Webjet Limited

# 2023 Annual Report.

www.webjetlimited.com

# Contents.




**Webjet Limited**
ABN 68 002 013 612


Enduring the toughest times has

revealed our **transformational strength**.

As we emerge on the other side,

we are **excited for the future** ahead.

# Snapshot.

**Webjet Limited** is a global travel organisation that enables travel the world over through market leading travel brands supported by innovative technology.

WebBeds Americas

## Our travel brands.

Our digital travel businesses, spanning both wholesale and retail markets, sell travel all over the world.

**WebBeds**

A **global B2B travel marketplace** serving the world's travel trade.

**visit:** www.webbeds.com

**webjet.com.au**

The **#1 online travel agent** (OTA) in Australia & New Zealand.

**visit:** www.webjet.com.au

**GoSee**

A leading **online global motorhome** & **car rental** website

**visit:** www.goseetravel.com

## Supported by innovative technology.

**tripninja**

Provides complex travel itinerary automation to digital travel businesses.

**visit:** www.tripninja.io

**ROOMDEX**

Simplifies & super-charges online travel upselling.

**49% share**, with option to acquire the remaining 51%.

**LOCKTrip**

Blockchain based B2C travel marketplace.

**25% share**.

## Our business in FY23.

**In FY23 we had...**

**2,150+ People** across **50+ Countries** serving **1.1m+ Customers** who made **7.4m Bookings**

WebBeds

## WebBeds FY23 TTV

**$2.8bn**

and **ahead of pre-pandemic levels** on all key metrics.

webjet.com.au

## OTA Flights Marketshare

**59%**

**significant market share gains** since the pandemic began.

WebBeds Europe

GoSee

## GoSee FY23 Bookings

**34%**

over FY22 and now sitting at **55% of pre-pandemic levels.**

Webjet Limited

## Group Cash Position

**$514m**

Cash and Cash Equivalents **as at 31 March 2023.**

WebBeds MEA

WebBeds APAC

webjet.com.au

Webjet Limited

GoSee

TOITŪ NET CARBON ZERO ISO 14064-1 ORGANISATION

# Net Carbonzero

**In FY23, Webjet Limited became a Carbonzero Certified Organisation.**

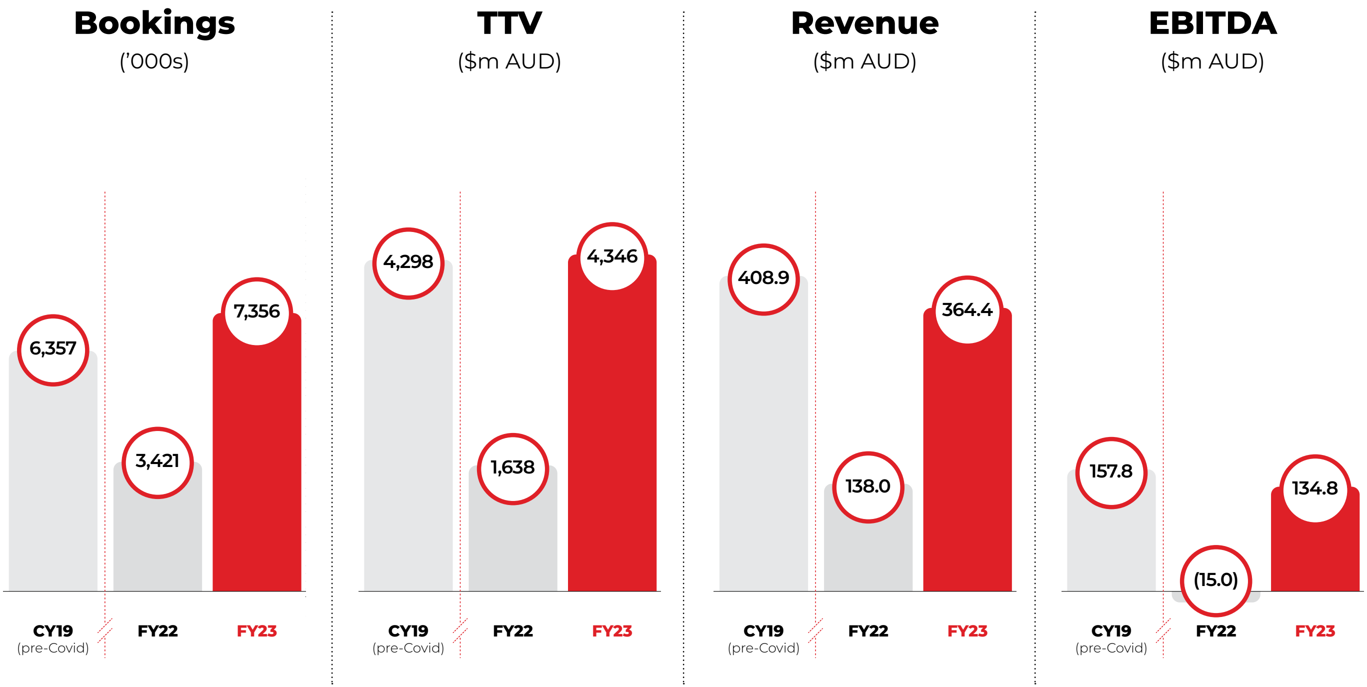
and are now part of a collective of organisations leading the way to a low carbon future.

## Webjet Limited underlying group performance.

| | | |
|---|---|---|
| generating **$4.35bn** TTV | **$364.4m** Revenue | **$134.8m** EBITDA |

# Chair's Message.

## Key Metrics.




EBITDA excludes share based payment expense.
CY19 (pre-Covid) refers to the 12 months ending 31 December 2019 restated to align to 31 March year end.

## Dear Shareholder

It is gratifying to report a sharp improvement in almost all metrics after a difficult few years. FY23 saw a significant recovery, with Group Bookings and Total Transactional Value (TTV) above pre-pandemic levels by year end, and the Company returning to profit.

For the 12 months to 31 March 2023, TTV was $4,346 million, an increase of 165% from FY22 and Revenue was $364.4 million, up 164%. Underlying operations reported EBITDA of $134.8 million, compared to an EBITDA loss of $15 million for the same period last year. The FY23 statutory result of $14.5 million net profit after tax shows the extent of the turnaround following an after-tax loss of $81.6 million in FY22.(1)

Webjet did not waste a crisis. We have re-engineered our businesses to scale better and deliver market share gains, and the results are now becoming plain for all to see.

Our WebBeds business delivered an outstanding performance, with Bookings, TTV, Revenue and EBITDA all at higher levels than they were before the pandemic. There is more to come. We expect this business to scale for many years as we grow our relatively small share of a large addressable market through outpacing our competitors.

Our two B2C businesses – Webjet OTA and GoSee – have been recovering well. Returning to pre-pandemic profitability will be dependent on airline and motorhome capacity returning to the market. Global airline capacity is still some way off 2019 levels and ticket prices remain high, which is subduing bookings.

## Capital Management

We are in a strong cash position with $514 million in the bank as at 31 March 2023 ($239 million net of liabilities).

Heading into FY24 we are confident in the markets we serve and the demand for our products, without forgetting that the pandemic caused us to raise significant capital in bleak circumstances. For that reason, there is no proposal to pay a final dividend for the FY23 financial year.

## Governance

After balance date, we renewed John Guscic's contract as Managing Director. Webjet has a long and successful association with John, and we are delighted to have reached agreement on an extension. He has built a strong cohort of business leaders within the Webjet management team, which the Board sees as a hallmark of good leadership.

We continue to evolve our ESG reporting, and this year's Sustainability Report outlines some of the initiatives underway in those areas we consider most material to Webjet. This year we took the important first step in measuring our baseline carbon emissions. We have committed to becoming a carbon net zero company and are delighted to confirm that Webjet is now a Toitū 'net carbonzero' certified organisation.

## Thanks

I would like to express my thanks to the entire Webjet team and Board. It is rewarding to emerge from a period of existential risk in such a strong position.

Finally on behalf of the Board of Directors I would like to thank our shareholders who have stood beside us throughout the pandemic and into this recovery.

Yours sincerely

**Roger Sharp**
Chair,
Webjet Limited

(1) FY22 NPAT has been restated for the deferred tax liability impact related to the equity component of the Convertible Note.

# Managing Director's Review.

## Webjet has emerged better placed to deliver growth than even before.

Our FY23 results reflect all the efforts we took as soon as Covid-19 hit to make sure we would emerge from the pandemic well placed to not only recapture demand when travel returned, but also further accelerate our growth profile. Even though travel has yet to fully return to what it was, Group Bookings and TTV are now higher than they were before the pandemic and EBITDA is at 85% of pre-pandemic levels, reflecting the incredible performance of our WebBeds business. Both B2C businesses – Webjet OTA and GoSee – continue to be impacted by external factors, specifically capacity constraints and subdued demand due to resulting higher prices, but are well placed to deliver growth once international airline capacity returns to 2019 levels.

### WebBeds' global opportunities are accelerating

Prior to the pandemic, WebBeds was delivering superior EBITDA margins as the fastest growing global B2B provider. Having grown rapidly through acquisitions, we had constraints around our processes and technology but there had not been an appropriate time to set the foundations for future growth without impacting momentum. The pandemic provided that opportunity. And when the world stopped, we took full advantage of the time to transform the business and executing against our transformation strategy is now paying off. We have retooled the business, streamlined the technology platform, eliminated inefficiencies, minimised risks and found ways to service markets that had not previously been open to us.

North America continues to be a huge growth story for us. Historically a market where WebBeds was under-penetrated, we have adapted our offering to make it more relevant for that market. Our North American business is now 3 times bigger than it was pre-pandemic and we have barely scratched the surface. Asia Pacific (APAC) is our other great growth opportunity. It was our fastest growing region pre-pandemic, and while it has been the last region to reopen, we are already back to pre-pandemic volumes despite China, WebBeds' largest APAC market heading into the pandemic, yet to fully reopen.

WebBeds is now selling more product to more customers and TTV, Revenue and profitability are all ahead of pre-pandemic levels. And this is just the beginning. Our addressable market has expanded, and by continuing to find ways to get closer to our supply partners and better understand client preferences, in the longer term we believe WebBeds can deliver $10 Billion TTV while continuing to deliver best-in-class EBITDA margins.

### Webjet OTA has significant international runway

Recognised at the 2022 World Travel Awards as the "world's leading online travel agent", Webjet OTA continues to gain share as the clear #1 OTA in Australia and New Zealand. We have seen our market share consistently grow since the pandemic began – firstly for domestic flight bookings and more recently for international. Airline capacity and schedules are yet to return to what they were and our ability to allow customers to "mix and match" lets them pick the airline and schedule that best suits their needs. And ongoing innovations to our layout and speed are all making booking travel easier.

We are particularly excited about the opportunities we see in the international flights market. Lower commissions have reduced the number of competitors in the market, and we believe Trip Ninja will play a key role in growing our international business. Trip Ninja technology went live on our site in October 2022 and is providing customers a real price advantage for international multi-stop itineraries. Still in the early stages of being rolled out, the results are promising with more than 67% of 3 segment international searches made on our website using Trip Ninja technology delivering lower fares (on average 30% lower) than the traditional pricing methodology via the Global Distribution System (GDS).

Webjet OTA continues to be one of the most profitable online travel agents in the world with EBITDA margins over 40%. Demand for travel remains strong however airline capacity continues to be below where it was before the pandemic and the resulting high airfares continue to subdue demand. We therefore do not expect Webjet OTA to return to pre-pandemic booking volumes until capacity returns and airfares come down.

### GoSee is positioning itself for growth

GoSee returned to profit during the year but is still some way off pre-pandemic levels. International travel into Australia and New Zealand remains significantly below what it was and global supply shortages, particularly in motorhomes, suppressed bookings. We are confident GoSee will exceed pre-pandemic profitability in the medium term. Until then we are investing in building team capabilities and world class scalable technology to pursue growth once airline capacity is fully restored and motorhome supply levels return to normal.

### Innovation is embedded across the Company

Innovation is fundamental to what we do. Our ability to constantly challenge ourselves to come up with new ways to make booking and transacting travel easier has been a key driver of our growth. WebBeds has a dedicated Transformation Office focused on finding innovative ways to do business, and cross-functional development teams in our Webjet OTA and GoSee businesses challenge themselves on a daily basis to provide innovative solutions.

### These results would not have been possible without our People

These results would not have been possible without the calibre of our global team and I want to express my heartfelt thanks to everyone. Our people come up with new ideas, win new customers, secure new partnerships, work through customer issues, and keep our technology platforms functional and secure. The ongoing commitment, drive and tenacity of our team is what helped get us through the challenging times and ready for the exciting future that lies ahead. After a difficult last few years, we are delighted to once again be able to reward efforts with bonus payments, performance incentives and a range of other benefits.

### We have never been more excited for our future

The world continues to face challenges. The global economy is under stress and there is still widespread uncertainty, but we have never been more excited for our future. Momentum in the WebBeds business is accelerating, Webjet OTA has significant international potential, and GoSee is laying the foundations to pursue growth in the global motorhome and car rental markets.

Finally, I would simply like to thank our employees, customers, supply partners and shareholders for their ongoing support. I look forward to sharing the next step of our journey with you all.

**John Guscic**
Managing Director,
Webjet Limited

# Operating Review.

The Statutory Results include certain costs which are non-recurring. Underlying Operations exclude these expenses in order to demonstrate the performance of the underlying business.

| | Statutory Result | | Underlying Operations[1] | |
|---|---|---|---|---|
| **Webjet Limited Group** | **FY23** | **FY22** | **FY23** | **FY22** |
| **TTV** | **$4,345.5m** | $1,637.5m | **$4,345.5m** | $1,637.5m |
| **Revenue**[2] | **$364.4m** | $138.0m | **$364.4m** | $138.0m |
| **Operating expenses**[3] | **($229.6m)** | ($153.1m) | **($229.6m)** | ($153.1m) |
| Non-operating expenses | ($12.2m) | ($18.2m) | – | – |
| Share based payment expenses | ($7.6m) | ($9.6m) | – | – |
| **EBITDA** | **$115.0m** | ($42.9m) | **$134.8m** | ($15.1m) |
| Depreciation and amortisation | ($44.5m) | ($25.3m) | ($44.5m) | ($25.3m) |
| Acquisition amortisation (AA)[4] | ($30.0m) | ($18.0m) | – | – |
| Net interest costs | ($21.7m) | ($18.7m) | ($9.5m) | ($7.1m) |
| **PBT** | **$18.8m** | ($104.9m) | **$80.8m** | ($47.5m) |
| Income tax (expense)/benefit[5] | ($4.3m) | $23.3m | ($10.9m) | $12.5m |
| **NPAT** | **$14.5m** | ($81.6m) | **$69.9m** | ($35.0m) |
| **NPAT (before AA)** | **$44.5m** | ($63.6m) | **$69.9m** | ($35.0m) |
| EPS (before AA) | 11.7 cents | (16.8 cents) | 18.3 cents | (9.2 cents) |
| EPS | 3.8 cents | (21.5 cents) | 18.3 cents | (9.2 cents) |
| Diluted EPS[6] | 3.8 cents | (21.5 cents) | 17.2 cents | (9.2 cents) |
| Effective Tax Rate (excluding AA) | 8.8% | 26.8% | 13.5% | 26.3% |
| Effective Tax Rate | 22.9% | 22.2% | 13.5% | 26.3% |

## FY23 results reflect the strong recovery coming through

All key metrics for FY23 improved significantly compared to FY22 reflecting the recovery of the global travel industry from COVID-19. FY23 TTV was up 165% compared to FY22 and Revenue was up 164% contributing to EBITDA for underlying operations of $134.8 million. Statutory FY23 Expenses includes $12.2 million non-operating expenses relating to ERP implementation costs and $7.6 million relating to share based payments.

## Strong capital position

Throughout FY23, Webjet continued to maintain a strong focus on cash conservation and liquidity. Average cash surplus was approximately $12 million per month, up from $3.5 million in FY22, reflecting the increasing cash inflows due to the resumption of travel. As at 31 March 2023, the Company's cash balance was $513.9 million, which is mainly attributable to cash inflows from operations of $176.3 million, as well as effective cost management. During the year, $86 million of funds were used to repay the drawn Revolving Credit Facility and a further $34 million was invested in essential and strategic capital expenditure projects and initiatives. As a result of the strong performance, the Company returned to normal bank covenant testing in November 2022, six months ahead of schedule (originally due to be in April 2023).

## Dividend

Webjet did not declare a dividend for FY23.

(1) Underlying Operations – excludes non-operating expenses, share based payment expenses, Acquisition Amortisation and Convertible Notes interest.
(2) Excludes interest income.
(3) Includes share of net loss from associates.
(4) Acquisition Amortisation – includes charges relating to amortisation of intangibles acquired through acquisition and impairment charge on an associate.
(5) FY22 has been restated for the deferred tax liability impact related to the equity component of the convertible note. Refer to note 4.8 in the financial statements for more information.
(6) Diluted EPS includes the impact of employee share grants and the convertible bond.

| WebBeds | 1H23 | 2H23 | FY23 | CY19[1] | Change | FY22 |
|---|---|---|---|---|---|---|
| Bookings ('000s) | 2,655 | 3,150 | **5,805** | 4,274 | ↑ 36% | 2,551 |
| Average Booking Value | $536 | $443 | **$485** | $605 | ↓ 20% | $432 |
| TTV | $1,423m | $1,395m | **$2,818m** | $2,588m | ↑ 9% | $1,101m |
| Revenue | $114.4m | $122.3m | **$236.7m** | $226.9m | ↑ 4% | $85.6m |
| Expenses | $50.7m | $68.9m | **$119.6m** | $130.6m | ↓ 8% | $90.2m |
| EBITDA | $63.7m | $53.4m | **$117.1m** | $96.3m | ↑ 22% | ($4.6m) |
| Revenue/TTV Margin | 8.0% | 8.8% | **8.4%** | 8.8% | ↓ 37bps | 7.8% |
| EBITDA Margin | 55.7% | 43.7% | **49.5%** | 42.4% | ↑ 704bps | nm |

FY23 Bookings, TTV, Revenue and EBITDA were all ahead of pre-pandemic levels (CY19), reflecting the result of the various transformation initiatives put in place when the pandemic hit. FY23 TTV reflected lower average booking values due to a changing business mix. Expenses continue to be lower than pre-pandemic reflecting the continued focus on driving efficiencies. FY23 EBITDA was up 22% compared to pre-pandemic levels, with 2H23 EBITDA up 130% compared to the same period pre-pandemic, reflecting market share growth and scalability coming through. FY23 EBITDA margin at 49.5% was materially higher than pre-pandemic levels.

| Webjet OTA | 1H23 | 2H23 | FY23 | CY19[1] | Change | FY22 |
|---|---|---|---|---|---|---|
| Bookings ('000s) | 641 | 632 | **1,273** | 1,575 | ↓ 19% | 662 |
| Average Booking Value | $957 | $1,094 | **$1,025** | $890 | ↑ 15% | $647 |
| TTV | $614m | $691m | **$1,305m** | $1,402m | ↓ 7% | $428m |
| Revenue | $51.8m | $56.0m | **$107.8m** | $151.1m | ↓ 29% | $41.9m |
| Expenses | $30.4m | $34.0m | **$64.4m** | $89.7m | ↓ 28% | $32.5m |
| EBITDA | $21.4m | $22.0m | **$43.4m** | $61.5m | ↓ 29% | $9.4m |
| Revenue/TTV Margin | 8.4% | 8.1% | **8.3%** | 10.8% | ↓ 252bps | 9.8% |
| EBITDA Margin | 41.3% | 39.3% | **40.3%** | 40.7% | ↓ 41bps | 22.5% |

FY23 Bookings were 81% of pre-pandemic levels. International bookings are rebounding strongly as capacity starts to return although high ticket prices and capacity constraints continue to subdue overall bookings. Marketing costs continue to be lower than they were pre-pandemic at 1.5% TTV (CY19: 2%) and the scalable cost base helped keep expenses lower than pre-pandemic levels. FY23 Revenue/TTV margins primarily reflect the higher average booking values driven by limited capacity. FY23 EBITDA was 71% of pre-pandemic levels reflecting reduced international capacity and loss of overrides and commissions paid on international bookings. FY23 EBITDA margins were over 40% despite inflationary wage pressures and expanded Operations team.

| GoSee | 1H23 | 2H23 | FY23 | CY19[1] | Change | FY22 |
|---|---|---|---|---|---|---|
| Bookings ('000s) | 136 | 142 | **278** | 508 | ↓ 45% | 208 |
| Average Booking Value | $776 | $824 | **$800** | $608 | ↑ 32% | $522 |
| TTV | $105m | $117m | **$222m** | $309m | ↓ 28% | $108m |
| Revenue | $9.5m | $10.0m | **$19.5m** | $30.8m | ↓ 37% | $10.5m |
| Expenses | $8.9m | $9.0m | **$17.9m** | $18.2m | ↓ 1% | $13.6m |
| EBITDA | $0.6m | $1.0m | **$1.6m** | $12.7m | ↓ 87% | ($3.0m) |
| Revenue/TTV Margin | 9.0% | 8.5% | **8.8%** | 10.0% | ↓ 121bps | 9.7% |
| EBITDA Margin | 6.3% | 10.0% | **8.2%** | 41.1% | ↓ 3,287bps | nm |

FY23 Bookings, TTV and Revenue were all up significantly compared to FY22 but remain below pre-pandemic levels. FY23 Bookings were 55% of pre-pandemic levels reflecting the lack of inbound tourism into GoSee's largest markets of Australia and New Zealand, as well as lack of supply (particularly Motorhomes) into major markets. FY23 Expenses reflect the investment in staff to transform the business. EBITDA continues to improve with FY23 EBITDA $4.6 million higher than FY22. Profitability is highly linked to the return of inbound tourism and international capacity remains constrained.

| Corporate | 1H23 | 2H23 | FY23 | CY19[1] | Change | FY22 |
|---|---|---|---|---|---|---|
| B2B EBITDA | $63.7m | $53.4m | **$117.1m** | $96.3m | ↑ 22% | ($4.6m) |
| B2C EBITDA[2] | $22.0m | $23.0m | **$45.0m** | $74.1m | ↓ 39% | $6.4m |
| Technology Investments | ($2.5m) | ($1.9m) | **($4.4m)** | – | nm | ($1.2m) |
| Corporate costs | ($10.7m) | ($12.2m) | **($22.9m)** | ($12.7m) | ↑ 81% | ($15.6m) |
| Total EBITDA | $72.5m | $62.3m | **$134.8m** | $157.8m | ↓ 15% | ($15.0m) |

FY23 Corporate costs reflect the recovery in group activity after years of low volumes. FY23 includes STIs for the first time in 3 years, as well as increased investment in group technology and security. Compliance costs continue to increase primarily due to materially higher insurance premiums as well as material increases in audit fee. Technology investments shows consolidation of P&L performance of Trip Ninja and investment in ROOMDEX.

