase in discounted amount arising from passage of time and discount rate adjustments	A4	395
Utilised		(1,098)
Other changes		67
<b>Carrying amount at 30 June 2023</b>		<b>16,971</b>

### LONG SERVICE LEAVE (LSL)

#### AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN 12 MONTHS

The current portion of the LSL provision represents the amount where the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, as the employees have completed the required service period and also certain circumstances where employees are entitled to pro-rata payments. However, based on past experience, the group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect this leave that is not expected to be taken or paid within the next 12 months:

	2023	2022
	\$'000	\$'000
Long service leave obligations expected to be settled after 12 months	31,392	21,435

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F11 RESERVES

Reserves	NOTES	2023	2022
		\$'000	\$'000
Cash flow hedge reserve		855	309
Share-based payments reserve		83,600	67,381
Acquisition Reserve		(44,602)	(44,602)
Foreign currency translation reserve		62,304	22,461
Equity component of convertible note	B5	91,335	91,335
Other reserves		(424)	(424)
<b>Total reserves</b>		<b>193,068</b>	<b>136,460</b>

### MOVEMENTS IN RESERVES:

#### (A) CASH FLOW HEDGE RESERVE

		2023	2022
<b>Balance 1 July</b>		<b>309</b>	<b>309</b>
Gains on FEC cash flow hedges		966	—
Reclassified to profit or loss		(186)	—
Deferred tax	F12	(234)	—
<b>Balance 30 June</b>		<b>855</b>	<b>309</b>

FLT apply hedge accounting under AASB 9 Financial Instruments. See note C2 for further details.

The cash flow hedge reserve is used to record gains or losses on hedging instruments on a cash flow hedge that are recorded as other comprehensive income. Amounts are reclassified to the statement of profit or loss in accordance with our hedging policy as described in note C2.

Ineffectiveness of \$nil (2022: \$nil) has been recognised in the statement of profit or loss.

#### (B) SHARE-BASED PAYMENTS RESERVE

		2023	2022
<b>Balance 1 July</b>		<b>67,381</b>	<b>34,487</b>
Share-based payments expense		31,368	29,396
Treasury share transactions		(12,486)	(563)
Deferred tax	F12	(2,663)	4,061
<b>Balance 30 June</b>		<b>83,600</b>	<b>67,381</b>

The share-based payments reserve is used to recognise the fair value of rights issued under the LTRP, PCR, ESP, and GRR as they vest over the vesting period.

#### (C) ACQUISITION RESERVE

		2023	2022
<b>Balance 1 July</b>		<b>(44,602)</b>	<b>(39,291)</b>
Put / call options entered into as a result of business combinations	A7	—	(10,170)
De-recognition of NCI on acquisition	A6	—	4,859
<b>Balance 30 June</b>		<b>(44,602)</b>	<b>(44,602)</b>

The acquisition reserve is used to record the initial put / call options that occur through business combinations in relation to non-controlling interests (NCI). Gains / (losses) on change in interest ownership of NCI must be recognised in equity, FLT has elected to recognise this in the acquisition reserve.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F11 RESERVES (CONTINUED)

### (D) FOREIGN CURRENCY TRANSLATION RESERVE

	NOTES	2023 \$'000	2022 \$'000
<b>Balance 1 July</b>		<b>22,461</b>	<b>2,179</b>
(Losses) / gains on net investment hedge		(4,963)	2,501
Deferred tax	F12	1,489	(750)
Reclassified to profit or loss		—	(982)
Net exchange differences on translation of foreign operations		43,317	19,513
<b>Balance 30 June</b>		<b>62,304</b>	<b>22,461</b>

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income, as described in note I (d), and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

### (E) OTHER RESERVES

<b>Balance 1 July</b>		<b>(424)</b>	<b>—</b>
Non-reciprocal capital contributions		—	(424)
<b>Balance 30 June</b>		<b>(424)</b>	<b>(424)</b>

Other reserves includes immaterial reserves recognised by the group.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F12 TAX

### (A) INCOME TAX EXPENSE

#### (I) INCOME TAX EXPENSE / (CREDIT)

	2023	2022
	\$'000	\$'000
Current tax	10,781	4,370
Deferred tax	7,136	(97,321)
Adjustments for current tax of prior periods	5,130	2,347
<b>Income tax expense / (credit)</b>	<b>23,047</b>	<b>(90,604)</b>

#### Deferred income tax (benefit) / expense included in income tax comprises:

Increase in deferred tax assets	(2,945)	(125,492)
Increase in deferred tax liabilities	10,081	28,171
	<b>7,136</b>	<b>(97,321)</b>

#### Numerical reconciliation of income tax to prima facie tax (receivable) / payable

Profit / (Loss) before Income tax expense / (credit)	70,459	(377,786)
<b>Tax at the Australian tax rate of 30% (2022 - 30%)</b>	<b>21,138</b>	<b>(113,336)</b>

#### Tax effect of amounts in calculating taxable income:

Non-deductible amounts	1,977	11,589
Deductible amounts	(12)	(10,656)
Interest denial	5,829	—
Legal costs	1,093	—
Intangibles	(243)	8,479
Investments	(479)	(912)
Share based payments	4,532	(274)
Property, plant and equipment	(1,418)	(213)
Changes in tax rate	—	1,156
Other amounts	(4,449)	3,712
	<b>27,968</b>	<b>(100,455)</b>
Tax losses not recognised	1,340	4,563
Tax losses recognised	(11,101)	(1,570)
Effect of different tax rates on overseas income	(290)	4,511
Under provision of prior year's income tax	5,130	2,347
	<b>(4,921)</b>	<b>9,851</b>
<b>Income tax expense / (credit)</b>	<b>23,047</b>	<b>(90,604)</b>

#### (II) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income is directly debited or credited to equity.

		2023	2022
	NOTES	\$'000	\$'000
<b>Net deferred tax - (credited) / debited directly to equity</b>			
Share-based payments reserve	F11	2,663	(4,061)
Equity component of convertible note	B5	—	22,887
Equity raising	D4	(1,542)	—

#### (III) TAX EXPENSE / (INCOME) RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

Cash flow hedges	F11	234	—
Net investment hedge	F11	(1,489)	750
<b>Total tax (credit) / expense relating to items of other comprehensive income</b>		<b>(1,255)</b>	<b>750</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F12 TAX (CONTINUED)

### (IV) UNRECOGNISED POTENTIAL DEFERRED TAX ASSETS

	2023 \$'000	2022 \$'000
Unused tax losses for which no deferred tax asset has been recognised (non-capital)	60,112	98,592
Temporary differences relating to brand name impairment (capital) and other intangibles	52,178	54,359
Investments	4,875	4,875
Lease & decommissioning	2,367	4,932
Other	6,738	6,566
	<b>126,270</b>	<b>169,324</b>
<b>Potential tax benefit</b>	<b>31,401</b>	<b>50,797</b>

### KEY ESTIMATES & JUDGEMENTS - UTILISATION OF TAX LOSSES

In most cases the unused tax losses have no expiry date. Therefore, while there is uncertainty in the market, assumptions have been made to support carrying the tax losses. Where the tax losses could not be supported by future operating profits in the near term or losses were incurred in jurisdictions with restrictions on their use, FLT have not recognised the tax losses.

Unrecognised unused tax losses in 2023 were incurred by the group across numerous jurisdictions. These losses have various expiry dates from 2024 through to indefinite carry forward.

### (B) DEFERRED TAX ASSETS (DTA)

	2023 \$'000	2022 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Employee benefits	25,936	22,565
Property, plant and equipment	20,149	29,672
Lease & decommissioning	63,935	75,427
Accruals	696	1,757
Tax losses	347,626	341,119
Share-based payments	28,839	27,686
Intangibles	4,412	6,391
Other	10,128	31,081
	<b>501,721</b>	<b>535,698</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(97,973)	(132,162)
<b>Net deferred tax assets</b>	<b>403,748</b>	<b>403,536</b>

All movements in DTA were recognised in the statement of profit or loss and other comprehensive income, with the exception of items stated in note F11, and F12 (a)(ii).