(1) CY19 (pre-Covid) and pre-pandemic refers to the 12 months ending 31 December 2019 (i.e. pre-Covid) restated to align to 31 March year end.
(2) B2C is Webjet OTA and GoSee.


WebBeds at World Travel Market London 2022

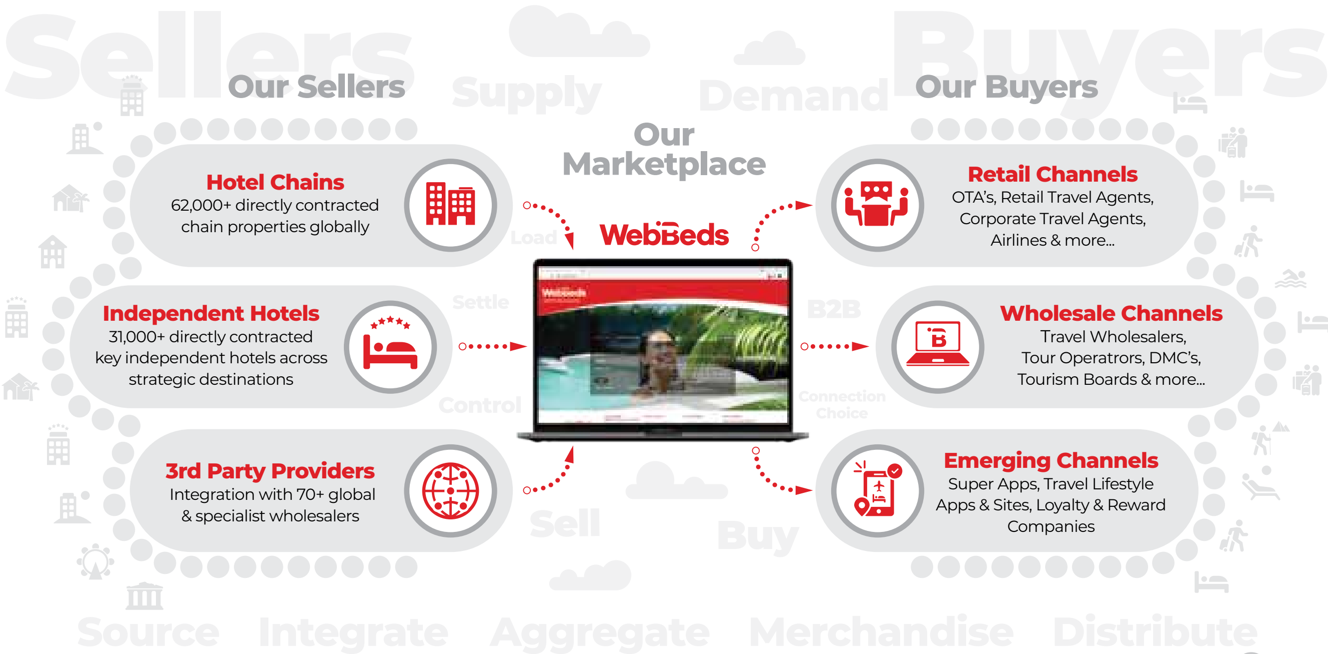
# WebBeds.

**WebBeds is a global marketplace servicing the travel trade, providing powerful distribution solutions that make selling and buying hotel and ground travel services easier.**

**Our global footprint.**


**1,500+** people **with** **50+** languages **in** **120+** cities **across** **50+** countries

# WebBeds connects travel sellers with travel buyers through a multi-supply, aggregated, digital B2B marketplace.




**This delivers:**

**430,000+** hotels in **16,000+** destinations across **190+** countries to **44,000+** travel buyers in **139** markets generating **1 booking** every **5 secs** (average)

## We provide travel sellers distribution control & a balanced, diversified portfolio of travel buyers across all channels.

### We offer travel sellers:

- Mass global exposure
- B2B trade only distribution
- Rate & inventory distribution control
- Flexible extranet
- 40+ Channel Managers
- Dedicated Contract Managers
- 24hr multilingual booking support
- Health & Safety advice & support
- Reliable payment processes & support

## We provide travel buyers simple connectivity solutions to access a vast global inventory of hotel rooms.

### We offer travel buyers:

- Extensive global product range
- Competitive rates
- Constant availability
- Flexible API connectivity
- User-friendly trade booking sites
- Dedicated Sales Managers
- 24hr multilingual booking support
- Health & Safety monitoring
- Revenue maximisation expertise

# The various **transformation initiatives we undertook** as soon as the pandemic hit **are now starting to pay off,** with FY23 Bookings, TTV, Revenue and EBITDA all ahead of what they were prior to the pandemic.

Going forward, we see significant growth opportunities in North America and Asia-Pacific (APAC), and Europe will always be an important market given the large number of independent hotels.

## Our strategic priorities.

- **Rethinking how we do business.**
- **Streamlining Technology.**
- **Leverage data analytics.**
- **Focus on cost reduction.**
- **Refinement of risk management processes.**

WebBeds.

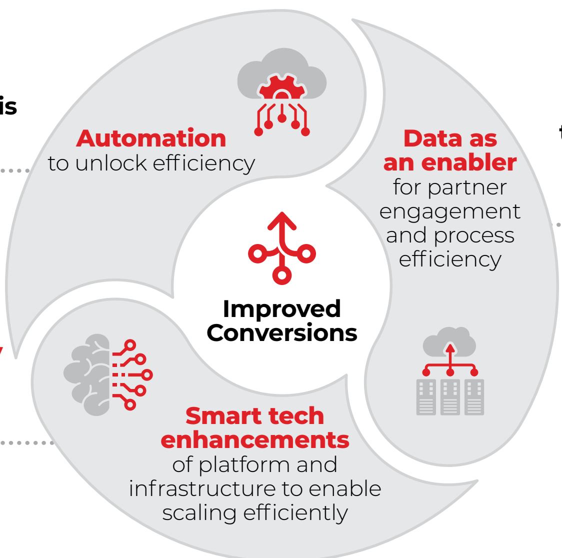
**Strategic objective:**

## **Targeting $10 billion TTV** to become the #1 global B2B provider.

## We have transformed WebBeds.

**We are now 50% more efficient[(1)] on Booking-per-FTE basis**

**We now have the ability to scale capacity when needed**




**We are able to leverage our massive depository of data to deliver a competitive advantage**

- Single contracting platform
- **100% cloud** enabled
- Enhanced **data analytic tools**

(1) Total Bookings divided by FTEs comparing FY23 to CY19.

## North America provides significant growth opportunities.

We have adapted our offering to better service this large wholesale market and continue to gain share – WebBeds North America is now more than 3 times larger than it was pre-pandemic.

Key initiatives during the year included:

- Delivering significant organic growth through new client wins
- Rolling out technology solutions specific to the North American market
- Building out a Merchant of Record solution
- Improving processes to enhance the customer experience

**We are targeting a range of opportunities in an addressable market estimated to be $20 billion in TTV.***

Core North American Market B2B Segments

| | |
|---|---|
| **B2B Loyalty** Loyalty redemption platforms which are typically white labelled for consumer facing brands | **B2C Loyalty** Consumer facing platforms enabling customers to earn or burn loyalty points for travel |
| **Online Retail** Agent & consumer facing platform with many direct contracts and 3rd party connections | **Air** Major airlines that also sell ancillary travel products |
| **Membership** Member based programs that offer discounted travel and other services in a closed user group environment | **OTA** Online travel agencies that provide packaged and individual travel products directly to consumers |
| **Corporate** Major travel management companies and small "disrupters" providing full or limited corporate travel services | **B2B Downstream** Aggregators that make direct sourced and 3rd party travel products available to other B2B channels |

* Management estimates.

## Asia-Pacific is already ahead of pre-pandemic levels with China yet to fully reopen.

### Domestic contracting strategy continues to be meaningful

Prior to the pandemic, domestic travel was 10 times larger than international in the APAC region, but our focus was entirely international. Our strategy to pivot to domestic contracting during the pandemic has allowed us to make significant inroads into previously unpenetrated domestic markets with strong domestic growth coming through in several key markets during FY23.

### Winning market share

Streamlined technology is providing better control of supply and enabling targeted distribution, while enhanced data analytics is helping customise offerings and win new clients.

### China growth still to come

China was APAC's largest market prior to the pandemic. Inbound and outbound tourism is gradually restoring to normal, but international airline capacity remains significantly below what it was when the pandemic began. We expect further growth from the Chinese market as capacity returns.

## Europe continues to be an important B2B market.

Europe is currently WebBed's largest market by TTV and will continue to be an important wholesale market given the large number of independent hotels.

Inventory optimisation and improved distribution during the year saw strong growth in important markets with more than 10% of TTV coming from new clients that did not use WebBeds prior to the pandemic. Continuing to add inventory appropriate for domestic audiences saw significant domestic growth in a number of large markets.

Strengthening our direct contracting offering and getting closer to supply partners will be a key focus going forward.

## Middle East and Africa volumes remain muted.

Volumes are expected to remain lower than pre-pandemic levels reflecting the tighter credit policies now in place in that market.


# Webjet OTA.

**Strategic objective:**

## Increase market leadership
as the #1 OTA in Australia and New Zealand.

## Delivering continued market share growth through five strategic areas.

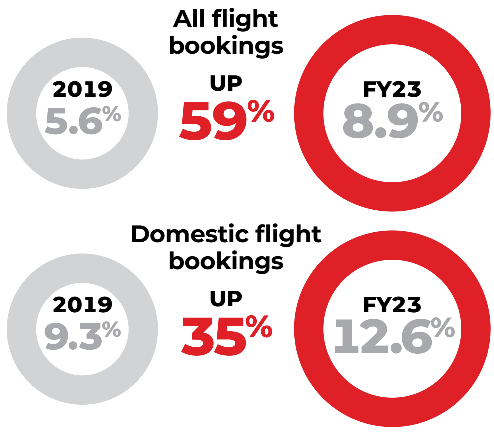
- Revenue Growth.
- Servicing Automation.
- Product Expansion.
- Customer Experience.
- OPEX Control.

# Outperforming the market.

## Significant market share gains since the pandemic began.

**Webjet OTA Average Market Share**

Across GDS Bookings – Australia Travel Agency Offline and Online[1]




(1) GDS bookings do not include low cost carriers. Flight credit transactions are not included.

**Webjet is extending its lead as the clear #1 OTA in Australia and New Zealand**

- Our unique "mix and match" offering lets customers choose the airline and schedule that best suits them
- Broadest range of payment options for OTAs in Australia
- First OTA in Australia to offer carbon offsets – for flights and more recently hotel bookings

**World Travel Awards 2022**

- World's Leading Online Travel Agency
- Oceania's Leading Online Travel Agency
- Australia's Leading Online Travel Agency
- New Zealand's Leading Online Travel Agency

## We see significant international runway.

Webjet OTA has always had a strength in servicing the domestic leisure market and we see significant opportunities to increase our share of the international flights market. Airline capacity has yet to return to pre-pandemic levels and reduction in commissions has reduced the number of competitors in the market.

**Trip Ninja is a key building block to further international growth**

Trip Ninja technology went live on the Webjet OTA site in October 2022 and is delivering real price advantages for customers booking multi-stop international itineraries.

Based on three segment international trips, searches made on Webjet OTA using Trip Ninja technology generated **better fares than the GDS in 67% of trips,** and delivered **fares that were on average 30% lower** than the traditional pricing methodology via the GDS.

Trip Ninja technology is now being rolled out across all international and domestic multi stop trips on Webjet OTA.

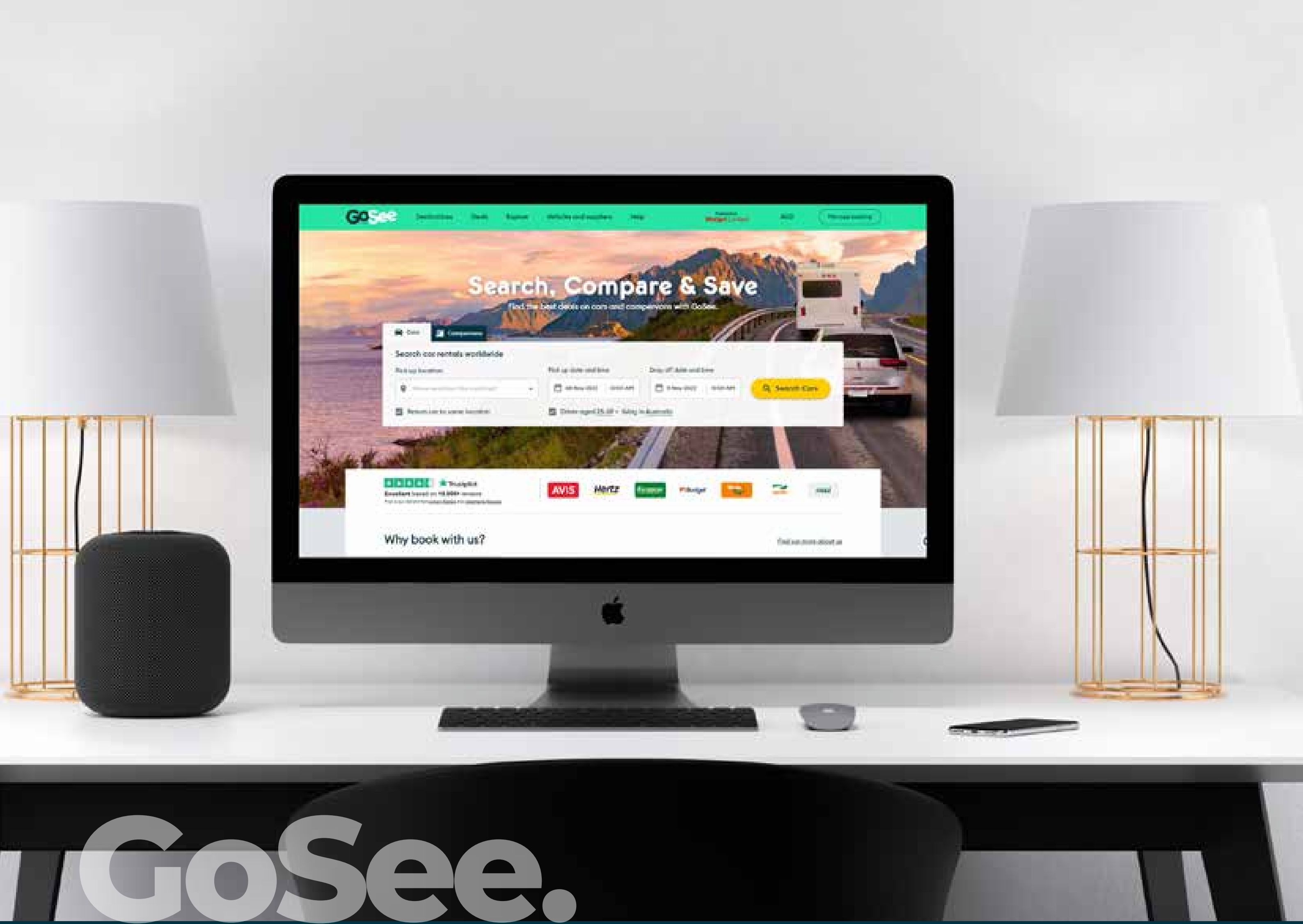
## Materially improved customer service levels.

Travel continues to be more complex than it used to be. Global airline and airport staffing issues means many flights are being cancelled, while the use of flight credits is complex and requires customer service support. As a result, customer service contacts per booking during the year were more than 3 times historical levels.

In order to improve customer service levels during the year:

- we temporarily doubled customer service staffing;
- continued to roll out automation for self-service flight changes; and
- worked through the entire backlog of online change requests.

As a result, **call waiting times have fallen significantly**, and **Customer Engagement Scores** and **Net Promoter Scores improved during the year**.




**Strategic objective:**

**Reshape and refocus the business** to take advantage of growth opportunities.

## Our strategic priorities.

- **Thriving partner relationships.**
- **Building a growth culture.**
- **World class customer experience.**
- **Improve underlying business performance.**
- **Aligning the business to value drivers.**

# FY23 Highlights.

International travel into Australia and New Zealand remains significantly below what it was pre-pandemic and global supply shortages, particularly in motorhomes, continued to suppress bookings. Our focus during the year has been on ensuring GoSee is well placed to deliver growth as soon as inbound tourism returns and supply levels are restored.

### Improving the customer experience

- Expanded payment options – launched AfterPay in Australia and New Zealand
- Rebuilt the booking platform to enhance the user experience
- Awarded Best Online Support Services in New Zealand by CRM NZ Consulting Awards

### Expanding our partner relationships

- Insurance coverage now available for customers from over 200 markets
- New airport affiliates signed in Australia and New Zealand to provide car and motorhome services
- Expanded our international supplier contracts and API connections to improve our customer experience

### Investing in people and technology to deliver growth

- Rebuilt team with a focus on enhancing capabilities across the business
- Investing in world class technology to
  - drive customer life-time value
  - enable data and insight driven decision making
  - deliver interactive omni channel services experience
  - leverage demand for BNPL payment systems



# Sustainability.

## Our sustainability framework.

We continue to refresh and evolve our sustainability framework. This year our primary focus was on recalibrating the environmental, social and governance topics we believe are most material to our business and stakeholders.


Further information about what we are doing to manage our material environmental, social and governance topics can be found in our **FY23 Sustainability Report**.