### (C) DEFERRED TAX LIABILITIES (DTL)

	2023 \$'000	2022 \$'000
<b>The balance comprises temporary differences attributable to:</b>		
Property, plant and equipment	2,099	18,440
Intangibles	29,826	22,472
Lease & decommissioning	47,531	57,937
Financial instruments	20,981	30,166
Other	7,515	7,374
	<b>107,952</b>	<b>136,389</b>
Set-off of deferred tax liabilities pursuant to set-off provisions	(97,973)	(132,162)
<b>Net deferred tax liabilities</b>	<b>9,979</b>	<b>4,227</b>

All movements in DTL were recognised in the statement of profit or loss and other comprehensive income, with the exception of items stated in note F12 (a)(ii) and (iii).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## F13 AUDITOR'S REMUNERATION

During the year, the following fees were paid or payable for services provided by the Lead Auditor of the consolidated entity, its related practices and non-related audit firms:

	2023 \$	2022 \$
<b>FEES TO ERNST &amp; YOUNG (AUSTRALIA)</b>		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	1,987,580	1,736,309
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	48,500	178,000
Fees for other services		
- Tax compliance	243,036	398,171
- Others	9,000	40,000
	<b>2,288,116</b>	<b>2,352,480</b>
<b>FEES TO OTHER OVERSEAS MEMBER FIRMS OF ERNST &amp; YOUNG (AUSTRALIA)</b>		
Fees for auditing the financial report of any controlled entities	1,835,330	1,637,511
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	212,797	52,079
Fees for other services		
- Tax compliance	249,487	505,017
	<b>2,297,614</b>	<b>2,194,607</b>
	<b>4,585,730</b>	<b>4,547,087</b>
<b>FEES TO NON LEAD AUDITOR AUDIT FIRMS FOR:</b>		
Fees for auditing the financial report of any controlled entities	268,496	56,969
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	106,595	—
Fees for other services		
- Tax compliance	384,420	664,446
- Others	175,719	137,556
	<b>935,230</b>	<b>858,971</b>

## F14 SEASONALITY

As FLT recovers after COVID-19 it is expected that due to the seasonal nature of a number of key segments, higher revenues, operating profits and operating cash flows are expected in the second half of the year compared with the first half of the year. This is impacted by:

- higher leisure sales in the lead up to the northern hemisphere summer holiday period
- lower sales in the corporate travel agency businesses over the Christmas holiday period

This is partially offset by the seasonality of the touring businesses which earn the majority of their profits in the northern hemisphere summer holiday period, which falls in the first half of the year.

For further details on FLT's outlook, please refer to the FY23 Results & Outlook column on page 4.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## G GROUP STRUCTURE

This section explains significant aspects of the FLT group structure and how changes have affected the group.

- G1 Subsidiaries
- G2 Deed of cross guarantee
- G3 Parent entity financial information

## G1 SUBSIDIARIES

### MATERIAL SUBSIDIARIES

The group's principal subsidiaries are set out below. They have share capital consisting solely of ordinary shares that the group holds directly and the proportion of ownership interests held equals the group's voting rights. The country of incorporation or registration is also their place of business.

Subsidiaries that sell travel or travel related services and contribute to more than 10% of the group's underlying net profit or loss before tax or 10% of the group's net assets are considered material to the group.

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES/ OWNERSHIP	EQUITY HOLDING	
			2023 %	2022 %
Australian OpCo Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Travel Partner Holdings Pty Ltd <sup>1</sup>	Australia	Ordinary	100	100
Flight Centre (UK) Limited	United Kingdom	Ordinary	100	100
Scott Dunn Ltd	United Kingdom	Ordinary	100	—
3Mundi SAS	France	Ordinary	100	100
Flight Centre Travel Group (USA) Inc	USA	Ordinary	100	100
FCTG Corporate (PTY) LTD	USA	Ordinary	100	100

<sup>1</sup> This controlled entity has been granted relief from the requirement to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note G2.

There are no significant restrictions on the entities' ability to access or use the assets and settle the liabilities of the group.

### NON-CONTROLLING INTERESTS

#### **FCM TRAVEL STANDARDS FOR JAPAN CO., LTD (FCM JAPAN)**

FCM Japan is controlled by FLT with a 66% (2022: 66%) interest. The remaining 34% (2022: 34%) interest is held by NSF Engagement Corporation (a joint venture of Sony Corporation and NTT Facilities, Inc.) and is recognised as a non-controlling interest.

#### **LINK TRAVEL GROUP PTY LTD (LINK TRAVEL GROUP)**

Link Travel Group Pty Ltd (Link Travel Group) is controlled by FLT with a 60% (2022: 60%) interest. The remaining 40% (2022: 40%) is held by Goldman Travel Corporation Pty. Limited and Spencer Group of Companies Pty Ltd and is recognised as a non-controlling interest.

There are no other material non-controlling interests.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## G2 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (Instrument) certain wholly-owned subsidiaries (listed below) are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports and directors' reports

To obtain the relief, the Instrument requires FLT and each of its relevant wholly owned subsidiaries to enter into a Deed of Cross Guarantee in a prescribed form. The effect of the Current Deed (described below) is that FLT guarantees each creditor payment in full of any debt if any of the relevant wholly owned subsidiaries (that are party to the Current Deed described below) are wound up under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the *Corporations Act 2001*, FLT will only be liable in the event that after six months any creditor has not been paid in full. The relevant wholly owned subsidiaries (that are a party to the Current Deed described below) have also given similar guarantees in the event that FLT is wound up.

There is one Deed of Cross Guarantee currently in effect dated 8 June 2021 (Current Deed). The parties to the Current Deed as at 30 June 2023 are Flight Centre Travel Group Limited (as holding entity and trustee), Australian OpCo Pty Ltd, P4 Finance Pty Ltd, Travel Services Corporation Pty Ltd, Flight Centre Technology Pty Ltd, Ignite Travel Group Pty Ltd, Ignite Holidays Pty Ltd, Ignite Travel Pty Ltd, Travel Money Currency Exchange Pty Ltd, Travel Partner Holdings Pty Ltd and Flight Centre (China) Pty Ltd (as a group entity and alternative trustee). Travel Money Currency Exchange Pty Ltd and Travel Partner Holdings Pty Ltd acceded to the Current Deed via a Deed of Assumption dated 8 June 2023.

These parties collectively represent the Closed Group for the purposes of the Instrument and, as there are no other parties to the Current Deed (that are controlled by FLT or otherwise), they also represent the Extended Closed Group.

Set out below is the consolidated statement of profit or loss and statement of other comprehensive income, consolidated balance sheet and a summary of movements in consolidated retained earnings for the company and the subsidiaries listed in note G1:

	FOR THE YEAR ENDED 30 JUNE	
	2023	2022
	\$'000	\$'000
		RESTATED <sup>1</sup>
<b>STATEMENT OF PROFIT OR LOSS</b>		
Revenue	1,037,872	379,799
Other income	103,742	30,798
Share of (loss) / profit of joint ventures and associates	(4,084)	12,136
<b>EXPENSES</b>		
Employee benefits	(581,944)	(383,495)
Sales and marketing	(87,078)	(34,118)
Tour, hotel & cruise operations - cost of sales	(2,509)	—
Amortisation and depreciation	(74,304)	(70,347)
Finance costs	(106,862)	(41,736)
Other expenses	(322,921)	(179,128)
<b>Loss before income tax expense</b>	<b>(38,088)</b>	<b>(286,091)</b>
Income tax expense	(16,037)	81,799
<b>Loss after income tax expense</b>	<b>(54,125)</b>	<b>(204,292)</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Items that have been reclassified to profit or loss:</b>		
Hedging gain reclassified to profit or loss	(186)	—
<b>Items that may be reclassified to profit or loss:</b>		
Changes in the fair value of cash flow hedges	966	—
Income tax credit / (expense) on items of other comprehensive income	(234)	—
<b>Total other comprehensive income</b>	<b>546</b>	<b>—</b>
<b>Total comprehensive loss for the year</b>	<b>(53,579)</b>	<b>(204,292)</b>

<sup>1</sup> Restated to include new parties to the Deed.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## G2 DEED OF CROSS GUARANTEE (CONTINUED)

	AS AT 30 JUNE	
	2023 \$'000	2022 \$'000 RESTATED <sup>1</sup>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	874,981	796,005
Financial asset investments	20,227	—
Trade receivables	556,334	407,053
Contract assets	258,181	102,181
Other assets	55,804	24,902
Other financial assets	6,043	3,430
Current tax receivables	2,785	1,795
Derivative financial instruments	9,260	1,521
<b>Total current assets</b>	<b>1,783,615</b>	<b>1,336,887</b>
<b>Non-current assets</b>		
Financial asset investments	14,656	58,977
Property, plant and equipment	27,593	36,695
Intangible assets	134,082	110,168
Right of use asset	100,118	108,562
Other assets	15,086	26,323
Other financial assets	828,930	468,774
Investments in subsidiaries, joint ventures and associates	1,109,623	930,659
Deferred tax assets	291,451	302,920
Derivative financial instruments	—	1,691
<b>Total non-current assets</b>	<b>2,521,539</b>	<b>2,044,769</b>
<b>Total assets</b>	<b>4,305,154</b>	<b>3,381,656</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,143,158	873,605
Contract liabilities	21,912	17,951
Financial liabilities	3,683	3,683
Lease liability	48,162	58,310
Borrowings	610	2,405
Provisions	43,238	33,918
Derivative financial instruments	10,006	7,766
<b>Total current liabilities</b>	<b>1,270,769</b>	<b>997,638</b>
<b>Non-current liabilities</b>		
Trade and other payables	745,733	332,230
Contract liabilities	19,670	21,537
Lease liability	78,616	90,694
Borrowings	349,112	347,177
Convertible note	688,940	655,985
Provisions	19,530	20,098
Derivative financial instruments	35,359	32,216
<b>Total non-current liabilities</b>	<b>1,936,960</b>	<b>1,499,937</b>
<b>Total liabilities</b>	<b>3,207,729</b>	<b>2,497,575</b>
<b>Net assets</b>	<b>1,097,425</b>	<b>884,081</b>
<b>EQUITY</b>		
Contributed equity	1,378,929	1,105,711
Treasury shares	(14,748)	(1,055)
Reserves	163,449	155,503
Retained profits	(430,205)	(376,078)
<b>Total equity</b>	<b>1,097,425</b>	<b>884,081</b>

<sup>1</sup> Restated to include new parties to the Deed.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## G2 DEED OF CROSS GUARANTEE (CONTINUED)

	2023 \$'000	2022 \$'000 RESTATED <sup>1</sup>
<b>SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED PROFITS</b>		
Retained profits at the beginning of the financial year	(376,080)	(171,788)
Loss from ordinary activities after income tax	(54,125)	(204,292)
<b>Retained (loss) / profit at the end of the financial year</b>	<b>(430,205)</b>	<b>(376,080)</b>

<sup>1</sup> Restated to include new parties to the Deed.

## G3 PARENT ENTITY FINANCIAL INFORMATION

### SUMMARY FINANCIAL INFORMATION

The financial information for the parent entity, FLT, has been prepared on the same basis as the consolidated financial statements, except for the investments which are carried at cost.

The individual financial statements for the parent entity show the following aggregate amounts:

	PARENT	
	2023 \$'000	2022 \$'000
Current assets	2,089,572	1,643,820
<b>Total assets</b>	<b>4,594,734</b>	<b>3,661,969</b>
Current liabilities	909,276	742,965
<b>Total liabilities</b>	<b>3,651,097</b>	<b>2,930,776</b>
Contributed equity	1,378,929	1,105,711
Treasury shares	(14,748)	(1,055)
<b>Reserves</b>		
Cash-flow hedge reserve	598	309
Compound instrument - equity component	91,335	91,335
Share-based payments reserve	83,600	67,381
Share premium reserve	(2,810)	543
Acquisition reserve	(8,976)	(9,520)
Retained profits	(580,253)	(525,244)
Foreign exchange reserve	(4,038)	1,733
<b>Total shareholders' equity</b>	<b>943,637</b>	<b>731,193</b>
<b>Loss after tax for the year</b>	<b>(55,009)</b>	<b>(163,136)</b>
<b>Total comprehensive loss</b>	<b>(54,463)</b>	<b>(163,136)</b>

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## G3 PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

### GUARANTEES ENTERED INTO BY THE PARENT ENTITY

	PARENT	
	2023	2022
	\$'000	\$'000
United Kingdom	112,641	64,505
India	27,823	27,954
China	9,148	9,613
Ireland	7,604	6,895
Hong Kong	5,292	5,143
Canada	3,562	—
New Zealand	3,676	3,612
USA	4,223	3,647
Japan	1,485	—
Australia	9,046	—
Singapore	2,302	2,898
United Arab Emirates	—	41
Other	279	5,039
<b>Total</b>	<b>187,081</b>	<b>129,347</b>

FLT, as parent entity, has provided both parent company guarantees and issued letters of credit to beneficiaries. The parent entity is liable to pay any claim, subject to the terms of the parent company guarantee or letter of credit, in the event that obligations are not met.

FLT has also entered into a deed of cross guarantee. Refer to note G2 for terms and parties to the deed.

No liability was recognised by the parent entity or consolidated entity, as the guarantee's fair values are immaterial.

#### CONTINGENT LIABILITIES OF THE PARENT ENTITY

Contingent liabilities of the parent entity at 30 June 2023 have been disclosed in note H2.

#### CONTRACTUAL COMMITMENTS

Except as noted in note E1, there are no other material contractual commitments of the parent entity.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## H UNRECOGNISED ITEMS

This section provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the group's financial position and performance.

- H1 Commitments
- H2 Contingencies
- H3 Events occurring after the end of the reporting period

## H1 COMMITMENTS

### TP CONNECTS

FLT has entered into a call option and a put option with TP Connects. The call option can be exercised after 1 July 2027 and the put option can only be exercised by TP Connects if the call option is not exercised by FLT. Refer to note A7 for further details.

### AIRTREE

FLT has an agreement with AirTree Ventures 2 Partnership LP to invest \$5,000,000 into the venture capital fund. To date FLT has received capital calls to the value of \$4,589,000 which have been recognised as Equity instruments – Fair value through profit or loss (refer note B2), leaving \$411,000 to be called in the future. The amount to be called has not been recognised as a liability at period end as FLT does not have a present obligation. The obligation only arises upon receipt of the capital call notices.

FLT has no control or managerial involvement in the running of the venture capital fund and the total contribution of \$5,000,000 is less than 4% of the total capital in the fund.

## H2 CONTINGENCIES

### GENERAL CONTINGENCIES

FLT is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. FLT cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the company become aware that an enquiry is developing further or if any regulatory or government action is taken against the group, appropriate disclosure is made in accordance with the relevant accounting standards.

As a global business, from time to time FLT is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of FLT have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists.

The group had no other material contingent assets or liabilities.

## H3 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

### DIVIDENDS

On 30 August 2023, FLT's directors declared a final dividend for the year ended 30 June 2023. Refer to note B7 for details.

No other material matters have arisen since 30 June 2023.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES

This section details FLT's accounting policies. Significant accounting policies are contained with the financial statement notes to which they relate and are not detailed in this section.

## I SUMMARY OF ACCOUNTING POLICIES

FLT's remaining principal accounting policies adopted in the consolidated financial report's preparation are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity consisting of FLT and its subsidiaries.

### (A) BASIS OF PREPARATION

This general purpose financial report has been prepared on a going concern basis (refer note C1) and in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standard Board and the *Corporations Act 2001*. FLT is a for-profit entity for the purpose of preparing the financial statements.

### **COMPLIANCE WITH IFRS**

The group's consolidated financial statements also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

### **EARLY ADOPTIONS OF STANDARDS**

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2022.

### **HISTORICAL COST CONVENTION**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVOCI financial assets, revaluation of FVTPL financial assets, derivative financial instruments and contingent consideration.

### **ROUNDING OF AMOUNTS**

Amounts in the financial statements have been rounded off to the nearest thousand dollars or, in certain cases, the nearest dollar, in accordance with the Australian Securities and Investments Commission's Instrument 2016/191.

### (B) CHANGES IN ACCOUNTING POLICY

No new standards or amendments became effective in the current reporting period that have a material impact on FLT.