# FY23 Sustainability Highlights.

## Engaging our People.

- Increased engagement of employees who consider Webjet a great place to work
- 43% women on the Board
- 31% women in senior management
- 49% women managers
- Launched the Women in Webjet mentoring program
- More than 55 nationalities across our global workforce
- Wide range of initiatives supporting the physical and mental wellbeing of our employees
- Zero lost time injuries or work cover claims

## Servicing our Customers.

- Webjet OTA awarded *World's leading OTA* and *Leading OTA in Oceania, Australia and New Zealand* at the 2022 World Travel Awards
- Increased Customer Engagement Scores and Net Promoter Scores for Webjet OTA
- Temporarily increased customer service staffing levels for Webjet OTA by 100%
- Webjet OTA average speed to answer rates dramatically improved in 2H23
- GoSee winner of Online Support Services from CRM NZ Consulting Awards

## Reducing our Impact.

- Completed initial emissions baseline audit
- The total net emissions generated in the audit period were 794 tonnes of $CO_2$ offset through the purchase of Gold Standard Offset credits
- Certified a Toitū 'net carbonzero' organisation
- 40,400 tonnes of carbon emissions offset by customers through Webjet OTA's Sustainable Traveller Program
- Webjet OTA Sustainable Traveller Program expanded to include carbon offsetting for accommodation bookings

## Responsible Governance.

- Zero reportable cybersecurity incidents
- Zero reportable data privacy breaches
- ISO 27001 certified
- All whistleblowing allegations were reviewed and resolved
- 86% of employees completed Modern Slavery training

# Our people.

## Our people are our greatest asset.

Our people are crucial to ensuring we are able to deliver on our strategies and their resilience, commitment, dedication and embodiment of our corporate values help ensure the ongoing sustainability of the Company. Webjet is committed to maintaining a highly engaged, diverse and inclusive workforce and surveys showed an increase in employee engagement.(1)

**81%**
**WebBeds**
(FY22: 71%)

**92%**
**Webjet OTA**
(FY22: 87%)

**77%**
**GoSee**

See our **FY23 Sustainability Report** for further information on how we support our employees.

(1) Results show percentage of employees who agree or strongly agree with the statement **"I would recommend Webjet as a great place to work"**. FY23 is first year using standardised survey for GoSee.


WebBeds
I am Committed.
I am WebBeds!


47007


GoSee

# Directors of the Company.

## Roger Sharp

- BA LLB
- Appointed 1 January 2013
- Independent Non-executive Chair
- Member of Risk Committee

Roger has global experience as an investor, advisor and chair. After working for ABN AMRO Bank as CEO of Asia Pacific Securities and Global Head of Technology, he founded technology investment bank North Ridge Partners.

Roger is the Chair of ASX-listed Iress Limited and is a Non-executive Director of NZX-listed Geo Limited (after serving as its Chair until August 2021). He also chairs the government-owned New Zealand Lotteries Commission. Roger served on the board of Tourism New Zealand from December 2018 to April 2022, including as its Deputy Chair from May 2019.

## John Guscic

- BEc, Executive MBA
- Appointed 25 January 2006
- Managing Director from February 2011

John was previously Managing Director, Asia Pacific for GTA and formerly Managing Director of the Travelport Business Group, Pacific region. Based in Tokyo, Japan, he was responsible for the Galileo and GTA brands in Australia, New Zealand, Japan, Korea, and Indonesia. Before that John was Managing Director, Galileo South Pacific, and Flairview Travel.

## Don Clarke

- LLB (Hons)
- Appointed 10 January 2008
- Deputy Chair
- Independent Non-executive Director
- Chair of Risk Committee
- Member of Remuneration & Nomination Committee

Don is a lawyer and company director. He has extensive commercial law and business experience from over 30 years advising both ASX listed and private companies. In addition to being a consultant to the law firm, Minter Ellison (having retired on 30 June 2015 after 27 years as a corporate partner of the firm), Don is a Non-executive Director of ASX-listed Zoono Group Limited and a director of several other unlisted public and private companies. Don recently served as a Non-executive Director of ASX-listed WCM Global Long Short Limited (formerly known as Contango Income Generator Limited) from August 2014 to October 2020.

## Katrina Barry

- LLB, BCom, GAICD
- Appointed 17 October 2022
- Independent Non-executive Director
- Member of Remuneration & Nomination Committee

Katrina has 15 years' experience as a Non-executive Director across the tourism, fintech and financial services sectors, including serving on the Board of the Australian Federation of Travel Agents (AFTA) until March 2022. Katrina is currently the Global CEO of me&u and a Non-executive Director of PetSure. Her previous roles have included the Non-executive Chair of Hollard Insurance Australia/New Zealand, Managing Director of Contiki Holidays and Trafalgar Tours, Head of Digital & Direct Businesses and Head of Customer Experience at BT Financial Group, and various strategy and investment roles with the Virgin Group, including Co-Founder of the gym chain, Virgin Active.

**Brad Holman**

- BCom
- Appointed 19 March 2014
- Lead Independent Non-executive Director
- Chair of Remuneration & Nomination Committee
- Member of Audit Committee

Brad has over 20 years' experience working in and providing services to the travel industry, including President for Travelport's Asia Pacific, Europe, Middle East and African Operations. More recently Brad was the President for International Markets for Blackbaud, a NASDAQ listed software and services company specifically focused on serving the non-profit community. He was responsible for developing and leading the company's international business strategy and new market entry. Brad left Blackbaud in November 2015 after serving five years in the role.

Brad is also an Executive Director of ATI Business Group, a business process management and technology company providing services to the travel and aviation sector.

**Denise McComish**

- FCA, MAICD
- Appointed 1 March 2021
- Independent Non-executive Director
- Chair of Audit Committee
- Member of Risk Committee

Denise has extensive financial, corporate, ESG and board experience across multiple sectors. Denise was a partner with KPMG for 30 years, specialising in audit and advisory services, and a member of the Board of KPMG Australia for six years. Denise is skilled in the function, governance and performance of Audit and Risk Committees, and has chaired such committees in numerous organisations.

Denise is a Non-executive Director of ASX listed Macmahon Holdings, Gold Road Resources, the not-for-profit organisation, Beyond Blue, and Western Australian electricity retailer and generator, Synergy. She has been a member of the Australian Takeovers Panel since 2013, WA Division councillor at AICD, and is Chair of the Advisory Board for the School of Business and Law at Edith Cowan University. Denise is a member of Chief Executive Women and was a board member from 2017 to November 2021.

**Shelley Roberts**

- B.Bus Sci, FCA, GAICD
- Appointed 30 April 2016
- Independent Non-executive Director
- Member of Audit Committee
- Member of Remuneration & Nomination Committee

Shelley has extensive strategic, commercial, and operational experience in the travel sector. Shelley is the Group Chief Commercial Officer of LSE listed Compass Group, based in London, and previously served as its Australian Managing Director from February 2017 to January 2022. Shelley's other previous roles include the Executive Director of Aviation Services at Sydney Airport and Managing Director of Tiger Airways Australia. She also held leadership positions in organisations including Macquarie Airports, Macquarie Bank Limited and EasyJet Airline Company Limited. Shelley's appointment in April 2016 as a Non-executive Director has enhanced the diversity and finance, accounting, and operational management experience of the Board. Shelley is an active member of Chief Executive Women.

# Directors' Report.

Your Directors present their report on the Consolidated Entity consisting of **Webjet Limited** and the entities it controlled at the end of, or during, the year ended 31 March 2023.

For the purposes of this Directors' Report, the terms "**Company**" and "**Webjet**" refer to Webjet Limited and "**Group**" and "**Consolidated Entity**" refer to Webjet Limited and its consolidated entities.

## Directors

The Directors of the Company are as follows:

- Roger Sharp, Chair
- John Guscic, Managing Director
- Don Clarke
- Brad Holman
- Denise McComish
- Shelley Roberts
- Katrina Barry (appointed 17 October 2022)

The qualifications, experience and special responsibilities of the Directors are provided on pages 22 to 23.

## Company secretaries

- Tony Ristevski BCom (Hons), ACA, Executive MBA (appointed May 2018)
- Ella Zhao BCom/LLB (Hons) (appointed September 2021)
- Meaghan Simpson BCom/LLB (Hons) (appointed 10 May 2023)

## Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the twelve-month period ended 31 March 2023, and the number of meetings attended by each Director were:

| Director | Board | | Audit Committee | | Remuneration and Nomination Committee | | Risk Committee | |
|---|---|---|---|---|---|---|---|---|
| | A | B | A | B | A | B | A | B |
| Roger Sharp | 8 | 8 | | 2* | | 2* | 4 | 4 |
| John Guscic | 8 | 8 | | | | 1* | | |
| Don Clarke | 8 | 8 | | | 4 | 4 | 4 | 4 |
| Brad Holman | 8 | 8 | 4 | 4 | 4 | 3 | | 1* |
| Denise McComish | 8 | 8 | 4 | 4 | | 1* | 4 | 4 |
| Shelley Roberts | 8 | 8 | 4 | 4 | 4 | 4 | | |
| Katrina Barry (appointed on 17 October 2022) | 4 | 4 | | 2* | 2 | 2 | | 1* |

A = Number of meetings held while the director was a member of the Board or relevant Committee.
B = Number of meetings attended.
* Attended at the invitation of the Committee.

## Principal activities

The principal activity of the Group is the online sale of travel products, including flights and hotel rooms. The Group's business consists of a B2B wholesale division – WebBeds – and two retail B2C businesses – Webjet OTA and GoSee.

### WebBeds

WebBeds, the Company's business to business (B2B) travel business, is a global marketplace for the travel trade, providing powerful hotel distribution solutions that make selling and buying accommodation and ground travel services easier. WebBeds sources hotel inventory from travel suppliers, connects, aggregates and merchandises that content in their platform, the WebBeds Marketplace, and distributes it to a global network of travel buyers (distribution partners), who sell to the travelling public. WebBeds is one of the few truly global B2B providers, offering extensive global reach for both its hotel supply partners (looking to sell their hotel rooms) and its customer network (looking to access hotel room inventory).

WebBeds offers rooms at more than 430,000 hotels around the world. Our hotel supply partners include over 31,000 directly contracted independent properties, over 62,000 directly contracted chain properties and 77 integrated third-party wholesalers. WebBeds also offers a wide range of ground and transfer services.

WebBeds provides its customers with fast, easy access to global hotel room inventory. WebBeds distributes its products to a global network of more than 44,000 customers across retail, wholesale and emerging channels. Customers include retail and corporate travel agents, OTAs, wholesalers, tour operators and Super-Apps. WebBeds' multi supply aggregation strategy enables it to offer customers the greatest breadth and depth of hotel room inventory at highly competitive prices.

### webjet.com.au

Based in Melbourne, Australia, Webjet OTA is the #1 online travel agency (OTA) in Australia and New Zealand, with more than 50% of the entire OTA flights market in Australia and New Zealand.

Webjet OTA's focus has always been to offer the greatest convenience and choice by enabling customers to compare, combine and book the best domestic and international travel flight deals, hotel accommodation, holiday package deals, travel insurance and car hire worldwide. Since its inception in 1998, Webjet OTA has been at the forefront of online innovation, leading the way in online travel tools and technology. Webjet offers unparalleled travel choice, 24/7 customer support, a wide choice in payment options and award-winning customer service.

### GoSee

Based in Auckland, New Zealand, GoSee is a market leading specialist in the provision of rental car and motorhome bookings. Prior to November 2021, GoSee operated two separate websites – Motorhomes Republic (the #1 global motorhome rental site) and AirportRentals (the #2 car rental site in Australia and New Zealand). Since November 2021, GoSee customers are also now able to access all cars and motorhome inventory through a single, easy-to-use GoSee website.

# Directors' Report.

## Key event subsequent to the reporting period

We are also pleased to extend the service agreement of Mr. John Guscic, the Managing Director on 10 May 2023. This agreement will be ongoing with no fixed term. A summary of the material terms of the agreement is included in the Remuneration report.

## Financial performance

### Financial result

The FY23 results represent the twelve-month period from 1 April 2022 to 31 March 2023.

| | 31 March 2023 $m | 31 March 2022 (Restated) $m | Change $m | Change % |
|---|---|---|---|---|
| Total transaction value | **4,345.5** | 1,637.5 | 2,708.0 | 165% |
| **Revenue** | **364.4** | 138.0 | 226.4 | 164% |
| *Revenue margin* | **8.4%** | 8.4% | n/a | (4bps) |
| Operating expenses, net of other income | **(227.6)** | (153.0) | (74.6) | 49% |
| Share of net profit of equity accounted investees | **(2.0)** | (0.1) | (1.9) | n/m |
| **EBITDA before non-operating expenses and share based payments** | **134.8** | **(15.1)** | **149.9** | n/a |
| *EBITDA margin* | **37%** | negative | n/a | n/a |
| Share based payments | **(7.6)** | (9.6) | 2.0 | (21%) |
| Non-operating expenses | **(12.2)** | (18.2) | 6.0 | (33%) |
| Depreciation and amortisation | **(44.5)** | (25.3) | (19.2) | 76% |
| Acquisition amortisation | **(30.0)** | (18.0) | (12.0) | 67% |
| Net finance costs | **(21.7)** | (18.7) | (3.0) | 16% |
| **Profit/(loss) before tax** | **18.8** | **(104.9)** | **123.7** | n/a |
| Income tax (expense)/benefit | **(4.3)** | 23.3 | (27.6) | (118%) |
| **Net profit/(loss) after tax (NPAT)** | **14.5** | **(81.6)** | **96.1** | **n/a** |
| NPAT A (before acquisition amortisation) | **44.5** | (63.6) | 108.1 | n/a |

The FY23 results show a significant improvement compared to FY22, with the Group ahead on all key metrics due to strong improvements in B2B (WebBeds) and B2C (Webjet OTA and GoSee). As travel restrictions have eased, volumes have rebounded strongly and Group Bookings and TTV are now ahead of pre-pandemic levels.

## WebBeds

WebBeds performance continues to accelerate with FY23 Bookings, TTV, Revenue and EBITDA now all ahead of pre pandemic levels, reflecting the result of the various transformation initiatives put in place when the pandemic hit. Organic growth in North America and APAC, coupled with the re-opening of China in the second half of FY23, helped drive growth across all key metrics. Expenses continue to be lower than pre-pandemic levels reflecting the continuing focus on driving efficiencies.

## Webjet OTA

Webjet OTA FY23 performance across all metrics significantly improved over FY22 as international capacity started to return. Bookings, Revenue and EBITDA continue to be lower than pre-pandemic levels reflecting reduced capacity and loss of commissions on international travel. As volumes return, margins will benefit from the significant reduction in costs compared to pre-pandemic reflecting the highly scalable cost base and brand strength facilitating a reduction in marketing costs.

## GoSee

GoSee continues to improve despite the lack of inbound tourism and supply chain issues, with Bookings, TTV and Revenue all up significantly over FY22 but remain below pre-pandemic levels. Profitability is highly linked to the return of inbound tourism and international capacity remains constrained.

## Corporate

FY23 non-operating expenses were in relation to ERP system implementation costs. These costs reflect initial configuration, design and build costs for the ERP platforms and are not considered part of underlying business performance. Post implementation in FY24, all associated ongoing costs such as licensing, maintenance and sundry fees will be presented as normal operating expenses.

An impairment charge of $5.9 million was recorded during the year, relating to the Group's investment in LockTrip, reducing the carrying value to $nil.

As a result of rationalising the technology platforms in WebBeds and ERP system implementation across the Group, the depreciation and amortisation charge for FY23 includes a revision of useful lives and an acceleration of depreciation and amortisation on legacy platforms.

Additional commentary on performance is included in the Company's ASX release and investor presentation lodged with the ASX on 24 May 2023.

## Financial position

| | 31 March 2023 $m | 31 March 2022 (Restated) $m | Change $m |
|---|---|---|---|
| Cash and cash equivalents | **513.9** | 433.7 | 80.2 |
| Trade and other receivables | **205.0** | 120.3 | 84.7 |
| Intangible assets | **802.5** | 766.5 | 36.0 |
| Other non-current assets | **66.8** | 85.3 | (18.5) |
| **Total assets** | **1,588.2** | **1,405.8** | **182.4** |
| Trade and other payables | **433.7** | 276.8 | 156.9 |
| Other current liabilities | **67.2** | 58.5 | 8.7 |
| Borrowings | **235.5** | 308.2 | (72.7) |
| Other non-current liabilities | **17.6** | 23.9 | (6.3) |
| **Total liabilities** | **754.0** | **667.4** | **86.6** |
| **Net assets** | **834.2** | **738.4** | **95.8** |
| Share Capital | **1,050.1** | 1,037.8 | 12.3 |
| Retained losses and reserves | **(215.9)** | (299.4) | 83.5 |
| **Total equity** | **834.2** | **738.4** | **95.8** |

Cash and cash equivalents increased from March 2022, mainly attributable to cash inflows from operations of $176.3 million due to the resumption in travel, as well as effective cost management. This was partially offset by financing repayments of $86 million and a further $34 million spent on essential and strategic capital expenditure projects and initiatives.

Trade and other receivables increased during the year due to higher trading volumes in WebBeds and continue to be managed in line with the enhanced credit policy, with debtor days materially lower than pre-pandemic levels.

Intangible assets increased primarily due to movements in foreign currency exchange with current period capital expenditure of $32.3 million. During the current period, management reassessed and reduced the useful lives of capitalised development intangible assets – booking platforms. This resulted in increased amortisation costs for the period of $33.2 million. Refer to Note 4.7 for further details.

Other non-current assets decreased from March 2022, primarily due to a $6.3 million decrease in deferred tax assets from the utilisation of carried forward tax losses and an impairment charge against the investment in LockTrip of $5.9 million.

Trade and other payables increased in line with TTV growth in WebBeds with payment terms consistent with pre-pandemic levels.

Other current liabilities increased primarily due to the resumption in travel and associated activities of the Group, with a $13.9 million increase in prepayments from WebBeds customers along with increase of $2.4 million in current tax liabilities offset by the redemption of gift vouchers on issue of $7.5 million.

The movement in Borrowings during the period is due to the $86 million cash repayment of the revolving credit facility in place, offset by amortisation expense related to Convertible Notes.

The decrease in other non-current liabilities is mainly due to the reduction in deferred tax liabilities by $6.1 million.

### Dividend

No final dividend has been declared by the Directors for FY23.

## Material business risks

Webjet is exposed to a range of economic, business, and social sustainability risks and seeks to mitigate any material exposures to its operations through a range of measures aligned with its risk management framework.

Key economic, business and social sustainability risks include:

### Economic risks

- Pandemics and health crises
- Economic conditions
- Changes within specific markets in which we operate
- Changes in consumer preferences
- Increased competition
- Financial risks
- Impact of war, terrorism, and other external events
- Changes to Government policies and regulations
- Technological disruption
- Technology/IT system failure

### Business and social sustainability risks

- Data security
- Retention of key personnel
- Reputation risks
- Supplier relationships
- Customer loyalty
- Intellectual property
- Strategy/M&A

The Company's approach to risk management is based on established governance processes and relies on both individual responsibility and collective oversight, supported by various tools to facilitate comprehensive reporting. This approach balances strong corporate oversight at corporate level allowing proactive participation by the senior management team in all significant risk matters, with independent risk management structures within individual business units.

The Risk Committee meets regularly, including with members of the senior management team, to review the material risks faced by the Webjet Group and the business practices and processes in place to minimise these risks or their impact (if a material adverse event or issue should occur). Every effort is made to identify and manage material risks, however, additional risks not currently known or listed above may also adversely affect future performance. Commentary as to how the Company manages material economic risks impacting the business is set out below:

## Economic risks

Webjet understands that travel, like all businesses, is subject to key economic risks such as GDP growth, global conflicts, recession, consumer confidence, interest rate and currency movements. Notwithstanding these risks, the Company considers that the online travel industry is experiencing a positive, long term secular growth trend resulting from an ageing population, the product and price discovery available via the Internet, and the relatively low real pricing of travel products in today's environment. Webjet offers its customers a suite of global destinations and related products, which enables it to respond to changes in demand based on changing economic conditions. Further, diversification in its B2B and B2C businesses provides a hedge against economic, climatic, and related risks. The WebBeds business operates in numerous markets around the world, some of which are facing political and economic instability which could impact demand for the Company's products or people's willingness to travel in those markets. Webjet continues to diversify and grow its global source and distribution markets to minimise reliance on any singular market or product range.

Further details as to how the Company seeks to manage the material environmental, social and governance risks impacting its business are set out in the Company's Sustainability Report which is available on our investor website (www.webjetlimited.com/corporate-governance/)

# Directors' Report.

### Likely developments and expected results of operations

Other than as discussed elsewhere in this report, the Group will continue to focus on organically growing the B2C businesses while the B2B business strategy will be a combination of organic and inorganic growth.

### Environmental regulation

The Consolidated Entity is not affected by any significant environmental regulation in respect of its operations.

### Indemnification and insurance of officers

Under the Company's Constitution, the Company indemnifies, to the extent permitted by and subject to the *Corporations Act 2001* (Cth), each person who is or has been an officer of the Company or a subsidiary of the Company against liability incurred by that person as an officer of the Company or subsidiary (as the case may be), including any costs, expenses, and reasonable legal fees.

A Deed of Access, Insurance and Indemnity is in place for directors, secretaries and KMP, under which the Company has agreed to provide indemnification to the extent permitted by law. No director or officer has received a benefit under an indemnity from the Company during or since the financial year.

During the financial year, the Company paid a premium to insure the directors and officers of the Company and its controlled entities. The contract of insurance prohibits disclosure of the insured sum, the amount of premium and the nature of the liabilities insured.

### Indemnity of officers and auditors

To the extent permitted by law, the Company has agreed to indemnify its auditor, Deloitte Touche Tohmatsu, as part of the terms of its audit engagement agreement against certain claims by third parties arising from the audit. No payment has been made to indemnify Deloitte Touche Tohmatsu during or since the financial year.

### Non-audit fees

Non-audit services that were provided during the current or prior year by the auditor are set out in note 1.5 of the Financial Report.

The Directors have considered the position and, in accordance with advice received from the Audit Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 1.5 of the Financial Report, did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermines the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 31.

### Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts in the Directors' Report and Financial Report have been rounded off to the nearest one hundred thousand dollars in accordance with that Legislative Instrument.

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

On behalf of the Directors

**Roger Sharp**
Chair
Melbourne, 24 May 2023

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

24 May 2023

The Board of Directors
Webjet Limited
Level 2
509 St Kilda Road
Melbourne VIC 3004

Dear Board Members

**Auditor's Independence Declaration to Webjet Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Webjet Limited.

As lead audit partner for the audit of the financial statements of Webjet Limited for the year ended 31 March 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

# Remuneration Report.

**Dear Shareholders,**

On behalf of the Board of Directors, I present Webjet's Remuneration Report for the financial year ended 31 March 2023.

As is evident from the Group's financial results, FY23 signifies the resumption of travel after almost three years of disruption caused by the COVID-19 pandemic and reflects strong performance across both segments of the business. As most countries have lifted the unprecedented travel restrictions that were implemented to control the COVID-19 pandemic, there has been a rapid rebound in demand as both leisure and corporate customers seek to make up for lost travel time. In this improving environment, our team has once again been working tirelessly to assist customers in fulfilling their desire to travel while also helping them navigate the additional complexities of traveling in the post-COVID world.

Our key financial and non-financial highlights for FY23 were:

- For the 12 months to 31 March 2023, TTV was $4,346 million, an increase of 165% from FY22 and Revenue was $364.4 million, up 168%.
- Underlying operations reported EBITDA of $134.8 million, compared to an EBITDA loss of $15 million for the same period last year with WebBeds materially exceeding pre-pandemic earnings.
- Increase in share price by 25% and a market capitalisation of approximately $2.7 billion.
- Cash balance of $514 million whilst in the year repaying $86 million in debt and returning to normal covenant testing 6 months earlier than the agreed waiver period.
- The Group also completed its initial carbon emissions audit and is now a certified 'net carbon zero' organisation.
- Webjet OTA's Sustainable Traveller Program has been expanded to include carbon offsetting for accommodation bookings.

### FY23 remuneration outcomes

In the context of Webjet's executive remuneration, while the aggregate total remuneration paid to its executive team has increased in FY23, more importantly for shareholders, the growth in the Group's total transaction value (TTV), revenues, EBITDA and NPAT (which are the key parameters driving shareholder returns) have materially outstripped the growth in executive remuneration.

A summary of the key remuneration outcomes for Webjet's executive team for FY23 are as follows:

- Following a comprehensive review and given the need to retain key executive talent in a highly competitive global travel market, the CFO and COO received fixed remuneration increases of approximately 9% in FY23.
- Reflective of the Group's strong financial and non-financial performance in FY23, the Executive KMP team achieved between 96%-100% of their maximum short-term incentive (STI) opportunity, following three consecutive years of no STI awards to executives.
- With TSR growth of 25%, one-third of the Managing Director's long-term incentive (LTI) options granted in FY21, vested in FY23.

The structure of the FY23 LTI grants of performance rights for the CFO and COO is set out in section 4 of the report. The vesting of this award is dependent on TSR performance compared against the ASX 200 listed entities (excluding banks, resource companies, listed property trusts, ETF/index-based companies).

### Looking ahead

During FY23, the Board conducted a thorough remuneration framework review to ensure that remuneration remain aligned to our strategy and markets in which we compete for talent, as well as consideration of external factors and the views expressed by shareholders and proxy advisors. This included a review of the remuneration arrangements of our long-serving Managing Director, John Guscic, whose fixed-term contract was due to end on 30 June 2023.

On 10 May 2023, the Board was pleased to announce Mr Guscic's new service agreement with the following key terms:

- Ongoing agreement with no fixed term, effective 10 May 2023;
- Fixed annual remuneration of $1.6 million;
- Annual maximum STI opportunity of 100% of fixed remuneration, subject to the achievement of both financial (80%) and non-financial targets (20%); and
- Annual maximum LTI opportunity of 200% of fixed remuneration, subject to challenging performance conditions assessed over a 3-year performance period.

With assistance from independent remuneration advisors, the Board approved the Managing Director's new agreement after a comprehensive review of multiple factors including:

- Recognition of Mr Guscic's strong performance in leading the growth of our business since 2011 (including a successful turnaround since the height of COVID-19 in 2020);
- Benchmarking against similarly sized industry peers;
- The need to retain executive talent of Mr Guscic's calibre and ensure stability of the executive team to continue successful execution of the business strategy; and
- Ensuring a strong focus on at-risk remuneration and long-term shareholder alignment, with LTI comprising the highest weighting in the reward mix.

Full details of the Managing Director's remuneration arrangements will be disclosed in the Notice of 2023 AGM and FY24 Remuneration Report.

# Remuneration Report.

## Non-executive Director (NED) remuneration

During FY23, the Board was pleased to welcome Katrina Barry as a new independent NED, effective 17 October 2022. We intend seeking shareholder support for an increase in the cap because we added a new board member and adjusted fees to market for the first time in six years.

To ensure that Webjet remains competitive to attract and retain suitably qualified NEDs to oversee the Group's ongoing growth and success, base fees and committee fees for the Chair and NEDs increased from 1 April 2023 (refer to section 6 for detail). This represents the first change to Chair and NED fees for the Board since FY17. As such, we will be seeking shareholder approval to increase the NED fee pool cap at the 2023 AGM, to accommodate for the appointment of Ms Barry and the increased fees.

Moving forward, we continue to focus on remuneration policies that encourage and reward executives for superior performance, whilst reinforcing the desired standards and culture across the Company. We will always seek to firmly align management with the interests and expectations of shareholders and other stakeholders.

We thank you for your continued support and feedback on our remuneration practices, and we look forward to engaging with you in the future.

Yours sincerely

**Brad Holman**
Chair, Remuneration and
Nomination Committee

## Contents

## 1. Introduction

We are pleased to present the Remuneration Report for the period ending 31 March 2023.

This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (Act) and the applicable *Corporations Regulations*. The Report outlines the Company's overall remuneration strategy for the period 1 April 2022 to 31 March 2023 and provides detailed information on the remuneration arrangements for Key Management Personnel ("KMP"), being those people who have the authority and responsibility for planning, directing, and controlling the Company's activities, either directly or indirectly, including any Director.

For the purposes of this Remuneration Report, the terms "Company" and "Webjet" refer to Webjet Limited and "Group" refers to Webjet Limited and its controlled entities.

## 2. KMP for 2023

The tables below show all the KMP covered by the FY23 Remuneration Report:

| Non-executive Directors | | Term |
|---|---|---|
| Roger Sharp | Chair<br>Risk Committee – Member | Full term |
| Don Clarke | Deputy Chair<br>Risk Committee – Chair<br>Remuneration and Nomination Committee – Member | Full term |
| Brad Holman | Lead Independent Director<br>Remuneration and Nomination Committee – Chair<br>Audit Committee – Member | Full term |
| Shelley Roberts | Audit Committee – Member<br>Remuneration and Nomination Committee – Member | Full term |
| Denise McComish | Audit Committee – Chair<br>Risk Committee – Member | Full term |
| Katrina Barry | Remuneration and Nomination Committee – Member | Part term<br>Appointed on 17 October 2022 |

| Executive Director | | Term |
|---|---|---|
| John Guscic | Managing Director | Full term |

| Executives | | Term |
|---|---|---|
| Shelley Beasley | Global Chief Operating Officer and<br>Chief Executive Officer – B2C Division | Full term |
| Tony Ristevski | Chief Financial Officer and Company Secretary | Full term |

# Remuneration Report.

## 3. Executive KMP remuneration philosophy and principles

### a. Philosophy

Remuneration has a key role to play in driving the culture at Webjet, supporting the implementation and achievement of Webjet's strategy for the growth of its business and aligning the interests of our employees with those of our shareholders.

The Executive KMP remuneration is designed to attract, retain, and motivate our experienced management team in achieving the Group's business objectives. Remuneration also needs to promote the Company's desired culture and business ethics, as well as aligning the activities of management with the interests of Webjet's shareholders.

The remuneration framework aims to encourage management to strive for superior performance by rewarding the achievement of targets that are challenging, clearly understood and yet within the control of individuals to achieve through their own efforts.

The remuneration mix is designed to reward the achievement of both short-term objectives and the creation of long-term sustainable value. It is the Committee's belief that a focus on longer-term business growth and success is more likely to create value for shareholders than the promotion and reward of short-term results. A considerable proportion of Executive KMP remuneration is 'at risk,' which drives performance and provides an alignment with the interests of shareholders.

### b. Principles

The following summarises the key principles which underpin the structure and quantum of Executive KMP remuneration arrangements across the Group. FY23 remuneration principles are largely unchanged from the previous year.


### c. Share ownership

Although the Company does not have a prescribed minimum shareholding requirement for Executive KMP, all Executive KMP are encouraged to have a meaningful shareholding in Webjet to ensure alignment with shareholders and encourage an 'ownership' mindset (noting that the Managing Director holds a significant number of shares in Webjet). This is supported by awards under our LTI plan being granted entirely in equity.

## 4. FY23 Executive KMP Remuneration Snapshot

### a. Remuneration component

**How was remuneration structured for FY23?**

**Webjet's FY23 remuneration structure was designed with four distinct purposes in mind**

| 1. | 2. | 3. | 4. |
|---|---|---|---|
| It must support the implementation and achievement of the Company's overall strategy. | The remuneration structure must attract, motivate, and retain the talent required to drive the long-term success of the Company's business. | Remuneration must be reasonable and align the interests of management and shareholders. | The remuneration structure must promote the desired behaviours, culture, and ethics across the Company, particularly in the context of excellence and customer service. |

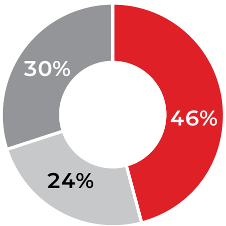
| Remuneration Component | Fixed Annual Remuneration (FAR) | Short Term Incentive (STI) | Long Term Incentive (LTI) |
|---|---|---|---|
| **Objective** | Attract and retain the best talent | Reward current year performance | Reward tied to achievement of longer-term strategic goals and out-performance |
| **Purpose** | Base salary is broadly aligned with:<br>• The salaries for comparable roles in both Australian and global companies of similar global complexity, size, reach and industry; and<br>• Each Executive KMP's responsibilities, location, skills, performance, qualifications, and experience. | The purpose of STI is to focus the efforts of the Executive KMP on those performance measures and outcomes that reflect the Group's strategy, and which deliver performance at, or above, stretch performance objectives in the relevant financial year. | The purpose of the LTI is to focus the efforts of the Executive KMP on the achievement of sustainable long-term value creation for the Group and the shareholders. |
| **Vehicle** | Cash | Cash | Options for MD only, Performance Rights for the CFO and COO |
| **Opportunity** (as a % of the total remuneration package, at maximum) | • MD: 42%<br>• COO & CEO – B2C: 44%<br>• CFO & CoSec: 44% | • MD: 30%<br>• COO & CEO – B2C: 31%<br>• CFO & CoSec: 31% | • MD: 28%<br>• COO & CEO – B2C: 25%<br>• CFO & CoSec: 25% |

# Remuneration Report.

## b. Remuneration Mix in FY23

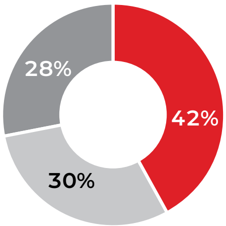
### Managing Director remuneration opportunities

at Target




FAR STI LTI

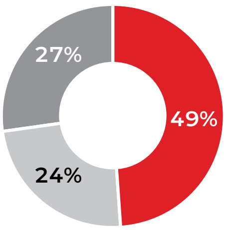
at Maximum




FAR STI LTI

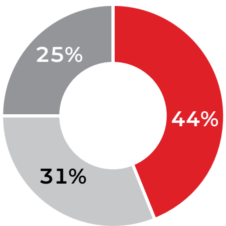
### COO and CFO remuneration opportunities

at Target




FAR STI LTI

at Maximum




FAR STI LTI

## c. Summary of FY23 outcomes

The remuneration details provided in this section reflect the arrangements that were agreed at the beginning of the period.

The Company's FY23 STI program extends beyond the annual bonus scheme and measures performance against annual objectives that focus on delivering short-term strategic outcomes. These STIs can be classified into two types:

- Target STI, which is the STI opportunity for meeting a challenging but achievable level of performance, and
- Stretch STI, which is designed to create an upside opportunity for executive KMP, awarded for outstanding performance and exceeding KPI targets.

STI outcomes are determined by quantifiable achievements against annual KPIs or targets which includes a mix of financial and non-financial targets.

The LTI awards in FY23 (granted to the CFO and COO), were granted to retain key talent and to drive improvements in TSR performance. The details of the Managing Director Option grant were included in the 2020 AGM and stipulate that this is the only LTI that will be provided to the Managing Director over the 3-year period following the grant. The 3-year term aligns with the fixed term of the Managing Director's updated employment contract.

The LTI awards have been successful in achieving retention as, to date, all of Webjet's KMP have remained in the Company's employment.

## d. Executive KMP remuneration components

The Board reviews Executive KMP remuneration annually with reference to appropriate and comparable benchmarking data and specific advice as appropriate. Benchmarking groups are comprised of relevant market and industry peers considering size, geographical spread, and operational complexity. In conjunction with benchmarking data, annual KMP remuneration reviews consider several factors, including:

- The criticality of the role to successful execution of the business strategy;
- The individuals' skills and calibre;
- Role tenure;
- Scarcity of talent in the market;
- Market and investor sentiment; and
- The Company's growth trajectory.

During FY22, the Board reviewed the fixed remuneration levels of the CFO and COO for FY23. As a result of this review, it determined that increasing the fixed remuneration for the CFO and COO was necessary to retain and fairly reward them for the value and contribution they bring to the organisation. An approximate 9% increase was approved for FY23, resulting in fixed remuneration of $600,000 and $650,000 for the CFO and COO, respectively.

During FY23, the Board conducted a comprehensive remuneration framework review of fixed remuneration and incentive arrangements for all Executive KMP, with assistance from independent remuneration advisors. In particular, the review was intended to assess the forward-looking remuneration arrangements for our long-serving Managing Director, John Guscic, in light of his fixed-term contract ending on 30 June 2023.

The review was informed, but not led, by benchmarking data of ASX-listed companies in two peer groups:

- A market capitalisation peer group, comprised of 20 companies with a similar market capitalisation to Webjet within the Industrial and Services sector, including companies of similar operations where possible.
- A bespoke industry peer group, comprised of 8 companies operating in the online services sector that face similar operational and market competition challenges to Webjet.

Subsequent to the review, the Board announced Mr Guscic's new ongoing service agreement on 10 May 2023, with the following key terms:

- Fixed annual remuneration of $1.6 million, which remains unchanged from his previous agreement;
- Annual maximum STI opportunity of 100% of fixed remuneration, subject to the achievement of both financial (EBIT performance) and non-financial targets – with the weighting on financial measures increasing to 80% from the current 70%; and
- Annual maximum LTI opportunity of 200% of fixed remuneration, subject to challenging performance conditions assessed over a 3-year performance period from the grant date.

The increase in Mr Guscic's total remuneration package compared to his prior agreement reflects several factors, including but not limited to:

- His long tenure and successful track record in leading Webjet's strong performance (both domestically and internationally) and delivering positive shareholder returns over the past 12 years;
- The material growth in the Company's market capitalisation, share price (even after the capital raising in 2020), TTV, revenues, EBITDA and NPAT since his appointment as Managing Director, as well as compared to the first year of his previous service agreement (FY21);
- The dramatically increased geographical dispersion of our businesses; and
- The criticality of retaining Mr Guscic and his executive team to continue executing the next phase of Webjet's growth, particularly in an industry sector with strong demand for senior executives with a proven track record of building globally profitable businesses.

To ensure alignment with long-term shareholder outcomes and reward strong outperformance, the increases to Mr Guscic's package have been made to his at-risk components only, with a heavy emphasis on LTI in the reward mix. Full details of the FY24 LTI plan will be disclosed in the Notice of 2023 AGM and FY24 Remuneration Report.

# Remuneration Report.

## d. Executive KMP remuneration components (continued)

| Fixed Annual Remuneration (FAR) | |
|---|---|
| **Description** | Fixed remuneration comprises of base salary plus any other fixed elements such as superannuation, allowances, and benefits.<br>During FY23, the fixed remuneration for the Managing Director (MD) was $1,600,000 per annum. The MD's FAR is inclusive of all director's fees in respect of any directorship held by Mr Guscic in the Webjet Group and all superannuation entitlements.<br>The CFO and COO were awarded an approximate 9% increase to FAR for FY23, producing a fixed remuneration of $600,000 and $650,000 respectively. |

| Short-term Incentive (STI) | |
|---|---|
| **Description** | Executive KMP participate in the annual STI plan, which puts a proportion of remuneration 'at risk'. The STI creates a focus on, and rewards, the Executive KMP for the achievement of performance in the relevant financial year or above stretch financial objectives and other non-financial measures that reflect the Group's objectives and strategy.<br>The STI awards to the CFO and COO were up to a maximum value of 70% of FAR, with on-target performance resulting in 50% of FAR. For the MD, the STI was up to a maximum of 72% of FAR, and 52% of FAR for on-target performance. |
| **Performance measures** | It will generally be the case that specific financial benchmarks will constitute over 50% weighting when setting the STI measures applicable to each of the Executive KMPs.<br>For FY23, the STI measures and weightings were as follows: |

| Measure | Weighting (as a % of total award) MD | CFO & CFO | Rationale for measure |
|---|---|---|---|
| Underlying EBIT | 70% | 50% | The use of Underlying EBIT (which is set by way of an annual target number) in the STI is appropriate for Webjet because it provides annual goals for executives having regard to the conditions in the market as they present themselves from year to year. |
| Individual non-financial KPIs | 30% | 50% | Non-financial KPIs are unique to each Executive KMP. This year they were cost reduction, new business development, cash conversion, ERP implementation and ESG. Non-financial measures are set to drive the right corporate, cultural and ethical behaviours and reward delivery of the Group's strategy. |

## d. Executive KMP remuneration components (continued)

### Short-term Incentive (STI)

**Vesting schedule**

Vesting schedule for the financial component of the STI is:

| Performance Level | % of Audited Underlying EBIT | MD Vesting (as % of maximum) | % of Audited Underlying EBIT | CFO & COO Vesting (as % of maximum) |
|---|---|---|---|---|
| Below Threshold | <90% | Nil | <95% | Nil |
| Threshold | 90% | 50% | 95% | 42% |
| Between Threshold and Target | 90%-100% | Pro-rata | 95%-100% | Pro-rata |
| Target | 100% | 60% | 100% | 56% |
| Between Target and Stretch | 100%-120% | Pro-rata | 100%-120% | Pro-rata |
| Stretch | >120% | 100% | >120% | 100% |

The EBIT target requires achievement of a 100% of budgeted EBIT with a stretch target being 120% of the respective budgeted EBIT for the Executive KMPs to earn the maximum STI. The EBIT target drives and rewards the right behaviours while aligning with shareholder's interests.