### (C) PRINCIPLES OF CONSOLIDATION

#### (I) SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all FLT subsidiaries at 30 June 2023 and the subsidiaries' results for the year then ended. FLT and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. FLT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the entity's activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note I (h) Business Combinations).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the transferred asset's impairment. Subsidiaries' accounting policies have been changed, where necessary, to ensure consistency with the group's policies. Investments in subsidiaries are accounted for at cost in FLT's individual financial statements.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (C) PRINCIPLES OF CONSOLIDATION (CONTINUED)

#### **(II) JOINT ARRANGEMENTS & ASSOCIATES**

Investments in joint arrangements are classified as either joint operations or joint ventures (JVs). The classification depends on each investor's contractual rights and obligations, rather than the legal structure of the joint arrangement. FLT only has JVs, which are accounted for in the consolidated financial statements using the equity method. Under the equity method, they are initially recognised at cost by the parent entity and subsequently the share of the JV entity's profit or loss is recognised in the statement of profit or loss and other comprehensive income. The share of post-acquisition movements in reserves is recognised in other comprehensive income. JV details are set out in note E1.

FLT reassesses its interests in joint arrangements and associates for changes in control at least annually or where there has been changes in circumstances including but not limited to changes to shareholdings and shareholder agreements.

Upon gaining control, FLT re-measures its existing investment to fair value with any difference between the carrying amount and its fair value recognised in the profit or loss. The transaction is then accounted for in accordance with the acquisition method of accounting, refer note I (h) Business Combinations.

Upon loss of joint control, FLT measures and recognises its remaining investment at its fair value. The difference between the investment's carrying amount upon loss of joint control and the remaining investment's fair value and proceeds from disposal is recognised in profit or loss.

When the remaining investment constitutes significant influence, it is accounted for as an investment in associate. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in Associates are also accounted for using the equity method.

#### **(III) CHANGES IN OWNERSHIP INTERESTS**

The Group recognises any non-controlling interest, in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with group equity owners. An ownership change will result in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to FLT owners.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group has directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a JV or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

#### **(IV) SHARE TRUSTS**

FLT has set up a share trust to administer the various employee share schemes it initiates to incentivise and reward employees. The trust holds shares which have been purchased by employees or are fully vested, and from time-to-time treasury shares. The trust is consolidated.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (D) FOREIGN CURRENCY TRANSLATION

#### **(I) FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in each of the group entities' financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is FLT's functional and presentation currency.

#### **(II) TRANSACTIONS AND BALANCES**

Foreign currency transactions are translated into the functional currency at the prevailing exchange rates at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Exceptions arise if the gains and losses are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rates when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### **(III) GROUP COMPANIES**

For foreign operations with different functional currencies to the presentation currency, results and financial position are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate of that balance sheet's date
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on foreign operations' acquisitions are treated as the foreign operations' assets and liabilities and are translated at the closing rate.

### (E) REVENUE

For accounting policies on revenue, refer to note A2.

### (F) OTHER INCOME

Specific accounting policies for other income are set out below:

#### **(I) LEASE INCOME**

Lease income from operating leases is recognised as income on a straight-line basis over the lease term.

#### **(II) INTEREST INCOME**

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the instrument's original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

#### **(III) DIVIDENDS**

Dividends are recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

#### **(IV) ROYALTIES**

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

#### **(V) INTERCOMPANY SERVICE FEES**

Remuneration for services provided between FLT group entities. These fees are eliminated on consolidation.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (G) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation but are impairment tested annually or more frequently if events or changes in circumstances indicate they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, or value-in-use. To assess impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are independent of the cash inflows from other assets or asset groups (cash-generating units).

Impaired non-financial assets, other than goodwill, are reviewed for the impairment's possible reversal at each reporting.

### (H) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for a subsidiary's acquisition comprises the transferred assets' fair values, the liabilities incurred and the equity interest issued by the group. The consideration transferred also includes any contingent consideration arrangement's fair value and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at acquisition date. Where equity instruments are issued in an acquisition, the instruments' fair values are their published market prices at the exchange date. Transaction costs arising on equity instruments' issue are recognised directly in equity.

The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the acquired subsidiary's net identifiable assets and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, future amounts payable are discounted to their present value at the exchange date. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where there are NCIs, these are measured at either the acquisition date fair value or the proportionate share of the net identifiable assets acquired.

For some acquisitions, Put and Call options over NCIs are entered into simultaneously when business combinations are initially recorded. For these acquisitions, it has been determined that the option does not provide the parent with a present ownership interest in the shares subject to the Put. The NCI is treated as having been acquired when the Put option is granted (i.e. it is de-recognised) and a financial liability at the present value of the redemption amount under the arrangement is recorded for the NCI Put. The difference between the liability recorded and the NCI de-recognised is recorded in the acquisition reserve in equity in accordance with AASB 10. After the initial recognition of the acquisition reserve it is not subsequently re-measured. The financial liability relating to the put options over NCI is subsequently accounted for under AASB 9 with all changes in the carrying amount recognised in profit or loss until exercise.

### (I) INTANGIBLE ASSETS

#### (I) GOODWILL

Goodwill represents the excess of the acquisition's cost over the fair value of the group's interest in the fair value of the acquired subsidiary or associate's net identifiable assets at the acquisition date.

Goodwill on subsidiaries' acquisitions is included in intangible assets. Goodwill is not amortised but is impairment tested annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the entity's disposal include the sold entity's carrying amount of goodwill.

Goodwill is allocated to CGUs for impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

#### (II) BRAND NAMES, LICENCES, AND CUSTOMER RELATIONSHIPS

Other intangible assets, such as brand names, licences and customer relationships, are acquired as part of business combinations and are recognised initially at fair value. Where they have an indefinite useful life, such as brand names, they are not subject to amortisation but are tested annually for impairment or more frequently if events or changes in circumstances indicate they may be impaired. Key factors taken into account in assessing the useful life of brands are:

- The brands are well established and protected by trademarks across the globe. The trademarks are generally subject to an indefinite number of renewals upon appropriate application; and
- There are currently no legal, technical or commercial obsolescence factors applying to the brands which indicate that the life should be considered limited

#### (III) OTHER INTANGIBLE ASSETS - SOFTWARE

Research costs associated with software development are expensed as incurred. Development expenditure incurred on an individual project is capitalised if the project is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised includes all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (J) CASH AND CASH EQUIVALENTS

For statement of cash flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### (K) FINANCIAL ASSETS

#### (I) CLASSIFICATION

Financial assets are classified in the following categories: financial assets at amortised cost, FVTPL and FVOCI. The classification depends on the purpose for which the assets were acquired.

- Amortised cost - Applies to instruments which are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest
- Fair value through profit and loss (FVTPL) - Applies to instruments which are within a business model where the objective is neither to hold to collect contractual cash flows nor hold to sell
- Fair value through other comprehensive income (FVOCI) - Applies to instruments which satisfy the requirements of the business model test and contractual cashflow test.

Management classifies its investments at initial recognition and re-evaluates this classification each reporting date, except for FVOCI where the classification is irrevocable.

#### (II) RECOGNITION AND DERECOGNITION

Regular purchases and sales of financial assets are recognised on trade-date (the date on which the group commits to purchase or sell the asset). Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

#### (III) SUBSEQUENT MEASUREMENT

Financial assets at amortised cost are carried at amortised cost using the effective interest method.

Financial assets at FVTPL are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in the statement of profit or loss and other comprehensive income within other income or other expenses in the period in which they arise. Income such as interest and dividends from financial assets at FVTPL is recognised separately to gains or losses in the statement of profit or loss and other comprehensive income as part of other income when the group's right to receive payments is established.

Financial assets classified as FVOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value are presented in other comprehensive income with the exception of impairment which is recognised in the statement of profit or loss immediately. When debt securities classified as FVOCI are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

#### (IV) IMPAIRMENT - EXPECTED CREDIT LOSSES

FLT applies both the general and simplified approach to the measurement of expected credit losses (ECLs).