**Cessation of employment**

If employment ceases by reason of death, total and permanent disablement, retirement or redundancy the Board may, in its discretion, allow for a part or all of the STI to be paid, generally based on the period of employment in that year, refer to Table 6 for further details.

If employment ceases due to resignation, termination for cause or gross misconduct before the performance is assessed, the Executive KMP relinquishes any STI payments which may have otherwise been available.

**Clawback**

If, in the opinion of the Board, an STI award vests or may vest as a result of certain activities such as fraud, dishonesty or gross misconduct by the participant, or breach of duties or obligations by the participant, the Board may determine that the participant's awards must be repaid.

The Board intends to generally review the clawback provisions over the coming year to ensure that they are and remain consistent with good corporate practice.

**Changes for FY24**

The Remuneration Committee intends to generally review the provisions of its STI arrangements over the coming year to ensure that they are and remain consistent with good corporate practice.

# Remuneration Report.

## d. Executive KMP remuneration components (continued)

| Managing Director's Long-term Incentive (LTI) – FY21 Options | |
|---|---|
| **Description** | Under the existing contract which is applicable on the current financial year (FY23), Shareholder approval was sought on 22 October 2020 for the grant of 4,500,000 long-term incentive options to the MD. The Options align with the 3-year term of his contract and were calculated as having a value of 66% (annualised) of the MD's FAR for each of the 3 years. No other LTI is intended to be granted to the MD in that 3-year period. The MD needs to fund the exercise price of any Options and hold the Shares for a further 12-month period following Vesting.<br>The below details relate to the FY23 period. |
| **Exercise Price** | $3.08 (which was the VWAP of the Company's shares traded on ASX in the 30 days up to the date of release of the Company's 2020 financial report on 19 August 2020.<br>The Options expire 3 years after vesting. |
| **Vesting Conditions** | The MD must remain a Webjet employee over the vesting period.<br>Subject to satisfaction of the vesting conditions below, the Options granted to the MD will vest in three equal tranches of 1,500,000 options each as detailed below:<br>• Tranche 1 – 1,500,000 Options vest on 19 August 2021 if the VWAP of the Company's shares traded on ASX in the 30-day period prior to 19 August 2021 is greater than or equal to $3.39 per share.<br>• Tranche 2 – 1,500,000 Options vest on 19 August 2022, if the VWAP of the Company's shares traded on ASX in the 30-day period prior to 19 August 2022 is greater than or equal to $3.73 per share: and<br>• Tranche 3 – 1,500,000 Options will vest on 19 August 2023, if the VWAP of the Company's shares traded on ASX in the 30-day period prior to 18 August 2023 is greater than or equal to $4.10 per share. |
| **Board Discretion** | The Company reserves the right to adjust the outcome where appropriate for acquisitions and/or disposals or other events/circumstances which may unreasonably skew the outcome. |
| **Cessation of employment** | If the MD ceases to be employed by the Company prior to the Options vesting by reason of death, total and permanent disablement, retirement, or redundancy the Board may, in its discretion:<br>• waive the vesting conditions and determine that some or all of the Options have vested; or<br>• allow the MD to continue to hold some of his unvested Options subject to the same vesting conditions (except for continuity of service).<br>Otherwise, if the MD ceases to be employed by the Company for any other reason before the Options have vested, the Options will lapse. |
| **Clawback** | If, in the opinion of the Board, Options vest or may vest because of certain activities such as fraud, dishonesty or gross misconduct, or breach of duties or obligations, the Board may determine that the Options (or resulting shares) held by the MD will lapse or be forfeited, and/or that the MD must pay or repay as a debt the proceeds from the sale of shares allocated under the plan.<br>This also applies to manifest error, where the MD acts in a manner that adversely impacts the reputation and/or standing of Webjet, breaches his employment agreement or an event occurs which would otherwise entitle Webjet to immediately terminate the MD's employment. |
| **Change of control** | Subject to the Board's overriding discretion, unvested Options granted to the MD will, subject to the vesting conditions remaining capable of being satisfied at that time, vest in full on the occurrence of a change of control event (e.g., a takeover or scheme of arrangement) in respect of the shares of Webjet. |

## d. Executive KMP remuneration components (continued)

| **Executive KMP Long-term Incentive (LTI) – FY23 Grant** | |
|---|---|
| **Description** | The CFO and COO qualified in FY23 for grants under the Company's LTI Plan which were designed to provide a long-term element to each participant's overall remuneration package.<br>In FY23, the CFO and COO were granted performance rights (i.e., zero exercise priced options) (Rights). The number of Rights granted was determined by dividing 55% of the Executive KMP's FAR by $5.75, being the 30-day VWAP share price up to the day of the release of the FY22 results.<br>This award aligns the executive management team with the long-term sustainable growth of the Company and with the creation of shareholder value. |
| **Performance period** | 3 years (1 April 2022 to 31 March 2025) |
| **Vesting Conditions** | Recipients must remain Webjet employees over the measurement period. The vesting hurdle is based on the TSR of the Company compared to that of the ASX 200 listed entities (excluding banks, resource companies, listed property trusts, ETF/index-based companies) (Comparator Group). TSR has been used in FY23 as the most appropriate KPI given FY23 is still a recovery year and aligns with shareholder interests. The scaled vesting at the end of the three-year measurement period is s as follows:<br>Below 40th percentile — No Rights vest<br>At the 40th percentile — 25% of the Rights vest<br>Between 40th and 75th percentiles — 25% of rights vest plus 2.14% of the Rights for each 1% above the 40th percentile<br>At or above the 75th percentile — 100% of Rights vest |
| **Board discretion, cessation of employment, change of control and clawback** | The same provisions apply to the Rights awarded to the CFO and COO as those that have been outlined above in respect of the LTI Options granted to the MD. |

# Remuneration Report.

## e. Other LTI Grants and Retention Rights

| Executive KMP Long Term Incentive (LTI) – FY22 Grant | |
|---|---|
| **Description** | The CFO and COO qualified in FY22 for grants under the Company's LTI Plan which were designed to provide a long-term element to each participant's overall remuneration package.<br><br>In FY22, the CFO and COO were granted performance rights (i.e., zero exercise priced options) (Rights). The number of Rights granted was determined by dividing 55% of the Executive KMP's FAR by $5.05, being the VWAP of the Company's shares traded on ASX in the 30 trading days prior to the release of the Company's FY21 Results.<br><br>This award aligns the executive management team with the long-term sustainable growth of the Company and with the creation of shareholder value. |
| **Performance period** | 3 years (1 April 2021 to 31 March 2024) |
| **Vesting Conditions** | Vesting Condition – Recipients must remain Webjet employees over the measurement period. The vesting hurdle is based on the TSR of the Company compared to that of the ASX 200 listed entities (excluding banks, resource companies, listed property trusts, ETF/index-based companies) (Comparator Group).<br><br>The scaled vesting for each year is as follows:<br><br>Below 50th percentile: No Rights vest<br>At the 50th percentile: 25% of the Rights vest<br>Between 50th and 75th percentiles: 25% of rights vest plus 3% of the Rights for each 1% above the 50th percentile<br>At or above the 75th percentile: 100% of Rights vest. |
| **Board discretion, cessation of employment, change of control and clawback** | The same provisions apply to the Rights awarded to the CFO and COO as those that have been outlined above in respect of the LTI Options granted to the MD. |

| Executive KMP Retention Rights (Rights) | |
|---|---|
| **Description** | In FY21, the Board granted Rights to the CFO and COO with an attaching service condition to act as a retention mechanism for those executives. The Board resolved to grant the Rights due to the uncertainty brought by the COVID-19 pandemic and in recognition of forgone FAR, cancelled LTI incentives, as well as no STI awards in FY20 and FY21.<br><br>The MD was not eligible to receive these Rights.<br><br>No new or further grants of retention Rights were made in FY22 and FY23. |
| **Valuation** | The Rights were allocated using a 30-day VWAP of the Company's shares traded on the ASX up to the date of release of the Company's FY20 financial report on 19 August 2020, being $3.08 per Right.<br><br>The grant was calculated as having a value of 118% and 100% FAR for the Global Chief Operating Officer and Chief Financial Officer & Company Secretary respectively. |
| **Vesting Conditions** | Vesting Condition – Recipients must remain Webjet employees over the measurement period.<br><br>The Rights vest in three equal tranches on an annual basis, 1/3 of the award vesting after each of Years 1, 2 & 3. The Shares received by the KMP on conversion of the Rights to Shares are subject to a further escrow period of 12 months after vesting. |
| **Board discretion, cessation of employment, change of control and clawback** | The same provisions apply to the Retention Rights awarded to the CFO and COO as those that have been outlined above in respect of the LTI Options granted to the MD. |

## 5. Outcomes in FY23

### a. Company performance

The following table provides details of important performance metrics for the Company – TTV (which drives revenue), EBITDA (which captures operational earnings), asset growth and Total Shareholder Return (TSR) (which reflects how shareholders have fared) over the previous 5 financial years. These metrics (particularly EBITDA performance and relative TSR performance) are also linked to the incentive components of KMP remuneration, as the Company understands the importance of aligning the interests of the Executive KMPs with the interests of the shareholders.

During FY23, management has continued to take measures to ensure there have been cost savings to preserve shareholder value in an environment which has significantly affected the travel and tourism industry.

Table 1: Company Performance FY19 – FY23
The performance in FY23 and FY21 was impacted by COVID-19 pandemic.

| | FY23 | FY22 | FY21 (9 months) | FY20 | FY19 |
|---|---|---|---|---|---|
| Financial Metrics ($m) | | | | | |
| Total Transaction Value | 4,345.5 | 1,637.5 | 453.1 | 3,021.0 | 3,831.0 |
| EBITDA | 134.8 | (15.1) | (56.2) | 27.7 | 125.8 |
| NPAT | 14.5 | (81.6) | (156.6) | (143.5) | 60.3 |
| Assets | 1,588 | 1,406 | 1,180 | 1,216.0 | 1,522.0 |
| Market capitalisation | 2,705 | 2,158 | 1,892 | 1,125.0 | 1,847.0 |
| Share price ($) – Unadjusted | 7.02 | 5.60 | 5.58 | 3.32 | 13.62 |
| Share price ($) – Adjusted(1) | 7.02 | 5.60 | 5.58 | 3.38 | 9.87 |
| Basic Earnings per Share (cents) | 3.8 | (21.5) | (46.2) | (82.1) | 47.0 |
| Dividend per Share (cents) – Interim | n.m | n.m | n.m | 9.00 | 8.50 |
| Dividend per Share (cents) – Final | n.m | n.m | n.m | 0 | 14.00 |
| TSR (%) | 25% | 0% | 68% | n.m | 3% |
| Directors' Remuneration ($m) | 0.80 | 0.75 | 0.49 | 0.69 | 0.79 |
| Executive KMP Remuneration ($m) | 6.79 | 6.26 | 3.94 | 3.87 | 4.63 |

(1) Historical share price information has been adjusted based on ASX Rules following the capital raising in April 2020.

## b. Remuneration outcomes

The STI award is designed to reward Executive KMP for the achievement of annual performance objectives during the financial year. STI outcomes are determined with reference to financial and non-financial measures, which are set by the Board at the beginning of the financial year. The MD's maximum STI opportunity for FY23 was 72%, and the CFO and COO had a maximum STI opportunity of up to 70%.

The FY23 STI performance measures, weightings and scorecard outcome for the MD are detailed below:

| | | | | FY23 Performance | | | |
|---|---|---|---|---|---|---|---|
| Category | Measure | Description | Weighting | Threshold | Target | Stretch | Weighted Outcome |
| Financial | Underlying EBIT | The audited underlying EBIT compared to the budget underlying EBIT | 70% | | | | 70.0% |
| Non-financial | ESG | a) Increased employee engagement and promotion of women in the workforce<br>b) Audit completed for measuring carbon emissions, energy waste and water initiatives implemented, sustainable traveller program continued<br>c) Improved modern slavery risk identification, no reportable data privacy or data security breaches, ISO 27001 certification achieved | 7.5% | | | | 7.5% |
| | Cash Conversion | Cash conversion indicating underlying EBITDA conversion into Cash | 7.5% | | | | 7.5% |
| | New Business Development | Integration of newly acquired business into Webjet and business development pursuits | 7.5% | | | | 3.8% |
| | Cost Reduction | Cost reduction initiatives that drive material operating efficiencies | 7.5% | | | | 7.5% |
| | **MD FY23 Scorecard Outcome** | | | | | | **96.3%** |

The following table outlines the STI earned with respect to performance during FY23 for all Executive KMP:

| Executive | Maximum STI opportunity $'000 | Maximum STI opportunity as a % of FAR % | % of Maximum STI awarded % | Value STI awarded $'000 | % of Maximum STI forfeited % |
|---|---|---|---|---|---|
| John Guscic | 1,150 | 72% | 96% | 1,106 | 4% |
| Shelley Beasley | 455 | 70% | 96% | 435 | 4% |
| Tony Ristevski | 420 | 70% | 100% | 420 | 0% |

One-third of the Managing Director's Long-Term Incentive Options granted in FY21 vested in FY23, refer section 4.d. above. Similarly, one third of the Executive KMP retention rights granted in FY21 also vested in FY23, aligned with the structure set out in section 4.d. above. The following table summarises the LTI outcomes for Executive KMP during FY23:

| Executive | Grant | Performance Hurdle | Performance outcome | % Awards vesting | % Awards lapsed |
|---|---|---|---|---|---|
| John Guscic | FY21 Options (tranche 2) | The VWAP of the Company's shares in the 30-day period prior to 19 August 2022 is greater than or equal to $3.73 per share | Achieved | 100% | 0% |
| Shelley Beasley | FY21 Retention Rights (tranche 2) | Service | Achieved | 100% | 0% |
| Tony Ristevski | FY21 Retention Rights (tranche 2) | Service | Achieved | 100% | 0% |

## c. Statutory Remuneration for FY23

The table has been prepared in accordance with relevant accounting standards. Where applicable, remuneration for Executive KMP has been pro-rated for the period they served as a member of the KMP.

Table 2: Statutory Executive KMP remuneration – FY23 and FY22

| Executive KMP | Year | Salary and fees $ | Short Term Incentives $ | Share-based payments[1] $ | Post-employment benefits $ | Other[2] $ | Total $ |
|---|---|---|---|---|---|---|---|
| John Guscic | **2023** | **1,600,000** | **1,106,250** | **1,107,061** | **–** | **18,458** | **3,831,769** |
| | 2022 | 1,600,000 | – | 2,489,967 | – | (149,719) | 3,940,248 |
| Shelley Beasley | **2023** | **631,068** | **434,688** | **436,228** | **18,932** | **3,344** | **1,524,260** |
| | 2022 | 570,368 | – | 607,022 | 17,112 | 25,092 | 1,219,594 |
| Tony Ristevski | **2023** | **572,500** | **420,000** | **395,171** | **27,500** | **15,316** | **1,430,487** |
| | 2022 | 510,625 | – | 519,249 | 26,875 | 29,597 | 1,086,346 |
| Total | **2023** | **2,803,568** | **1,960,938** | **1,938,460** | **46,432** | **37,117** | **6,786,515** |
| | 2022 | 2,680,993 | – | 3,616,238 | 43,987 | (95,030) | 6,246,188 |

(1) SBP awards made to KMPs are accounted for under AASB2 which requires the recognition of accounting expense.
(2) Includes annual leave and long service leave expenses.

# 6. FY24 Executive KMP remuneration

During FY23, the Board engaged independent remuneration advisors to conduct a thorough remuneration framework review to ensure that remuneration remain aligned to our strategy and markets in which we compete for talent, as well as consideration of external factors and the views expressed by shareholders and proxy advisors. This included a review of the remuneration arrangements of our long-serving Managing Director, John Guscic, whose fixed-term contract was due to end on 30 June 2023.

The Board was pleased to announce the service agreement of Mr. John Guscic, the Managing Director on 10 May 2023. This agreement will be ongoing with no fixed term. A summary of key terms of Managing Director's new service agreement is as follows:

| | |
|---|---|
| **Fixed Annual Remuneration (FAR)** | The fixed remuneration for the Managing Director (MD) will remain the same as FY23 ($1,600,000 per annum). The MD's FAR is inclusive of all director's fees in respect of any directorship held by Mr Guscic in the Webjet Group and all superannuation entitlements. |
| **Short Term Incentive (STI)** | Under the new service agreement with the Managing Director for FY24, the maximum STI opportunity is 100% of the Fixed Remuneration, which remains linked to the achievement of both financial and non-financial targets. 80% of the award may be earned by Mr Guscic based on the Company's EBIT performance against its EBIT budget in the relevant financial year. 20% of the award is available to Mr Guscic subject to the Company's performance against an agreed set of non-financial measures. See section 5 for a summary of the MD's STI award outcomes for FY23. |
| **Long-Term Incentive (LTI)** | Under the new service contract effective from 10 May 2023, the annual maximum opportunity offered to the MD is 200% of FAR, to be granted as either options or performance rights.<br><br>LTI awards for each financial year will be determined by the Board and subject to shareholder approval at the Company's Annual General Meeting in the year that the award of equity securities is made.<br><br>Each LTI award be subject to performance conditions assessed over a 3-year performance period from the date of award. Full details of the FY24 LTI plan will be disclosed in the Notice of 2023 AGM and FY24 Remuneration Report. |
| **Cessation of employment** | Webjet may terminate MD's employment at any time on 12 months' notice. Webjet may require Mr Guscic to serve out the notice period or may elect to pay Mr Guscic in lieu of notice.<br><br>MD may terminate his employment at any time on 6 months' notice to Webjet.<br><br>Webjet may summarily terminate MD's employment with immediate effect in certain circumstances (including serious misconduct). |
| **Post-Employment Restraints** | MD will be subject to a post-employment non-competition restraint for a period of 6 months, and non-solicitation and non-interference restraints for a period of 12 months. |
| **Changes for FY24** | The Remuneration Committee intends to generally review the provisions of its STI arrangements over the coming year to ensure that they are and remain consistent with good corporate practice. |

## 7. NED fees

### a. Remuneration policy and payment to Non-executive Directors

No changes were made to the Non-executive Directors fees for FY23 except to account for change in superannuation rate.

Webjet continues to pride itself on the ability to attract Directors of the highest calibre. The Non-executive Directors fees reflect the responsibilities inherent in the stewardship of the Group and the demands made of Directors in the discharge of their responsibilities (including their participation in relevant Board committees, currently being the Remuneration and Nominations Committee, the Audit Committee, and the Risk Committee).

Consistent with the above overriding philosophy, the overall fee cap for Non-executive Directors is capped at a maximum pool that is approved by the shareholders. The current fee pool cap remains at $850,000.

The Non-executive Directors fees (rounded to the nearest thousand) are as follows:

| | |
|---|---|
| Chair | A single fee of $230,000 per annum (this fee is inclusive of all Board and Committee roles undertaken by the Chair) |
| Non-executive Directors | A base fee of $100,000 per annum |
| Board Committees | Chair – $20,000 per annum,<br>Committee member – $10,000 per annum |

All fees paid to the Non-executive Directors are reviewed annually, with any changes being effective from 1 April each year.

Although there is no prescribed minimum shareholding requirement for our Non-executive Directors, all Non-executive Directors are encouraged to have a meaningful shareholding in Webjet to ensure alignment with shareholders and encourage an 'ownership' mindset.

Table 3: Total Statutory Non-executive Director Remuneration

| Non-executive Director | Year | Salary and fees $ | Post-employment benefits $ | Total $ |
|---|---|---|---|---|
| Roger Sharp | **2023** | **223,301** | **6,699** | **230,000** |
| | 2022 | 223,295 | 6,699 | 229,994 |
| Don Clarke | **2023** | **118,720** | **12,317** | **131,038** |
| | 2022 | 118,720 | 11,724 | 130,444 |
| Denise McComish | **2023** | **118,721** | **12,317** | **131,038** |
| | 2022 | 120,442 | 11,887 | 132,329 |
| Brad Holman | **2023** | **118,720** | **12,317** | **131,038** |
| | 2022 | 118,720 | 11,724 | 130,444 |
| Shelley Roberts | **2023** | **109,589** | **11,370** | **120,959** |
| | 2022 | 109,589 | 10,822 | 120,411 |
| Katrina Barry(1) | **2023** | **46,242** | **4,855** | **51,097** |
| | 2022 | – | – | – |
| **Total** | **2023** | **735,294** | **59,876** | **795,170** |
| | 2022 | 690,766 | 52,855 | 743,621 |

(1) Appointed on 17 October 2022.

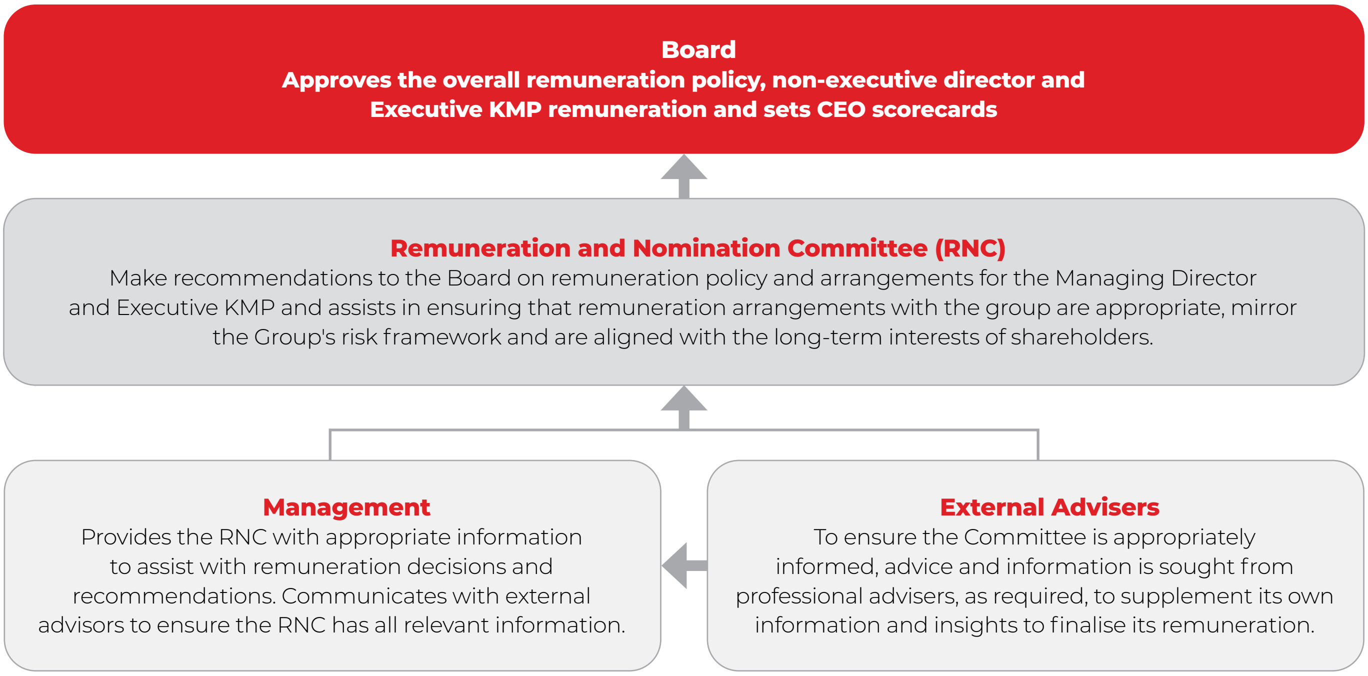
### b. FY24 Changes to Non-executive Director Remuneration

A comprehensive review of the market competitiveness of NED remuneration was conducted by and in conjunction with an external independent remuneration consultant in FY23. The review involved market analysis of the remuneration of ASX-listed companies of comparable size (by market cap) in a similar sector and/or industry peers with a focus on online services. The review indicated that the current fees were at or below the 25th percentile of market benchmarks.

Considering the market data, as well as the increased responsibilities and workload of NEDs due to the increased size and scale of our business operations since the last review of NED fees, was completed in FY17, the following increases were approved effective 1 April 2023:

| | |
|---|---|
| Chair | A single fee of $280,000 per annum (this fee is inclusive of all Board and Committee roles undertaken by the Chair) |
| Non-executive Directors | A base fee of $125,000 per annum |
| Board Committees | Chair – $20,000 per annum,<br>Committee member – $10,000 per annum |

## 8. Remuneration governance




To safeguard the independence of remuneration-setting procedures, the Committee is comprised solely of Non-executive Directors, all of whom are, in the Board's opinion, independent. Other Directors and/or members of the senior management team may attend meetings of the Committee (providing that person's remuneration is not being considered) to provide information, reports, and updates to the Committee (to ensure that it is fully informed).

Where appropriate the Board and Remuneration and Nomination Committee consult external remuneration advisors. When such external remuneration advisors are selected, the Board considers potential conflicts of interests. The requirement for external remuneration advisor services is assessed annually in the context of the matters that the Remuneration and Nomination Committee needs to address. External advisors are used as a guide, but do not serve as a substitute for thorough consideration of the relevant matters by the Remuneration and Nomination Committee and/or the Board.

During FY23, the Board engaged independent remuneration consultant Godfrey Remuneration Group (GRG) to review and provide recommendations on KMP remuneration.

GRG provided the following services during the financial year, for a total fee of $50,600 (inc. GST):

- Executive remuneration benchmarking;
- A review of Webjet's LTI plan design; and
- NED remuneration benchmarking.

The Board is satisfied that the remuneration recommendations received were free from any undue influence by a member of KMP to whom the recommendations related.

# Remuneration Report.

## 9. Executive service agreement summary

Each Executive KMP has entered an employment contract with the Group. Details of the relevant contracts are set out in Table 4 below.

Table 4: Employment contracts

| | | Notice period | | |
|---|---|---|---|---|
| **Executive KMP** | **Duration of service agreement** | **By executive** | **By company** | **Restraint period[1]** |
| John Guscic | On going | 6 months | 12 months | 6 months |
| Shelley Beasley | On going | 12 months | 12 months | 12 months |
| Tony Ristevski | On going | 12 months | 12 months | 12 months |

(1) Restriction on Executive KMP's involvement in any business competitive with any Webjet Group business after termination of employment.

Table 5: Other relevant components of employment contracts

| Clause | Description |
|---|---|
| **Termination without cause** | **By Webjet:**<br>• the Board has discretion to make a payment in lieu of notice<br>• if Executive KMP work out their notice period, payment of FAR as determined (by reference to the performance of the Webjet Group in the notice period); or<br>• if Webjet elects to make a payment in lieu of notice, payment of FAR for the notice period plus, if applicable for that year (and depending on whether the Executive KMP's employment is terminated before or after 6 months from commencement of the financial year); and<br>• retention of all options/rights which have vested plus a pro-rata proportion (based on the portion of the relevant year which has elapsed) of the number of unvested options which, if the performance conditions were satisfied in that year, would vest at year end (all other unvested options will lapse).<br>**By Executive KMP:**<br>• payment of FAR for the notice period; and<br>• retention of all options/rights which have vested prior to termination (all unvested options will lapse). |
| **Termination with cause** | • Webjet may terminate an Executive KMP's contract with immediate effect in the following circumstances: breach of a material provision of the agreement, serious misconduct, and/or unsatisfactory performance.<br>• On termination by Webjet for cause, Executive KMP will be entitled to be paid the FAR up to and including the date of termination. All options/rights held, not then exercised, whether vested or unvested, will lapse.<br>• Only the Managing Director is entitled to terminate his employment contract (on 4 weeks' notice) in certain circumstances, including breach by Webjet of a material provision of the agreement and/or on Webjet making any change to the agreement, without the Managing Director's consent, which materially diminishes his status, duties, authority or terms and conditions of employment.<br>• If the Managing Director terminates his employment contract for cause, the Managing Director will be entitled to payment of an amount equal to the amount that he would have been entitled to be paid if the agreement had been terminated on that date without cause by Webjet.<br>• There is no contractual right of termination by an Executive KMP if Webjet makes a change to the employment agreement, without the Executive KMP's consent, which materially diminishes the Executive KMP's status, duties, authority or terms and conditions of employment.<br>• Where the Executive Director's employment contract terminates because of redundancy, death, serious illness or disability, the Webjet Board retains a residual discretion to permit retention and/or exercise of unvested equity incentives. |

## 10. Other disclosures

This section provides details of any additional statutory disclosures that have not been included in the previous sections of the Remuneration Report.

### a. LTI and other equity awards information

Below options and rights are granted by Webjet Limited.

Table 6: Executive KMP LTI options in FY23

| Executive KMP | Financial Year | Grants | Opening Balance as at 1 April | Granted | Exercised | Closing Balance as at 31 March |
|---|---|---|---|---|---|---|
| John Guscic | 2023 | FY21 options – Tranche 2 | 1,500,000 | – | (1,500,000) | **–** |
| | 2023 | FY21 options – Tranche 3 | 1,500,000 | – | – | **1,500,000** |
| | 2022 | FY21 options – Tranche 1 | 1,500,000 | – | (1,500,000) | – |
| | 2022 | FY21 options – Tranche 2 | 1,500,000 | – | – | 1,500,000 |
| | 2022 | FY21 options – Tranche 3 | 1,500,000 | – | – | 1,500,000 |
| Shelley Beasley | 2023 | FY21 option grant | 370,000 | – | – | **370,000** |
| | 2022 | FY21 option grant | 370,000 | – | – | 370,000 |
| Tony Ristevski | 2023 | FY21 option grant | 370,000 | – | – | **370,000** |
| | 2022 | FY21 option grant | 370,000 | – | – | 370,000 |

Table 7: Executive KMP Rights

| Executive KMP | | Grants | Balance as at 1 April | Granted | Vested[(1)] | Balance as at 31 March |
|---|---|---|---|---|---|---|
| Shelley Beasley | 2023 | FY23 Performance Rights grant | – | 62,171 | – | **62,171** |
| | 2023 | FY22 Performance Rights grant | 67,210 | – | – | **67,210** |
| | 2023 | FY21 Retention Rights grant | 150,000 | | (75,000) | **75,000** |
| | 2022 | FY22 Performance Rights grant | – | 67,210 | – | 67,210 |
| | 2022 | FY21 Retention Rights grant | 225,000 | – | (75,000) | 150,000 |
| Tony Ristevski | 2023 | FY23 Performance Rights grant | – | 57,389 | – | **57,389** |
| | 2023 | FY22 Performance Rights grant | 61,609 | – | – | **61,609** |
| | 2023 | FY21 Retention Rights grant | 116,667 | – | (58,333) | **58,334** |
| | 2022 | FY22 Performance Rights grant | – | 61,609 | – | 61,609 |
| | 2022 | FY21 Retention Rights grant | 175,000 | – | (58,333) | 116,667 |

(1) The rights that vested during the period are one-third of the grant as provisioned by the grant documentation. These rights are subject to a holding lock commensurate with the terms of the grant.

# Remuneration Report.

## a. LTI and other equity awards information (continued)

Table 8: LTI and other equity awards key assumptions

| | MD – LTI Options | | | Executive KMP | | | |
|---|---|---|---|---|---|---|---|
| | Tranche 1[1] | Tranche 2[1] | Tranche 3 | FY21 LTI Options | FY21 Retention Rights | FY22 Performance Rights | FY23 Performance Rights |
| Vesting basis: | | | | | | | |
| – Tenure | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| – Performance | Yes | Yes | Yes | Yes | No | Yes | Yes |
| Performance hurdle | Share price > $3.39 | Share price > $3.73 | Share price > $4.10 | 3-year share price target of $4.10 | n/a | Scaled TSR measured against performance of selected ASX 200 companies | Scaled TSR measured against performance of selected ASX 200 companies |
| Performance hurdle vesting assumption | Met/not met | Met/not met | Met/not met | Met/not met and vesting scale | n/a | Met/not met and vesting scale | Met/not met and vesting scale |
| Pricing model | Monte Carlo | Monte Carlo | Monte Carlo | Monte Carlo | Black Scholes | Black Scholes | Black Scholes |
| Exercise price ($) | 3.08 | 3.08 | 3.08 | 3.08 | nil | nil | nil |
| Dividend yield (%) | 2.54 | 2.54 | 2.54 | 2.54 | 2.54 | nil | nil |
| Risk-free interest rate (%) | 0.10 | 0.12 | 0.14 | 0.14 | 0.10 to 0.14 | 0.10 | 3.12 |
| Expected volatility (%) | 50 | 50 | 50 | 50 | 50 | 55 | 40 |
| Expected life (years) | 1.08 | 2.08 | 3.08 | 3.07 | 0.69 to 2.69 | 2.86 | 2.94 |
| Fair value per share ($) | 1.08 | 1.24 | 1.34 | 1.37 | 3.87 to 3.68 | 2.31 | 2.91 |
| Vesting dates | 19 August 2021 | 19 August 2022 | 19 August 2023 | 19 August 2023 | 30 June 2021 to 30 June 2023 | 31 March 2021 to 31 March 2024 | 31 March 2022 to 31 March 2025 |
| Expiry date | 3 years after vesting date | 3 years after vesting date | 3 years after vesting date | 2 years after vesting date | 19 August 2024 to 19 August 2026 | 10 years after vesting date | 10 years after vesting date |

(1) As referenced above, the Managing Director exercised the Tranche 1 Options on 22 September 2021 and Tranche 2 Options on 8 December 2022.

## b. Shareholdings of KMP

The number of ordinary shares/options in Webjet held directly, indirectly, or beneficially by each individual (including shares held in the name of the spouse, superannuation fund, nominee and/or other controlled entities) on 31 March 2023 are shown in Table 9 below.

Table 9: Shares

| | Year | Balance as at 1 April 2022 No. | Received on exercise of LTI No. | Other movements No. | Balance at 31 March 2023 No. |
|---|---|---|---|---|---|
| Roger Sharp | **2023** | **239,645** | **–** | **(40,000)** | **199,645** |
| | 2022 | 239,645 | – | – | 239,645 |
| John Guscic | **2023** | **6,353,767** | **1,500,000** | **(1,500,000)** | **6,353,767** |
| | 2022 | 4,853,767 | 1,500,000 | – | 6,353,767 |
| Don Clarke | **2023** | **75,038** | **–** | **–** | **75,038** |
| | 2022 | 75,038 | – | – | 75,038 |
| Brad Holman | **2023** | **106,240** | **–** | **(9,000)** | **97,240** |
| | 2022 | 126,240 | – | (20,000) | 106,240 |
| Denise McComish | **2023** | **10,000** | **–** | **–** | **10,000** |
| | 2022 | – | – | 10,000 | 10,000 |
| Shelley Roberts | **2023** | **33,884** | **–** | **–** | **33,884** |
| | 2022 | 33,884 | – | – | 33,884 |
| Katrina Barry(1) | **2023** | **n/a** | **–** | **–** | **–** |
| | 2022 | n/a | n/a | n/a | n/a |
| Shelley Beasley | **2023** | **88,351** | **75,000** | **(88,351)** | **75,000** |
| | 2022 | 13,351 | 75,000 | – | 88,351 |
| Tony Ristevski | **2023** | **60,020** | **58,333** | **(58,333)** | **60,020** |
| | 2022 | 1,687 | 58,333 | – | 60,020 |

(1) Appointed effective 17 October 2022.

## c. Prohibition on hedging of Webjet shares and options

Executive KMP are not permitted to enter a margin facility, share lending facility, hedging or other arrangement that involves the use of the Company's securities as security, or collateral for the funding, or is to be used to acquire the Company's securities, or securities of another entity, without prior clearance in accordance with the Company's Share Trading and Conflicts Policy.

The restriction applies to unvested or restricted equity awards, and securities that have vested and are no longer subject to restrictions or performance conditions.

The Managing Director has derivative arrangements in place in respect of his shareholding. All such arrangements received clearance from the Chair in accordance with the Company's Share Trading and Conflicts Policy.

## d. KMP Transactions

Several Directors hold or have held positions in other companies where it is considered they control or influence the financial or operating policies. During the period, there have been no transactions with any of those entities and no amounts were owed by Webjet to entities associated with, or personally related to, the Directors.

During FY23, the Managing Director has repaid a loan owing to the Company of $1,881,598.

This Remuneration Report was approved by the Board on 24 May 2023 and has been signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).

# Financial Report.

# Financial Report.

For the year ended 31 March 2023

## Consolidated financial statements



## Notes to the consolidated financial statements

# Consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 March 2023

| | Notes | Year ended 31 March 2023 $ m | 2022 (Restated) $ m |
|---|---|---|---|
| Revenue from customers | 1.2 | 364.3 | 138.0 |
| Other income | | 0.1 | 0.7 |
| | | **364.4** | **138.7** |
| Employee benefit expense | 1.3 | (124.4) | (98.5) |
| Operating expenses | 1.4 | (110.8) | (64.1) |
| Other non-operating expenses | 1.4 | (12.2) | (18.2) |
| Impairment expenses | | (5.9) | – |
| Share of net loss of equity accounted investees | | (2.0) | (0.1) |
| **Profit/(loss) before interest, tax, depreciation and amortisation** | | **109.1** | **(42.2)** |
| Finance income | | 6.6 | – |
| Finance costs | 2.3(e) | (28.3) | (19.4) |
| Depreciation and amortisation | 3.1, 3.2 | (68.6) | (43.3) |
| **Profit/(loss) before income tax** | | **18.8** | **(104.9)** |
| Income tax (expense)/benefit | 4.4 | (4.3) | 23.3 |
| **Net profit/(loss) after tax** | | **14.5** | **(81.6)** |
| Other comprehensive loss | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| – Exchange difference on translating foreign operations | | 68.8 | (13.7) |
| – Changes in the fair value of hedging instruments | | – | (1.2) |
| | | **68.8** | **(14.9)** |
| Items that have been subsequently reclassified to profit or loss | | | |
| – Cash flow hedges recycled to profit or loss | | (0.8) | 2.7 |
| | | **(0.8)** | **2.7** |
| **Other comprehensive profit/(loss) for the period, net of income tax** | | **68.0** | **(12.2)** |
| **Total comprehensive profit/(loss) for the period** | | **82.5** | **(93.8)** |

| | Cents per share | Cents per share |
|---|---|---|
| **Earnings/(loss) per share:** | | |
| Basic | 3.8 | (21.5) |
| Diluted | **3.8** | (21.5) |

Notes to the consolidated financial statements are included on pages 60 to 92.

Refer to Note 4.8 for details of the balances restated for the year ended 31 March 2022.

# Consolidated statement of financial position.

As at 31 March 2023

| | Notes | Year ended 31 March 2023 $ m | 2022 (Restated) $ m |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 513.9 | 433.7 |
| Trade receivables and other assets | 2.1 | 205.0 | 120.3 |
| **Total current assets** | | **718.9** | **554.0** |
| **Non-current assets** | | | |
| Intangible assets | 3.1 | 802.5 | 766.5 |
| Property, plant and equipment | 3.2 | 17.8 | 21.0 |
| Deferred tax asset | 4.4 | 36.7 | 43.0 |
| Investment in associates | 3.4 | 12.0 | 19.2 |
| Other non-current assets | 2.1 | 0.3 | 2.1 |
| **Total non-current assets** | | **869.3** | **851.8** |
| **Total assets** | | **1,588.2** | **1,405.8** |
| **Current liabilities** | | | |
| Trade payables and other liabilities | 2.2 | 433.7 | 276.8 |
| Derivative financial instruments | 2.3 | – | 0.3 |
| Other current liabilities | 2.4 | 67.2 | 58.5 |
| **Total current liabilities** | | **500.9** | **335.6** |
| **Non-current liabilities** | | | |
| Borrowings | 2.3 | 235.3 | 307.8 |
| Derivative financial instruments | 2.3 | 0.2 | 0.1 |
| Deferred tax liabilities | 4.4 | 12.4 | 18.5 |
| Other non-current liabilities | 2.4 | 5.2 | 5.4 |
| **Total non-current liabilities** | | **253.1** | **331.8** |
| **Total liabilities** | | **754.0** | **667.4** |
| **Net assets** | | **834.2** | **738.4** |
| **Equity** | | | |
| Issued capital | 4.1 | 1,050.1 | 1,037.8 |
| Reserves | | 39.6 | (29.4) |
| Retained losses | | (255.5) | (270.0) |
| **Total equity** | | **834.2** | **738.4** |

Notes to the consolidated financial statements are included on pages 60 to 92.