Under the general approach FLT applies a three stage model for measuring ECLs based on changes in credit quality since initial recognition including

- Stage 1: 12 month ECL - Recognised on "good" exposures where there has not been a significant increase in credit risk since initial recognition, the loss represents the probability of default from events that are possible over the next 12 months and not the cash flows FLT expects to lose over that period.
- Stage 2: Lifetime ECL - Where there has been a significant increase in credit risk since initial recognition however default has not yet occurred, the loss represents the credit losses expected over the remaining life of the asset.
- Stage 3: Lifetime ECL (credit impaired) - Financial asset becomes credit impaired as a result of an event which has had a detrimental impact on future cash flows.

FLT assesses the credit risk and probability of default of financial assets by reference to external rating agencies where available on an asset by asset basis. FLT has determined a financial asset has low credit risk when it is equivalent to an investment grade quality. Where forward looking information is not available, FLT applies the rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due (entry into stage 2: Lifetime ECL) and, when contractual payments are greater than 90 days past due, the asset is credit impaired (entry into stage 3: Lifetime ECL).

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (K) FINANCIAL ASSETS (CONTINUED)

For trade receivables, contract assets and lease receivables which do not contain a significant financing component, AASB 9 offers a policy choice between the application of the general model, as detailed above, or a simplified approach. Under the simplified approach, the tracking of changes in credit risk is not required, but instead requires the recognition of lifetime ECLs at all times and allows the use of a provision matrix, incorporating the probability of default, as a practical expedient. FLT has elected the simplified approach for trade receivables and contract assets.

### (L) FAIR VALUE MEASUREMENT

FLT measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the group.

An asset or liability's fair value is measured using the assumptions that market participants use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The group 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described in notes A7, B2 and C2.

### (M) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment in accordance with the simplified approach see note I (k) iv above.

The impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The impairment amount is recognised in the statement of profit or loss and other comprehensive income in other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

### (N) PROPERTY, PLANT AND EQUIPMENT

Buildings and other property, plant and equipment are stated at historical cost less depreciation. Land is held at historical cost. Historical cost includes expenditure directly attributable to the item's acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the group and the item's cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

An asset's carrying amount is impaired immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note I (g)). A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the asset's carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

### (O) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost primarily represents average costs.

Where inventories relate to cruise cabins that are pre-purchased as part of our principal business, with sail dates greater than 12 months, they are classified as non-current.

### (P) TRADE AND OTHER PAYABLES

These amounts are liabilities for goods and services provided to the group prior to the financial year's end, but not yet paid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (Q) PROVISIONS

Provisions for legal claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow relating to any item included in the same class of obligations is small.

To measure provisions at present value at the reporting period's end, management estimates the expenditure required to settle the present obligation. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. Provision increases brought about by the passage of time are recognised as interest expenses.

#### **(I) MAKE GOOD PROVISION**

The group is required to restore leased premises to their original condition at the end of the respective lease terms.

A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements and restore the leased premises. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the lease term or the asset's useful life.

### (R) EMPLOYEE BENEFITS

#### **(I) WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE**

Liabilities for employees' wages and salaries, including non-monetary benefits and annual leave are classified as current and recognised in trade and other payables up to the reporting period's end and represent the amounts expected to be paid when the liabilities are settled. Sick leave is recognised as an expense when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as trade and other payables.

#### **(II) PROFIT-SHARING AND BONUS PLANS**

A liability for employee benefits in the form of profit-sharing and bonus plans is recognised as payable when there is a contractual obligation or valid expectation that payment will be made. Employee profit-sharing and bonus payments are recognised and paid monthly.

#### **(III) LONG SERVICE LEAVE**

The liability for long service leave which is expected to be settled within 12 months and the portion that is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in provisions. The liability represents the present value of expected future payments to be made for the services employees provided up to the reporting period's end. The company considers expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments at the reporting period's end are discounted using market yields on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### **(IV) RETIREMENT BENEFIT OBLIGATIONS**

The group provides retirement benefits to employees through a defined contribution superannuation fund. Contributions are recognised as expenses as they become payable.

#### **(V) TERMINATION BENEFITS**

Termination benefits may be payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it commits to either terminating a current employee's employment according to a detailed formal plan without the possibility of withdrawal or providing termination benefits following an offer made to encourage voluntary redundancy.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (S) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on loan facilities' establishment are recognised as loan transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. If there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are recognised as expenses in the period in which they are incurred and include:

- Interest on bank overdrafts and short and long-term borrowings; and
- Unwinding of discount on deferred payables

Borrowings are classified as current liabilities unless the group has an unconditional right to defer the liability's settlement for at least 12 months after the reporting period's end.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

### (T) TAX

#### (I) INCOME TAX

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on each jurisdiction's applicable income tax rate. Adjustments are made for changes in deferred tax assets and liabilities attributable to temporary differences and for unused tax losses.

The current income tax charge is based on tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns in respect of situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the assets' and liabilities' tax bases and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from an asset or liability's initial recognition in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss except for transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences such as recognition of a right of use asset and lease liability. Deferred income tax is determined using rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity controls the timing of the temporary differences' reversals and it is probable that the differences will not reverse in the foreseeable future.

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 tax authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity. In these cases, the tax is also recognised in other comprehensive income or directly in equity.

Companies within the group may be entitled to claim tax incentives (eg. the Research and Development Tax Incentive regime in Australia). The effect of this is a reduction to the income tax payable and current tax expense.

#### (II) TAX CONSOLIDATION LEGISLATION

FLT and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, FLT, and the tax consolidated group's controlled entities continue to account for their current and deferred tax amounts. These tax amounts are measured as if each entity continues to be a standalone taxpayer.

In addition to its current and deferred tax amounts, FLT also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the tax consolidated group's controlled entities.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (T) TAX (CONTINUED)

#### **(III) NATURE OF THE TAX SHARING ARRANGEMENT**

Members of the tax consolidated group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

#### **(IV) NATURE OF THE TAX FUNDING AGREEMENT**

Members of the tax consolidated group have entered into a tax funding agreement. Under the tax funding agreement, the wholly-owned entities fully compensate FLT for any current tax payable assumed and are compensated by FLT for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to FLT under the tax consolidation legislation.

The funding amounts are the amounts recognised in the wholly-owned entities' financial statements. Amounts receivable or payable under the tax funding agreement are due when the head entity's funding advice is received. This advice is issued as soon as practicable after each financial year's end. The head entity may also require payment of interim funding amounts to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

### (U) EARNINGS PER SHARE

#### **(I) BASIC EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit attributable to the company's equity holders, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### **(II) DILUTED EARNINGS PER SHARE**

Diluted earnings per share adjusts basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (V) CONTRIBUTED EQUITY

Ordinary shares are classified as equity (note D4) and entitle the holder to participate in dividends and the proceeds of the company's wind up in proportion to the number of and amount paid on the shares held.

On a show of hands, every holder of an ordinary share present at a meeting, either in person or by proxy, is entitled to one vote. Upon a poll, each share is entitled to one vote.

Ordinary shares have no par value and there are no partly paid shares currently on issue.

Incremental costs directly attributable to new share or option issues are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to shares or options issued for a business acquisition are not included in the acquisition's cost as part of the purchase consideration.

If the entity reacquires its own equity instruments, as the result of a share buy-back for example, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid, including any directly attributable incremental costs (net of income taxes), is recognised directly in equity.

### (W) DIVIDENDS

Provision is made by the parent entity for any dividend declared, being appropriately authorised and no longer at the entity's discretion on or before the end of the financial year but not distributed at balance date.

### (X) GST / CONSUMPTION TAX

Revenues, expenses, assets and liabilities are recognised net of the amount of associated consumption tax, unless the consumption tax incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the asset acquisition's cost or as part of the expense.

Receivables and payables include consumption taxes receivable or payable. The net amount of consumption tax recoverable from, or payable to, the taxation authority is included with other assets or payables in the balance sheet.

Cash flows are presented on a gross basis. The consumption tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

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# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## I SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### (Y) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. FLT is in the process of determining the impact of these new standards and amendments.

#### AASB 17 INSURANCE CONTRACTS

In July 2017, the AASB issued AASB 17 *Insurance Contracts*, a comprehensive new standard for insurance contracts covering recognition, measurement, presentation and disclosure.

AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for for-profit entities. AASB 17 applies to all types of insurance contracts, regardless of the entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features.

The new standard is effective for reporting periods beginning on or after 1 January 2023, and must be applied retrospectively. This means that it will be applied in the reporting period ending 30 June 2024. FLT does not intend to adopt the standard before its operative date.

The group has made an initial assessment of the effect of AASB 17 and does not expect it to have a material financial impact on its consolidated financial statements.

#### AASB 2023-2 AMENDMENTS TO AASB 112 - INTERNATIONAL TAX REFORM PILLAR TWO MODEL RULES

The AASB has endorsed the adoption of the AASB 112 Income Taxes amendments relating to the global minimum top-up tax (Pillar Two Global anti-Base Erosion Rules) previously released by the IASB and has issued AASB 2023-2. The amendment to AASB 112 introduces a mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes, and disclosure requirements for affected entities.

The amendments are intended to provide temporary relief, avoid diverse interpretations of AASB 112 developing in practice and improve the information provided to users of financial statements before and after Pillar Two legislation comes into effect. The group applied the temporary exception at 30 June 2023.

The AASB 112 disclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023. The group is currently assessing the impact.

#### AASB 2020-1 AMENDMENTS TO AASs- CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND AASB 2022-6 AMENDMENTS TO AASs - NON-CURRENT LIABILITIES WITH COVENANTS

In January 2020, the AASB issued amendments to paragraphs 69 to 76 of AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement
- that a right to defer settlement must exist at the end of the reporting period
- that classification is unaffected by the likelihood that an entity will exercise its deferral right
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments were originally effective for annual reporting periods beginning on or after 1 January 2023, however the AASB has now issued AASB 2022-6 *Amendments to AASs - Non-Current Liabilities with Covenants* which has changed the effective date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. This means that it will be applied in the reporting period ending 30 June 2025. FLT does not intend to adopt the standard before its operative date.

The amendments in AASB 2022-6 clarify:

- that only covenants with which an entity must comply on or before the reporting date will affect a liability/s classification as current or non-current
- specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date

The amendments in AASB 2022-6 also add presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months.

The group does not expect the application of the standard to have a material financial impact on its consolidated financial statements.

There are no other standards that have been issued but are not yet effective and that are expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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# DIRECTORS' DECLARATION

The board declared the following in accordance with a resolution of the directors of Flight Centre Travel Group Limited:

1. In the opinion of the directors:

(a) the financial statements and notes of Flight Centre Travel Group Limited for the financial year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- ii. complying with Accounting Standards and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

2. Note I (a) to the financial statements contains a statement of compliance with International Financial Reporting Standards

3. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note G2 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in note G2.

4. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2023.

On behalf of the board



G.F. Turner  
Director  
BRISBANE

30 August 2023

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## Independent auditor's report to the members of Flight Centre Travel Group Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Flight Centre Travel Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 30 June 2023, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## Recognition and measurement of volume incentive contract assets and revenue

Why significant	How our audit addressed the key audit matter
<p>The Group generates volume incentive revenue from travel providers for achieving annual targets</p> <p>The volume incentive revenue process is inherently judgemental and includes various assumptions including:</p> <ul style="list-style-type: none"> <li>Contract periods do not correspond to the Group's financial year end. Judgement is required to determine expected future volumes and the tiered commission rates to be applied in the circumstances.</li> <li>Contracts are renegotiated periodically. Updates to terms and contractual agreements may result in variations being received which may relate to past performance.</li> </ul>	<p>We evaluated the Group's judgements in determining the volume incentive revenue recognised.</p> <p>Our audit procedures included the following</p> <ul style="list-style-type: none"> <li>Evaluated the Group's accounting for volume incentives was in accordance with AASB 15 <i>Revenues from Contracts with Customers</i>.</li> <li>Obtained a sample of the volume incentive agreements and reconciled the agreed rates to incentive volume revenue calculations.</li> <li>Agreed the underlying travel data used in the volume incentive calculations to independent third-party booking information and supplier confirmed data (where available).</li> <li>Evaluated renegotiations are supported by adequate documentation.</li> <li>Agreed volume incentive revenue to cash receipts on a sample basis.</li> <li>Assessed the adequacy of the disclosures included in Notes A2 and F4 to the financial statements.</li> </ul>

## Impairment Testing of Intangible Assets

Why significant	How our audit addressed the key audit matter
<p>As at 30 June 2023 goodwill and other indefinite life intangible assets of \$831.4m as disclosed in Note A5, are allocated to each of the Group's individually significant cash generating units (CGUs) or group of CGUs.</p> <p>The Group performs an annual impairment assessment, or more frequently if there is an indicator that goodwill or indefinite life intangibles may be impaired. This assessment involves a comparison of the carrying value of each CGU with its recoverable amount.</p> <p>The annual impairment assessment of the CGUs, including associated intangible assets, performed by the Group was a key audit matter due to the value of intangible assets relative to total assets and the degree of estimation and assumptions involved in the assessment, specifically concerning forecast cash flows.</p>	<p>Our audit assessed the requirements of Australian Accounting Standard AASB136 <i>Impairment of Assets</i>.</p> <p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>Assessed the Group's definition of its CGUs for consistency with Australian Accounting Standards, assessing any changes in CGUs including for acquisitions in the period, and considering impairment for each of the Group's individually significant CGUs.</li> <li>Assessed whether the allocation of assets, including goodwill, to CGUs, was consistent with our knowledge of the Group's operations.</li> <li>Developed an understanding of the process undertaken by the Group in the preparation of its discounted cash flow models used to assess the recoverable amount of the Group's CGUs, including how key assumptions used in the cash flow forecasts (summarised in Note A5 to the financial statements), are determined by management.</li> <li>Evaluated the reasonability of the Group's cashflow forecast models used to estimate recoverable amount by: <ul style="list-style-type: none"> <li>Testing the mathematical accuracy of the cash flow models</li> <li>Assessing the historical accuracy of the Group's cashflow forecasts</li> </ul> </li> </ul>

Why significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>○ Assessing the application of key assumptions used in the cashflow models</li> <li>○ Assessing whether the CGUs included a reasonable allocation of corporate overheads</li> <li>▶ Evaluated the Group's forecast recovery path projections, by comparison to external economic and industry forecasts.</li> <li>▶ Involved our valuation specialists to evaluate the reasonability of the discount rates and terminal growth rates assumptions used by the Group.</li> <li>▶ Assessed the sensitivities of the impairment model to reasonably possible changes in assumptions relating to cash flow forecasts, growth rates and discount rates applied.</li> <li>▶ Assessed the adequacy of impairment and related disclosure in Note A5 to the financial statements.</li> </ul>

### Business Acquisition of Scott Dunn

Why significant	How our audit addressed the key audit matter
<p>On 7 February 2023 the Group acquired 100% of Luxury Travel Holdings Ltd and its subsidiaries (Scott Dunn) for an amount of \$203.9m as disclosed in Note A6.</p> <p>This was a key audit matter due to the financial significance of the value of the transaction, and the resulting goodwill arising on the acquisition as well as the level of judgement involved in the valuation of acquired intangible assets.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>▶ Assessed whether the transaction was accounted for in accordance with the requirements of AASB3 <i>Business Combinations</i>.</li> <li>▶ Inspected the Sale and Purchase Agreement between the relevant parties to assess the basis and composition of the purchase consideration were consistent with the Group's accounting for the acquisition.</li> <li>▶ Obtained supporting documentation for the consideration and selected net assets balances of the acquiree at the acquisition date.</li> <li>▶ Involved our valuation specialists to evaluate the reasonability of the fair value of identifiable acquired intangible assets.</li> <li>▶ Assessed the alignment of accounting policies, particularly revenue recognition in accordance with the Group's policies.</li> <li>▶ Assessed the adequacy of financial report disclosures included in Note A6 of the financial statements.</li> </ul>

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.

- ▶ Obtain 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 32 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Flight Centre Travel Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.



**Building a better  
working world**

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Alison de Groot' in a cursive style.

Alison de Groot  
Partner  
Brisbane  
30 August 2023

# SHAREHOLDER INFORMATION

The shareholder information set out below was applicable at 26 July 2023.