Refer to Note 4.8 for details of the balances restated for the year ended 31 March 2022.

# Consolidated statement of cashflow.

For the year ended 31 March 2023

| | Notes | Year ended 31 March 2023 $ m | 2022 (Restated) $ m |
|---|---|---|---|
| **Net profit/(loss) after tax** | | 14.5 | (81.6) |
| *Add back:* | | | |
| – Depreciation and amortisation | 3.1, 3.2 | 68.6 | 43.3 |
| – Impairment | | 5.9 | – |
| – Share of net loss from associates | | 2.0 | 0.1 |
| – Finance cost, net of interest income | | 21.7 | 18.7 |
| – Income tax expense/(benefit) | 4.4 | 4.3 | (23.3) |
| **Earnings before interest, tax, depreciation, amortisation** | | **117.0** | **(42.8)** |
| *Adjusted for changes in working capital:* | | | |
| – (Increase) in trade debtors and other receivables | | (89.2) | (72.1) |
| – Increase in trade payables and other liabilities | | 145.3 | 175.6 |
| Non-cash items(1) | | 7.6 | 18.9 |
| **Cash flow from operating activities before interest and tax paid** | | **180.7** | **79.6** |
| Net finance cost paid | | (4.4) | (7.8) |
| Income tax expense paid | | – | (0.3) |
| **Net cash flows from operating activities** | **1.8** | **176.3** | **71.5** |
| Purchase of property, plant and equipment | | (1.8) | (2.2) |
| Payment in relation to DOTW earn-out | | – | (4.4) |
| Purchase of subsidiary net of overdraft assumed/cash acquired | | – | (3.5) |
| Investment in associates | | – | (19.2) |
| Purchase of intangible assets | | (32.3) | (19.2) |
| Dividends received | | 0.1 | 0.1 |
| **Net cash outflows from investing activities** | | **(34.0)** | **(48.4)** |
| Payment of dividends | | – | (12.2) |
| Payment for conversion incentive in relation to settlement of Euro Notes | | – | (33.2) |
| Proceeds from issue of share capital, net of share issue costs | | 5.2 | 4.6 |
| Proceeds from borrowings | 2.1 | 1.8 | 245.4 |
| Repayments of borrowings | | (86.0) | (47.4) |
| Payments of lease liabilities | | (4.5) | (3.3) |
| **Net cash inflows from financing activities** | | **(83.5)** | **153.9** |
| **Net increase in cash and cash equivalents** | | **58.8** | **177.0** |
| Cash and cash equivalents at the beginning of period | | 433.7 | 261.0 |
| Effects of foreign exchange translation on cash and cash equivalents | | 21.4 | (4.3) |
| **Cash and cash equivalents at end of period** | | **513.9** | **433.7** |

(1) Comprised of share-based payment expense of $7.6 million (2022: $9.6 million) per note 1.3 and non-cash items expense of $nil (2022: $9.3 million) per note 1.4(ii).

Notes to the consolidated financial statements are included on pages 60 to 92.

Refer to Note 4.8 for details of the balances restated for the year ended 31 March 2022.

# Consolidated statement of changes in equity.

For the year ended 31 March 2023

| | Issued capital $ m | Share-based payments reserve $ m | Con-vertible notes reserve $ m | Other reserve[1] $ m | Foreign currency translation reserve $ m | Retained earnings $ m | Total equity $ m |
|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2021** | **847.4** | **4.1** | **–** | **(19.3)** | **(36.7)** | **(188.4)** | **607.1** |
| Loss for the year | – | – | – | – | – | (81.6) | (81.6) |
| Amounts in reserves recycled to the income statement | – | – | – | 2.7 | – | – | 2.7 |
| Other comprehensive loss for the period, net of income tax | – | – | – | (1.2) | (13.7) | – | (14.9) |
| **Total comprehensive income/(loss) for the period** | **–** | **–** | **–** | **1.5** | **(13.7)** | **(81.6)** | **(93.8)** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Issue of shares under share based payment[2] | 4.6 | – | – | – | – | – | 4.6 |
| Increase in issued capital arising from conversion of €100 million Convertible Notes[3] | 185.8 | – | – | – | – | – | 185.8 |
| Equity component of $250 million Convertible Notes[4] | – | – | 25.1 | – | – | – | 25.1 |
| Share based payment expense recognised for the period | – | 9.6 | – | – | – | – | 9.6 |
| **Balance at 31 March 2022 (Restated)** | **1,037.8** | **13.7** | **25.1** | **(17.8)** | **(50.4)** | **(270.0)** | **738.4** |
| Profit for the year | – | – | – | – | – | 14.5 | 14.5 |
| Amounts in reserves recycled to the income statement | – | – | – | (0.8) | – | – | (0.8) |
| Other comprehensive income for the period, net of income tax | – | – | – | – | 68.8 | – | 68.8 |
| **Total comprehensive income/(loss) for the period** | **–** | **–** | **–** | **(0.8)** | **68.8** | **14.5** | **82.5** |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Issue of shares under share based payment[2] | 12.3 | (6.6) | – | – | – | – | 5.7 |
| Share based payment expense recognised for the period | – | 7.6 | – | – | – | – | 7.6 |
| **Balance at 31 March 2023** | **1,050.1** | **14.7** | **25.1** | **(18.6)** | **18.4** | **(255.5)** | **834.2** |

(1) Made up of cashflow hedge reserve of ($0.9) million (2022: ($0.1) million), revaluation reserve of $0.1 million (2022: $0.1 million) and a business combination reserve of ($17.8) million (2022: ($17.8 million)) relating to the acquisition of Umrah Holidays. As at 31 March 2023, the Group holds a 71% equity interest in Umrah Holidays (2022: 56%).
(2) Refer to note 4.1 for details on issued capital movements.
(3) In April 2021, the €100 million Convertible Notes were fully settled by issuing 39.7 million shares and paying a conversion incentive fee of $33.2 million.
(4) This represents the equity component of the new Convertible Notes of A$250 million issued in April 2021. Refer note 2.3 for details.

Notes to the consolidated financial statements are included on pages 60 to 92.

Refer to Note 4.8 for details of the balances restated for the year ended 31 March 2022.

# Notes to the consolidated financial statements.

## 1 Performance.

### 1.1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM is responsible for allocating resources and assessing the performance of the operating segments, and has been identified as the Managing Director.

The Managing Director considers that all members of the group provide the same service, being Travel Bookings; however, there are two distinct classes of customer - consumers and businesses. The reportable segments of the Group are – Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

The segment information provided to the Managing Director for the period ended 31 March 2023 is set out in the tables below.

| | Year ended 31 March 2023 | Year ended 31 March 2022 | Year ended 31 March 2023 | Year ended 31 March 2022 | Year ended 31 March 2023 | Year ended 31 March 2022 | Year ended 31 March 2023 | Year ended 31 March 2022 (Restated) |
|---|---|---|---|---|---|---|---|---|
| | B2C | | B2B | | Corporate[1] | | Total | |
| | $ m | $ m | $ m | $ m | $ m | $ m | $ m | $ m |
| Total transaction value[2] | **1,527.2** | 536.9 | **2,818.3** | 1,100.6 | **–** | – | **4,345.5** | 1,637.5 |
| Revenue[3] | **127.3** | 52.4 | **236.7** | 85.6 | **0.4** | – | **364.4** | 138.0 |
| Operating costs | **(82.3)** | (46.1) | **(119.6)** | (90.2) | **(25.7)** | (16.7) | **(227.6)** | (153.0) |
| Share of net loss from associates | **–** | – | **–** | – | **(2.0)** | (0.1) | **(2.0)** | (0.1) |
| **Underlying EBITDA[4]** | **45.0** | 6.3 | **117.1** | (4.6) | **(27.3)** | (16.8) | **134.8** | (15.1) |
| Share based payment expense | | | | | | | **(7.6)** | (9.6) |
| Other non-operating expenses | | | | | | | **(12.2)** | (18.2) |
| **Statutory EBITDA** | | | | | | | **115.0** | (42.9) |
| Impairment expenses | | | | | | | **(5.9)** | – |
| Depreciation and amortisation | | | | | | | **(44.5)** | (25.3) |
| Acquired amortisation | | | | | | | **(24.1)** | (18.0) |
| Net interest[5] | | | | | | | **(21.7)** | (18.7) |
| **Profit/(loss) before tax** | | | | | | | **18.8** | (104.9) |
| Income tax (expense)/benefit | | | | | | | **(4.3)** | 23.3 |
| **Net profit/(loss) after tax** | | | | | | | **14.5** | (81.6) |

(1) Includes consolidation of Technology investments.
(2) Total transaction value (TTV) is the gross transaction price on a booking. This is used by management as a performance indicator for the segments.
(3) Excludes interest income. The Group is considered an agent in providing travel services and only recognises net commission receivable as revenue.
(4) Represents Earnings Before Interest, Tax, Depreciation and Amortisation, Share-based payment expenses and Non-operating expenses.
(5) Includes interest income.

Split of segment revenue and non-current assets by geography based on domicile of legal entity and does not reflect actual destination or source market.

| | Revenue[1] Year ended 31 March 2023 $ m | Revenue[1] Year ended 31 March 2022 (Restated) $ m | Non-current assets[2] Year ended 31 March 2023 $ m | Non-current assets[2] Year ended 31 March 2022 (Restated) $ m |
|---|---|---|---|---|
| Australia | **108.2** | 40.8 | **44.5** | 46.9 |
| New Zealand | **19.5** | 11.6 | **57.5** | 57.5 |
| **Total B2C and Corporate** | **127.7** | 52.4 | **102.0** | 104.4 |
| United Arab Emirates | **93.5** | 27.8 | **454.4** | 447.0 |
| United Kingdom | **49.5** | 25.7 | **212.0** | 214.8 |
| Others | **93.6** | 32.1 | **52.2** | 23.4 |
| **Total B2B** | **236.6** | 85.6 | **718.6** | 685.2 |
| **Total** | **364.3** | 138.0 | **820.6** | 789.6 |

(1) Excludes other income.
(2) Excludes deferred tax assets and investment in associates.

## 1.2 Revenue from customers

AASB 15 *Revenue from Customers*, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control (at a point in time or over time) and the role in the transaction (principal or an agent) both require judgement.

Webjet operates online intermediary platforms with WebBeds offering hotel rooms to its wholesale customers and Webjet OTA and GoSee offering travel and travel related products, to be provided to retail customers.

The Group has concluded that it acts as an agent in providing online travel booking services, with the supplier of the travel products being considered the principal in the wider travel sales transaction, and customer in the agency relationship. Webjet's performance obligation is to arrange for the provision of flights, hotel rooms or other ancillary travel related products by another party (being the airline, hotel or car hire company). Although Webjet provides customer support, it does not provide the specified goods or services itself. Before the services are transferred to the company, Webjet does not control the services provided by the other party.

Total transaction value (TTV) represents the total invoiced value payable by the customer but as the acting agent, Webjet recognises revenue for this service in the amount of any fee or commission to which it expects to be entitled in exchange for arranging a booking. Webjet's commission can either be based on a booking fee, or the residual amount received from the customer after paying the associated cost to the supplier of the travel service.

### (a) Revenue streams

An overview of the Group's major revenue streams is shown below:

| Primary revenue stream | Performance obligation | Transaction price calculated as | Timing of revenue recognition |
|---|---|---|---|
| Booking commission revenue | Successful booking completed | Gross booking value less payable to supplier or percentage of booking value | Point in time<br>On booking for flights<br>On check-in for hotel bookings |
| Supplier rebates(1) | Use of supplier services above an agreed threshold | Variable based on the contractual terms | Over time when it is reasonably certain the agreed threshold will be exceeded |
| Other ancillary revenue (marketing, advertising, merchant fees, insurance commissions) | Service provided | As per contract with customer, percentage of transaction value | Point in time and over time |

(1) Relates to incentives or lump sum amounts that are received from suppliers. The recognition pattern is dependent on the specific terms of each contract. The revenue is only recognised upfront where there has been a 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.

#### Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled to, in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### Significant financing component

The Group applies the practical expedient in that it does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

#### Cancellations

Revenue is recognised when the booking is non-cancellable by virtue of the Group providing the contracted service or to the extent that the amount received is non-refundable under the cancellation policy (on check-in) related to the travel booking.

## 1.2 Revenue from customers (continued)

### (b) Disaggregation of revenue

Revenue by segment, disaggregated by major revenue stream and timing of revenue recognition is as follow:

| Year ended 31 March 2023 | Revenue recognition | B2C $ m | B2B $ m | Total $ m |
|---|---|---|---|---|
| Booking commission revenue | Point in time | **96.5** | **217.1** | **313.6** |
| Supplier rebates | Over time | **21.7** | **1.1** | **22.8** |
| Other ancillary revenue | Over time | **5.9** | **17.8** | **23.7** |
| Other ancillary revenue | Point in time | **3.6** | **0.6** | **4.2** |
| **Total revenue from contracts with customers[(1)]** | | **127.7** | **236.6** | **364.3** |

| Year ended 31 March 2022 | Revenue recognition | B2C $ m | B2B $ m | Total $ m |
|---|---|---|---|---|
| Booking commission revenue | Point in time | 39.7 | 77.7 | 117.4 |
| Supplier rebates | Over time | 6.3 | 0.5 | 6.8 |
| Other ancillary revenue | Over time | 3.9 | 7.3 | 11.2 |
| Other ancillary revenue | Point in time | 2.5 | 0.1 | 2.6 |
| **Total revenue from contracts with customers[(1)]** | | **52.4** | **85.6** | **138.0** |

(1) Excludes interest income.

### (c) Contract assets and contract liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. The Group has adopted the terminology used in AASB 15 to describe such balances. These balances are included in trade receivables and other assets and other liabilities in the balance sheet.

| As at 31 March 2023 | B2C $ m | B2B $ m | Total $ m |
|---|---|---|---|
| Contract assets | **3.3** | **6.2** | **9.5** |
| Contract liabilities | **(13.7)** | **(19.8)** | **(33.5)** |

| As at 31 March 2022 | B2C $ m | B2B $ m | Total $ m |
|---|---|---|---|
| Contract assets | 1.2 | 2.4 | 3.6 |
| Contract liabilities | (21.5) | (8.7) | (30.2) |

Contract assets relate to revenue accrued but not invoiced and are typically realised within three to six months from initial recognition. Contract liabilities relate to cash received in advance of the booking or check in date and gift vouchers issued to customers.

Gift vouchers mainly include those issued to B2C customers for travel cancellations brought about by the decision to close the Exclusives business due to the COVID-19 pandemic in FY20. These gift vouchers have an expiry term of 3 years from issue date. As they can be utilised at any time all gift vouchers are classified as current liabilities.

## 1.3 Employee benefit expenses

Employee benefits comprise salaries (basic pay and benefits), on costs (retirement contributions, payroll taxes), share-based payments, incentives and other employee-related expenses.

### (a) Total employee benefit expenses for the year is as follows:

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Salaries | **102.1** | 77.9 |
| Salary on costs (post-employment contribution and payroll taxes) | **10.4** | 8.7 |
| Share-based payment expense | **7.6** | 9.6 |
| Other employee benefits | **4.3** | 2.3 |
| **Total employee benefit expense** | **124.4** | 98.5 |

### (b) Key management personnel compensation

The KMPs of the Group comprise the Chair, Non-executive Directors, the Managing Director, Group Chief Operating Officer, and Group Chief Financial Officer.

Remuneration paid to the KMPs is shown below:

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Short-term employee benefits | **5.5** | 3.3 |
| Post-employment benefits | **0.1** | 0.1 |
| Share-based payments | **1.9** | 3.6 |
| **Key management personnel compensation** | **7.5** | 7.0 |

## 1.3 Employee benefit expenses (continued)

### (c) Share based payment expense

Senior KMP, including the Managing Director of the Group and other key employees receive remuneration in the form of equity instruments as consideration for services rendered. Detailed remuneration disclosures for KMP and the Managing Director are provided in the Remuneration Report.

The following is a summary of the share-based payment arrangements for senior executives and key staff of the Group:

| | |
|---|---|
| Executive and Key Staff Performance Rights | The Board granted Rights to the executive team (including the Executive KMP) with an attaching service condition in order to act as a retention mechanism for the executives and key staff. The Rights were determined as necessary due to the uncertainty brought by the COVID-19 pandemic and in recognition of foregone fixed remuneration, cancelled LTI incentives, as well as cancelled STIs in FY20 and FY21. It was also an incentive for those with technical skills which were in high demand (with the move to on-line) to remain with the Company.<br><br>The Managing Director was not eligible to receive these Rights. |

The number of options and rights under the above plans during the period is as follows:

| | Type | Grants | Balance at the start of the period | Granted | Exercised | Forfeited | Cancelled | Balance at the end of the period | Unvested at the end of the period |
|---|---|---|---|---|---|---|---|---|---|
| **Senior Executives** | | | | | | | | | |
| 2023 | Option | FY21 Grant | 2,790,000 | – | (370,000) | - | – | 2,420,000 | 2,420,000 |
| 2022 | Option | FY21 Grant | 2,790,000 | – | – | – | – | 2,790,000 | 2,790,000 |
| 2023 | Rights | FY23 Grant | – | 209,698 | – | – | – | 209,698 | 209,698 |
| 2023 | Rights | FY22 Grant | 273,432 | – | – | – | – | 273,432 | 273,432 |
| 2022 | Rights | FY22 Grant | – | 273,432 | – | – | – | 273,432 | 273,432 |
| 2023 | Rights | FY21 Grant | 416,668 | – | (208,332) | – | – | 208,336 | 208,336 |
| 2022 | Rights | FY21 Grant | 675,000 | – | (191,665) | (66,667) | – | 416,668 | 416,668 |
| **Key Staff** | | | | | | | | | |
| 2023 | Rights | FY23 Grant | – | 1,010,832 | – | – | – | 1,010,832 | 1,010,832 |
| 2023 | Rights | FY22 Grant | 1,070,500 | – | (11,000) | – | – | 1,059,500 | 1,059,500 |
| 2022 | Rights | FY22 Grant | – | 1,070,500 | – | – | – | 1,070,500 | 1,070,500 |
| 2023 | Rights | FY21 Grant | 2,527,667 | – | (40,000) | – | – | 2,487,667 | 2,487,667 |
| 2022 | Rights | FY21 Grant | 2,581,000 | – | (40,000) | (13,333) | – | 2,527,667 | 2,527,667 |

The key terms of the share-based payment arrangements in existence during the year, as well as the key assumptions used to determine the fair value at grant date are summarised below:

| | Senior Executives | Other key staff | | |
|---|---|---|---|---|
| | **FY21 option** | **FY21 rights** | **FY22 rights** | **FY23 rights** |
| Vesting basis: | | | | |
| – Tenure | Yes | Yes | Yes | Yes |
| – Performance | Yes | Yes | Yes | Yes |
| Performance hurdle | 3 year share price target of $4.10 | 3 year share price target of $4.10 | Scaled TSR measured against performance of selected ASX 200 companies | Scaled TSR measured against performance of selected ASX 200 companies |
| Performance hurdle vesting assumption | Met / not met and vesting scale | Met / not met and vesting scale | Met / not met and vesting scale | Met / not met and vesting scale |
| Pricing model | Monte Carlo | Monte Carlo | Black Scholes | Black Scholes |
| Exercise price ($) | 3.08 | nil | nil | nil |
| Dividend yield (%) | 2.54 | 2.54 | nil | nil |
| Risk-free interest rate (%) | 0.14 | 0.10 to 0.14 | 0.10 | 3.12 |
| Expected volatility (%) | 50 | 50 | 55 | 40 |
| Expected life (years) | 3.07 | 3.07 | 2.61 | 2.69 |
| Fair value per share ($) | 1.37 | 2.38 | 2.31 | 2.91 |
| Vesting dates | 19 August 2023 | 19 August 2023 | 31 March 2021 to 31 March 2024 | 31 March 2022 to 31 March 2025 |
| Expiry date | 2 years after vesting date | n/a | 10 years after vesting date | 10 years after vesting date |

## 1.3 Employee benefit expenses (continued)

Expected volatility has been formulated with reference to market observations for Webjet and the comparator companies. The volatility estimates are based on weekly observations for periods ranging for three years, consistent with the assumed life of the instruments. As required by AASB 2, market-based conditions such as share price and TSR hurdles are incorporated within the valuation of the option or right. Non-market conditions such as tenure and EBITDA performance are not incorporated in the fair valuation of the instruments. Instead they are taken into account in assessing the probability of vesting and therefore the amount of share-based payment expense for the year.