## (A) DISTRIBUTION OF EQUITY SECURITIES

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS
1-1,000	77,408
1,001-5,000	12,823
5,001-10,000	1,397
10,001-100,000	751
100,001 and over	49
	<b>92,428</b>

There were 1,604 holders of less than a marketable parcel of ordinary shares.

## (B) EQUITY SECURITY HOLDERS

### TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

NAME	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
Bennelong Australian Equity Partners Pty. Ltd	16,352,805	7.5 %
Gainsdale Pty Ltd <sup>1</sup>	15,489,791	7.1 %
Gehar Pty Ltd <sup>1</sup>	12,332,868	5.7 %
James Management Services Pty Ltd <sup>1</sup>	10,740,445	4.9 %
Fidelity Institutional Asset Management	7,877,270	3.6 %
State Street Global Advisors Australia Ltd.	5,992,559	2.7 %
Fidelity Management & Research Company LLC	5,265,056	2.4 %
Yarra Funds Management Limited	4,740,068	2.2 %
Ubique Asset Management Pty Ltd	4,659,699	2.1 %
The Vanguard Group, Inc	4,444,680	2.0 %
BlackRock Institutional Trust Company, N.A.	4,052,396	1.9 %
Vinva Investment Management Limited	3,581,026	1.6 %
Macquarie Investment Management Global Ltd.	3,146,524	1.4 %
FLT Share Plan	2,826,085	1.3 %
Vanguard Investment Australia Ltd.	2,795,034	1.3 %
Selector Fund Management Limited	2,390,514	1.1 %
FIL Investment Management (Australia) Limited	2,067,127	0.9 %
BlackRock Investment Management (Australia) Ltd.	1,957,558	0.9 %
Wilson Asset Management (International) Pty. Ltd.	1,839,769	0.8 %
Lennox Capital Partners Pty Ltd.	1,556,995	0.7 %
	<b>114,108,269</b>	<b>52.1 %</b>

<sup>1</sup> Substantial holder (including associate holdings) in the company.

### DEED OF PRE-EMPTION

On 19 May 2023, FLT announced that the Shareholders' Deed of Pre-Emption between the three founding entities Gainsdale Pty Ltd, Gehar Pty Ltd and James Management Services Pty Ltd had been terminated.

The Deed of Pre-Emption bound each of the parties to give first right of refusal on the purchase of shares in the company.

Following termination of the deed, the founders ceased to have a relevant interest in the other founders' FLT shares.

### ORDINARY SHARES VOTING RIGHTS

On a show of hands, every member present at a meeting in person or by proxy shall have one vote. Upon a poll, each share shall have one vote. Options and performance rights have no voting rights.

### ON-MARKET BUY-BACKS

FLT does not currently have an on-market buy-back scheme in operation.

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# TAX TRANSPARENCY REPORT (UNAUDITED)

As one of the world's largest travel agency groups FLT is committed to being a responsible corporate taxpayer. The Board has therefore chosen to provide additional disclosure of tax information as recommended by the Board of Taxation's Voluntary Tax Transparency Code. FLT is classified as a 'large business' for the purposes of the Tax Transparency Code and has therefore chosen to disclose the following information in this annual report:

- Tax policy, strategy and governance summary
- Reconciliation of accounting profit to tax expense
- Reconciliation of income tax expense and income tax payable
- Identification of material temporary and non-temporary differences
- Accounting effective company tax rates for Australian and global operations
- Tax contribution summary for corporate taxes paid
- Information about international related party dealings

## TAX POLICY, STRATEGY AND GOVERNANCE STATEMENT

### APPROACH TO RISK MANAGEMENT AND GOVERNANCE ARRANGEMENTS

FLT operates under a Tax Risk Management and Governance Policy, which is approved by the Board Audit committee and sets out FLT's commitment to managing its global tax obligations. It is consistent with the Australian Taxation Office (ATO) and the Organisation for Economic Co-operation and Development (OECD)'s recommendations for tax risk management and governance, as well as being consistent with FLT's overarching Risk Management Policy.

FLT's Tax Risk Management and Governance Policy includes formal tax policies and procedures that are reviewed and updated at least annually. FLT has appropriate systems, processes and controls in place to identify, evaluate, mitigate, monitor and report on tax risks.

### ATTITUDE TOWARDS TAX PLANNING AND ACCEPTED LEVEL OF RISK IN RELATION TO TAXATION

FLT takes a conservative approach to tax risk, and the management of tax risk will be balanced with FLT's objective to create and safeguard shareholder value. Where there is a choice between an aggressive tax position and a more conservative position, FLT will take the more conservative approach. That is, FLT aims for certainty on tax positions it adopts but where tax law is unclear or subject to interpretation, written advice or confirmation will be sought as appropriate.

As a global travel business, FLT has entities in many jurisdictions around the world, including some considered low, or no tax according to the OECD. These businesses are purely established to support the ordinary business operations of FLT in those countries.

### APPROACH TO ENGAGEMENT WITH THE ATO AND OTHER REVENUE AUTHORITIES

FLT's tax philosophy is based on an open, co-operative and transparent relationship with the Revenue Authorities. FLT maintains good relationships with the ATO and other revenue authorities. Openness, honesty and transparency are paramount in all dealings with the tax authorities and other relevant bodies, with the aim of minimising the risk of challenge, dispute or damage to FLT's credibility.

FLT is aware of and, where appropriate, effectively uses the services and compliance products offered by the revenue authorities to reduce its tax risks and compliance costs (e.g. private ruling process, electronic lodgement, tax portal etc).

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# TAX TRANSPARENCY REPORT (UNAUDITED) CONTINUED

## INCOME TAX EXPENSE

### (I) INCOME TAX (CREDIT) / EXPENSE

	2023	2022
	\$'000	\$'000
Current tax	10,781	4,370
Deferred tax	7,136	(97,321)
Adjustments for current tax of prior periods	5,130	2,347
<b>Income tax expense / (credit)</b>	<b>23,047</b>	<b>(90,604)</b>
<b>Deferred income tax (benefit) / expense included in income tax comprises:</b>		
Increase in deferred tax assets	(2,945)	(125,492)
Increase in deferred tax liabilities	10,081	28,171
	<b>7,136</b>	<b>(97,321)</b>

### Numerical reconciliation of income tax to prima facie tax (receivable) /

Profit / (Loss) before Income tax expense / (credit)	70,459	(377,786)
<b>Tax at the Australian tax rate of 30% (2022 - 30%)</b>	<b>21,138</b>	<b>(113,336)</b>
<b>Tax effect of amounts in calculating taxable income:</b>		
Non-deductible amounts	1,977	11,589
Deductible amounts	(12)	(10,656)
Intangibles	(243)	8,479
Investments	(479)	(912)
Share based payments	4,532	(274)
Property, plant and equipment	(1,418)	(213)
Changes in tax rate	—	1,156
Other amounts	(4,449)	3,712
	<b>27,968</b>	<b>(100,455)</b>
Tax losses not recognised	1,340	4,563
Tax losses recognised	(11,101)	(1,570)
Effect of different tax rates on overseas income	(290)	4,511
Under provision of prior year's income tax	5,130	2,347
	<b>(4,921)</b>	<b>9,851</b>
<b>Income tax expense / (credit)</b>	<b>23,047</b>	<b>(90,604)</b>

### (II) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss and other comprehensive income is directly debited or credited to equity.

		2023	2022
	NOTES	\$'000	\$'000
<b>Net deferred tax - (credited) / debited directly to equity</b>			
Share-based payments reserve	F11	2,663	(4,061)
Equity component of convertible note	B5	—	22,887
Equity raising	D4	(1,542)	—

## INCOME TAX PAID AND INCOME TAX PAYABLE

### (III) TAX EXPENSE / (INCOME) RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

Cash flow hedges	F11	234	—
Net investment hedge	F11	(1,489)	750
<b>Total tax (credit) / expense relating to items of other comprehensive income</b>		<b>(1,255)</b>	<b>750</b>

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# TAX TRANSPARENCY REPORT (UNAUDITED) CONTINUED

## INCOME TAX PAID AND INCOME TAX PAYABLE (CONTINUED)

### (IV) UNRECOGNISED POTENTIAL DEFERRED TAX ASSETS

	2023	2022
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised (non-capital)	60,112	98,592
Temporary differences relating to brand name impairment (capital) and other intangibles	52,178	54,359
Investments	4,875	4,875
Lease & decommissioning	2,367	4,932
Other	6,738	6,566
	<b>126,270</b>	<b>169,324</b>
<b>Potential tax benefit</b>	<b>31,401</b>	<b>50,797</b>

### KEY ESTIMATES & JUDGEMENTS - UTILISATION OF TAX LOSSES

In most cases the unused tax losses have no expiry date. Therefore, while there is uncertainty in the market, assumptions have been made to support carrying the tax losses. Where the tax losses could not be supported by future operating profits in the near term or losses were incurred in jurisdictions with restrictions on their use, FLT have not recognised the tax losses.

Unrecognised unused tax losses in 2023 were incurred by the group across numerous jurisdictions. These losses have various expiry dates from 2024 through to indefinite carry forward.

### (V) CALCULATION OF CURRENT TAX EXPENSE

	NOTES	2023	2022
		\$'000	\$'000
Current income tax expense of current period	F12	10,781	4,370
Prior period adjustments to current tax receivable		2,497	2,347
Effect of currency translation		(562)	—
<b>Current income tax expense</b>		<b>12,716</b>	<b>6,717</b>

### (VI) RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAID AND PAYABLE

Net current tax receivable at the beginning of the period		(30,392)	(81,021)
Less income tax received		5,369	43,912
Current income tax expense	(i)	12,716	6,717
<b>Net current tax receivable at the end of the period</b>		<b>(12,307)</b>	<b>(30,392)</b>

## EFFECTIVE COMPANY TAX RATES

	2023	2022
Effective company tax rate	%	%
Effective tax rate - Global	32.71 %	23.98 %

Primarily, the difference between the Australian corporate tax rate of 30% and FLT's effective tax rate is being driven by the effect of global tax rate differences and tax loss recognition.

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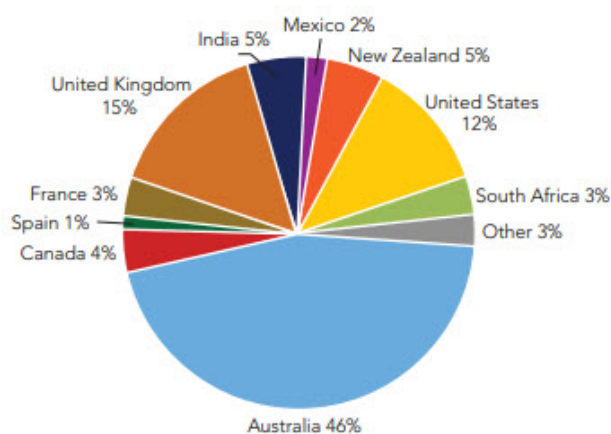
# TAX TRANSPARENCY REPORT (UNAUDITED) CONTINUED

## TAX CONTRIBUTION SUMMARY

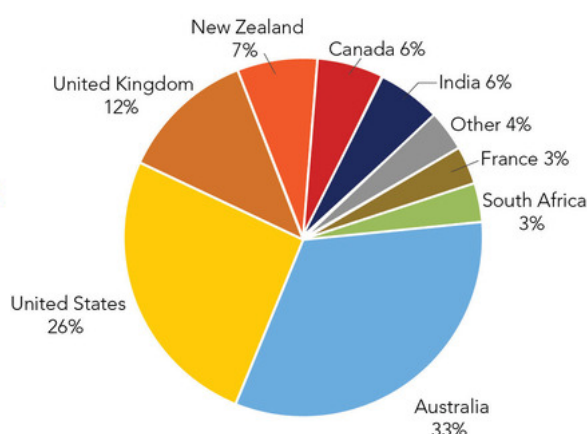
	2023			2022		
	AUSTRALIA \$'000	OTHER COUNTRIES \$'000	TOTAL \$'000	AUSTRALIA \$'000	OTHER COUNTRIES \$'000	TOTAL \$'000
<b>Taxes paid by/on behalf of FLT</b>						
Corporate income tax	2,251	(11,016)	(8,765)	(36,058)	(12,299)	(48,357)
Employment taxes (payroll tax, FBT)	27,901	33,838	61,739	20,637	22,462	43,099
Withholding taxes	866	2,530	3,396	702	3,743	4,445
Other taxes	—	6,156	6,156	—	(1,800)	(1,800)
<b>Taxes collected on behalf of others</b>						
GST/VAT (collected and remitted)	33,380	69,585	102,965	15,410	29,313	44,723
GST/VAT (paid but reclaimed)	(41,751)	(49,618)	(91,369)	(26,797)	(22,269)	(49,066)
PAYG/PAYE/salary withholding	136,323	136,161	272,484	78,607	89,351	167,958
<b>Total Tax Contribution</b>	<b>158,970</b>	<b>187,636</b>	<b>346,606</b>	<b>52,501</b>	<b>108,501</b>	<b>161,002</b>

## TOTAL TAX CONTRIBUTION BY COUNTRY

2023

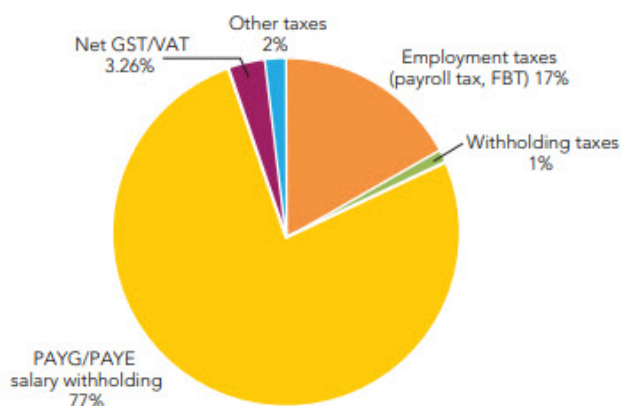


2022

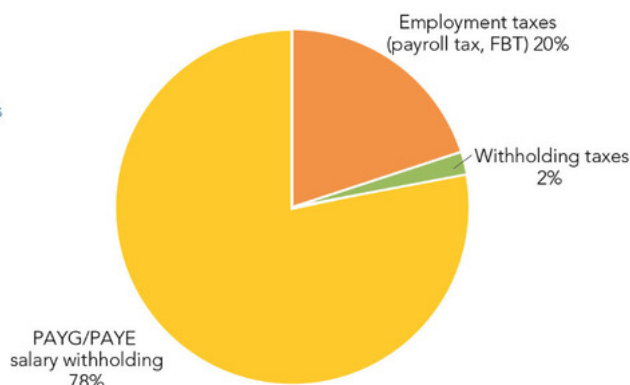


## TOTAL TAX CONTRIBUTION BY TAX TYPE

2023



2022



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# TAX TRANSPARENCY REPORT (UNAUDITED) CONTINUED

## RELATED PARTY TRANSACTIONS

FLT has international related party dealings with its subsidiaries when it is in the best interests of FLT to do so, these dealings are conducted following the arm's length principle as required by Australian taxation law and international taxation norms. FLT maintains contemporaneous transfer pricing documentation supporting the pricing of related party dealings in accordance with Australian tax legislation and the OECD Transfer Pricing Guidelines.

The key international related party dealings which have a material impact on FLT's Australian taxable income are listed below.

KEY INTERNATIONAL RELATED PARTY DEALINGS	DESCRIPTION
Royalties	FLT licences its brand names, trademarks and other intellectual property to its overseas subsidiaries. FLT subsidiaries may own other brand names, trademarks and intellectual property.
Services	FLT's head office is located in Brisbane, Australia as the company was founded in Australia and its largest operations are in Australia. Accordingly, there are a number of specialist teams located at the FLT headquarters which provide services to the overseas subsidiaries. In addition overseas subsidiaries also provide services to FLT.
Loans	FLT has loans to and from its overseas subsidiaries.
Dividends	FLT receives dividends from overseas subsidiaries.
Group Cost and Income Allocations	FLT and its overseas subsidiaries may enter into global contracts with suppliers and / or customers for which income and / or expenses may be allocated amongst the group.

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