The cost of equity-settled transactions is determined by the fair value at grant date using an appropriate valuation model. That cost is recognised in share-based payment expense, together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and performance conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

## 1.4 Other expenses

### (i) Operating expenses comprise:

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Marketing expenses | **23.7** | 9.3 |
| Operating expenses | **39.9** | 14.0 |
| Technology expense | **27.1** | 18.6 |
| Administrative expenses | **17.8** | 14.0 |
| Other expenses | **2.3** | 8.2 |
| **Total operating expenses** | **110.8** | 64.1 |

### (ii) Other non-operating expenses comprise:

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| SaaS implementation cost expensed(1) | **12.2** | 8.8 |
| Corporate costs(2) | – | 2.5 |
| Government subsidies received(3) | – | (2.4) |
| **Cash** | **12.2** | 8.9 |
| Impairment of Online Republic brand(4) | – | 14.0 |
| Fair value changes of embedded derivatives(5) | – | 0.2 |
| Fair value gain on put option(6) | – | (4.9) |
| **Non-cash** | – | 9.3 |
| **Total** | **12.2** | 18.2 |

(1) The Group has assessed its costs relating to SaaS arrangements for the current and prior periods, which primarily relate to the current ERP implementation, and concluded that all such documentation, build/configuration and testing costs should be expensed.
These costs are presented within non-operating expenses as the costs reflect initial configuration, design and build costs for the ERP platforms and are not considered part of underlying business performance. Post implementation in FY24, all associated ongoing costs such as licensing, maintenance and sundry fees would be presented as normal operating expenses.

(2) Corporate costs include restructuring costs incurred on the restructure of the global workforce necessitated by the adverse impacts of COVID-19 pandemic. Additionally, it includes acquisition costs including professional fees, tax advice and search fees incurred for Trip Ninja Inc. (a subsidiary).

(3) As a result of the economic impact on economies of the COVID-19 pandemic, several Governments provided relief packages to assist companies that had been severely impacted by the pandemic. The Group received subsidies from Australia, New Zealand, and the United Kingdom.

(4) During the prior period, management decided to relaunch Online Republic brands i.e. Motorhomes Republic and AirportRentals under a new brand name 'GoSee' in order to provide a single, easy-to-use website for all its cars and motorhome inventory. This resulted in discontinuing the old brands and therefore all such brand costs were impaired during the prior period.

(5) This represents the residual fair value impact on the embedded derivative financial instrument relating to €100 million Convertible Notes which were fully settled during the prior period.

(6) The Group holds options to acquire the remaining 29% (2022: 41%) held by outside shareholders in Umrah Holidays International. These options can be exercised between 2022 and 2024. Under accounting standards, the value of the put option liability is reassessed at each reporting period to reflect the estimated present value of outflows to acquire the minority share. As at 31 March 2023, the fair value of the put options was $nil (31 March 2022: $nil).

# Notes to the consolidated financial statements.

## 1.5 Remuneration of auditors

| | Year ended 31 March 2023 $ 000 | 2022 $ 000 |
|---|---|---|
| **Deloitte and related network firms** | | |
| Audit or review of financial reports: | | |
| – Group | **592.0** | 416.2 |
| – Subsidiaries | **762.0** | 999.6 |
| Other services: | | |
| – Tax related services | **777.8** | 421.2 |
| – Other non-audit services | **108.4** | 65.0 |
| | **2,240.2** | 1,902.0 |
| **Other auditors and their related network firms** | | |
| Audit or review of financial reports: | | |
| – Subsidiaries | **325.5** | 22.3 |
| Other services: | | |
| – Tax related services | **36.6** | 111.4 |
| – Other non-audit services | **–** | 22.4 |
| | **362.1** | 156.1 |
| **Total remuneration** | **2,602.3** | 2,058.1 |

It is the Group's policy to engage Deloitte on assignments additional to their statutory audit duties where Deloitte's expertise and experience with the Group are important. These assignments are principally tax compliance services, due dilligence on acquisitions, or where Deloitte is awarded assignments on a competitive basis which do not impair independence. It is the Group's policy to seek competitive tenders for major consulting projects.

## 1.6 Earnings per share

Earnings/(loss) per share is calculated as net profit/(loss) after tax divided by the weighted average number of ordinary shares in issue. Diluted earnings/(loss) per share is calculated as net profit/(loss) after tax divided by the weighted average number of shares in issue adjusted for dilutive potential ordinary shares. Given the Group is in a loss per share position for the prior period, potential ordinary shares arising from employee share options and performance rights, or Convertible Notes are not included as they would be anti-dilutive.

The calculation of the basic and diluted earnings per share is based on the following data:

| | Year ended 31 March 2023 No of shares (m) | 2022 No of shares (m) |
|---|---|---|
| Earnings/(loss) for the purposes of basic and diluted earnings per share being total comprehensive income/(loss) for the period | **14.5** | (81.6) |
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share | **381.3** | 378.7 |

| | Cents per share | Cents per share |
|---|---|---|
| **Earnings/(loss) per share:** | | |
| Basic | **3.8** | (21.5) |
| Diluted | **3.8** | (21.5) |

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

| | Year ended 31 March 2023 No of shares (m) | 2022 No of shares (m) |
|---|---|---|
| Options and rights granted to employees and Convertible Note | **32.3** | **6.5** |

## 1.7 Dividends

No dividends were declared during the current year or previous year.

### Franking credit account

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| **Franking debit/(credit) available for subsequent reporting periods based on a tax rate of 30% (2022: 30%)[1]** | **0.5** | 0.4 |

(1) The balance of the adjusted franking account includes:
(a) franking credits that will arise from the payment of the amount of the provision of income tax
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

## 1.8 Operating cashflows reconciliation

Webjet considers the indirect method the more appropriate way to present cashflows for its business due to WebBeds customers and suppliers who use the Annual Report being more accustomed to the indirect method. We have set out below cashflows from operating activities using the direct method.

### Operating cashflow per the direct method

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Receipts from customers | **4,253.4** | 1,581.6 |
| Payments to suppliers and employees | **(4,072.7)** | (1,502.0) |
| Net finance cost paid | **(4.4)** | (7.8) |
| Income tax expense paid | **–** | (0.3) |
| **Net cash flows used in operating activities** | **176.3** | 71.5 |

# 2 Working capital and borrowings

## 2.1 Trade receivables and other assets

Trade receivables and other assets are recognised initially at fair value and subsequently at amortised cost, less provision for credit loss allowance.

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Trade receivables | **165.7** | 98.3 |
| Contract assets | **9.5** | 3.6 |
| Credit loss allowance | **(1.1)** | (2.1) |
| **Trade receivables** | **174.1** | 99.8 |
| Prepayments | **18.8** | 9.4 |
| Other current assets[1] | **12.1** | 11.1 |
| **Total trade receivables and other assets** | **205.0** | 120.3 |
| **Other non-current assets** | | |
| Loans to related parties[2] | **–** | 1.8 |
| Other financial assets | **0.3** | 0.3 |
| **Total other non-current assets** | **0.3** | 2.1 |

(1) Comprises mainly supplier deposits, indirect tax balances and derivative financial instrument assets.
(2) In 2016, the Board approved to provide John Guscic with a limited recourse loan of $1.5 million, at a commercial interest rate. During the current year, this loan was repaid along with interest, totalling $1.8 million.

Receivables ageing, contract assets and credit risk allowance

| **31 March 2023** | B2C $ m | B2B $ m | Total $ m |
|---|---|---|---|
| Current | **5.6** | **136.3** | **141.9** |
| 30 to 90 days | **1.0** | **18.6** | **19.6** |
| 90 to 180 days | **0.3** | **3.9** | **4.2** |
| over 180 days | **–** | **–** | **–** |
| **Trade receivables** | **6.9** | **158.8** | **165.7** |
| Contract assets | **3.3** | **6.2** | **9.5** |
| **Gross trade and other receivables** | | | **175.2** |
| Allowance based on historic credit losses | | | **(0.5)** |
| Adjustment for respective changes in credit risk | | | **(0.6)** |
| **Total trade and other receivables** | | | **174.1** |

In 2023, the company has not written off any receivables (2022: $nil).

| **31 March 2022** | B2C $ m | B2B $ m | Total $ m |
|---|---|---|---|
| Current | 3.3 | 84.2 | 87.5 |
| 30 to 90 days | 0.4 | 8.1 | 8.5 |
| 90 to 180 days | 0.2 | 2.1 | 2.3 |
| over 180 days | – | – | – |
| **Trade receivables** | 3.9 | 94.4 | 98.3 |
| Contract assets | 1.2 | 2.4 | 3.6 |
| **Gross trade and other receivables** | | | 101.9 |
| Allowance based on historic credit losses | | | (0.2) |
| Adjustment for respective changes in credit risk | | | (1.9) |
| **Total trade and other receivables** | | | 99.8 |

## 2.1 Trade receivables and other assets (continued)

### Impairment of trade receivables

The group applies the AASB 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Expected credit losses are based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expects to receive.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled income and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of total transaction value (TTV) over a period of 24 months before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables such as GDP, and the unemployment rate of the regions in which the customer operates, and accordingly adjusts the historical loss rates if there are material deteriorations to these macroeconomic indicators identified.

The derived credit matrix does not include the impact of any one-off events that are deemed not to reflect the credit quality of the portfolio of customers on an ongoing basis (e.g. COVID-19 pandemic or unexpected liquidation of large customers) as these are specifically provided for on a case-by-case basis. The credit loss allowance is calculated by applying the Group credit matrix to the ageing of trade receivables as above.

Trade receivabes and contract assets are written off when there is no reasonable expectation of recovery, for instance when the customer has been declared bankrupt, cannot be located or is unable to meet the agreed periodic payments under a payment plan with the Group.

The movement in the credit loss allowance was as follows:

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Opening credit loss allowance | **(2.1)** | (2.6) |
| Utilisation of provision | **1.2** | 0.4 |
| Impact of FX translation | **(0.2)** | 0.1 |
| **Closing credit loss allowance** | **(1.1)** | (2.1) |

In 2023, the company has not written off any receivables (2022: $nil).

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. There have been no modifications to contractual cashflows during the current period.

The Group has adopted a policy of only dealing with parties considered to be creditworthy. The Group has in place strong credit management policies to minimise credit risk exposure. This includes strict credit approval process, delegation of authorities with respect to increases in limits requested, continuous monitoring of the financial health of customers, and use of cash deposits, bank guarantees and other credit enhancement measures. Due to the adverse impact of COVID-19 on customers, an assessment of the debtor book resulted in further write-offs of certain aged debtors in prior year, as the probability of recoverability was assessed as very low.

The majority of trade receivables are with debtors that operate in the travel industry. Due to the low-value, high-volume transactional nature of the travel industry, the Group does not have material credit risk exposure to a single debtor.

The carrying amount of financial assets in the financial statements, net of any impairment losses and credit loss allowances, represents the Group's maximum exposure to credit risk.

## 2.2 Trade payables and other liabilities

| | 31 March 2023 B2C $ m | 31 March 2023 B2B $ m | 31 March 2023 Total $ m | 31 March 2022 B2C $ m | 31 March 2022 B2B $ m | 31 March 2022 Total $ m |
|---|---|---|---|---|---|---|
| Trade payables | **45.6** | **320.7** | **366.3** | 40.6 | 205.9 | 246.5 |
| Accrued expenses | **25.4** | **42.0** | **67.4** | 12.3 | 18.0 | 30.3 |
| **Total trade and other payables** | **71.0** | **362.7** | **433.7** | 52.9 | 223.9 | 276.8 |

## 2.3 Borrowings and finance costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings 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.

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 profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### (a) Breakdown of borrowings

| | Terms | Maturity | 31 March 2023 Current $ m | 31 March 2023 Non-current $ m | 31 March 2022 Current $ m | 31 March 2022 Non-current $ m |
|---|---|---|---|---|---|---|
| Revolving credit facility | Interest Only | Nov 23 | **–** | **–** | – | 86.0 |
| Unsecured Convertible Notes[1] | Interest Only | Apr 26 | **–** | **236.6** | – | 224.4 |
| Capitalised debt costs | | | **–** | **(1.3)** | – | (2.6) |
| **Convertible bond** | | | **–** | **235.3** | – | 221.8 |
| **Borrowings** | | | **–** | **235.3** | – | 307.8 |
| Interest rate swaps | | | **–** | **0.2** | 0.3 | 0.1 |
| **Related derivatives financial instruments** | | | **–** | **0.2** | 0.3 | 0.1 |
| **Total Borrowings** | | | **–** | **235.5** | 0.3 | 307.9 |

(1) Refer to Note 2.3(b) for information on the Convertible Notes.

## 2.3 Borrowings and finance costs (continued)

### (b) Convertible Notes

2021 Convertible Notes

The Group launched the issue of $250 million AUD Convertible Notes due 2026 (the "New Notes") on 31 March 2021. These were successfully priced on 1 April 2021 and issued on 8 April 2021. The notes have a coupon of 0.75% per annum, payable on a semi-annual basis, mature on 12 April 2026, are unsubordinated and unsecured, and are listed on the Singapore Exchange. The New Notes have an investor put option with exercise date on or about 12 April 2024.

| | 31 March 2023 (Restated) $ m |
|---|---|
| Proceeds from issue of Convertible Notes | 250.0 |
| Transaction costs | (4.6) |
| **Net proceeds from issue of Convertible Notes** | **245.4** |
| Equity component | (36.8) |
| Tax effect of equity component(1) | 11.0 |
| Transaction costs relating to equity component | 0.7 |
| **Amount classified under equity(1)** | **(25.1)** |
| **Liability component at date of issue (net of transaction costs)** | 209.3 |
| Interest charged (using effective interest rate) | 27.0 |
| Amortisation of capitalised debt costs | 2.6 |
| Interest paid/payable (coupon payments) | (3.6) |
| **Carrying amount of liability component at 31 March 2023** | **235.3** |

(1) The equity component arising on the issue of the Convertible Notes was credited to the Convertible Note reserves in the prior period. This balance for the prior period has been restated, refer to Note 4.8 for further details.

The interest expense for the period is calculated by applying an effective interest rate of 6.2 per cent to the liability component for the period. The liability component is measured at amortised cost over over the term of the Convertible Notes. The difference between the carrying amount of the liability component at the date of issue and the amount reported at 31 March 2023 represents the effective interest rate less interest paid to that date.

## 2.3 Borrowings and finance costs (continued)

### (c) Movement in borrowings

| 2023 | Opening Balance 31 March 2022 $ m | Drawdowns $ m | Repayments $ m | Non-Cash (Fair value, FX and amortisation) $ m | Closing Balance 31 March 2023 $ m |
|---|---|---|---|---|---|
| Bank debt | **86.0** | **–** | **(86.0)** | **–** | **–** |
| Unsecured Convertible Notes | **224.4** | **–** | **(1.9)** | **14.1** | **236.6** |
| Capitalised debt costs | **(2.6)** | **–** | **–** | **1.3** | **(1.3)** |
| **Related derivatives financial instruments:** | | | | | |
| – Interest rate swaps | **0.4** | **–** | **–** | **(0.2)** | **0.2** |
| **Total borrowings** | **308.2** | **–** | **(87.9)** | **15.2** | **235.5** |

| 2022 | Opening Balance 31 March 2021 $ m | Drawdowns $ m | Repayments $ m | Conversion into shares (including conversion incentive fee) $ m | Reclassification of equity component of A$250m Notes $ m | Non-Cash (Fair value, FX and amortisation) $ m | Closing Balance 31 March 2022 $ m |
|---|---|---|---|---|---|---|---|
| Bank debt | 133.2 | 86.0 | (133.2) | – | – | – | 86.0 |
| Unsecured Convertible Notes (2021) | – | 250.0 | – | – | (36.8) | 11.2 | 224.4 |
| Unsecured Convertible Notes (2020) | 123.4 | – | – | (123.4) | – | – | – |
| Capitalised debt costs | (2.6) | (4.6) | – | 2.6 | 0.7 | 1.3 | (2.6) |
| **Related derivatives financial instruments:** | | | | | | | |
| – Interest rate swaps | – | – | – | – | – | 0.4 | 0.4 |
| – Cross-currency interest rate swaps | 3.1 | – | – | – | – | (3.1) | – |
| – Convertible Note embedded derivative | 93.3 | – | – | (93.3) | – | – | – |
| **Total borrowings** | **350.4** | **331.4** | **(133.2)** | **(214.1)** | **(36.1)** | **9.8** | **308.2** |

### (d) Covenant compliance

The Group banking facilities are subject to market standard covenants of net leverage and interest cover ratios.

Webjet Limited has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

### (e) Finance costs

| | Year ended 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| Bank interest | **2.5** | 2.9 |
| Reversal of hedge ineffectiveness loss upon settlement of CCIRS(1) | **–** | (4.3) |
| Option premium expenses on hedging instruments | **7.6** | 4.1 |
| Convertible Notes Interest – Coupon(2) | **1.9** | 1.0 |
| Borrowing costs | **3.9** | 3.9 |
| Lease interest | **0.2** | 0.2 |
| **Underlying finance costs** | **16.1** | 7.8 |
| Convertible Notes Interest – amortisation from discount value to par using effective interest rate method | **12.2** | 11.6 |
| **Total finance costs** | **28.3** | 19.4 |

(1) Cross currency interest rate swaps were settled during the prior period and related hedge ineffectiveness of $4.3 million recorded in the prior years was credited to the profit and loss.
(2) Balance represents coupon interest of 0.75% per annum on $250 million Convertible Notes, payable on a semi-annual basis.

## 2.4 Other liabilities

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service and are measured as the present value of expected future payments to be made using the projected unit credit method.

Employee liabilities are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

| | | As at 31 March | |
|---|---|---|---|
| | Notes | 2023<br>$ m | 2022<br>$ m |
| **Current liabilities** | | | |
| Contract liabilities[1] | 1.2 | **33.5** | 30.2 |
| Current tax liabilities | | **3.9** | 1.5 |
| Client deposits[2] | | **16.1** | 13.0 |
| Provisions[3] | | **6.7** | 6.0 |
| Derivative financial instruments | | **1.6** | 0.5 |
| Lease liabilities | 3.3 | **2.4** | 4.2 |
| Other current liabilities | | **3.0** | 3.1 |
| **Total current liabilities** | | **67.2** | 58.5 |
| **Non-current liabilities** | | | |
| Provisions[3] | | **2.5** | 1.4 |
| Lease liabilities | 3.3 | **2.7** | 4.0 |
| **Total non-current liabilities** | | **5.2** | 5.4 |

(1) Contract liabilities primarily consist of gift vouchers of $13.5 million (2022: $21.0 million) and deferred revenue of $20 million (2022: $9.2 million).
(2) Client deposits comprise deposits from customers based on Company's risk management policies and does not include contract liabilities.
(3) Mainly comprises employee entitlements such as annual leave, long service leave and end of contract gratuities payable.

# 3 Non-current assets

## 3.1 Intangible assets

Intangible assets comprise goodwill, trademarks, capitalised development costs and other identifiable intangibles.

| Category | Recognition and measurement | Amortisation |
|---|---|---|
| **Goodwill** | Goodwill for the Group arises on business acquisitions and represents the difference between the total consideration paid and the fair value of the net assets acquired. | Goodwill is not amortised but is assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that it might be impaired. |
| **Trademarks** | Trademarks for the Group arise on business combinations. Trademarks can have indefinite useful lives where there is no expiry and no foreseeable limit on the period of time over which these assets are expected to contribute to the cashflows of the Group. | 3 years |
| **Capitalised development – Booking platform** | Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets as capitalised development. Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. | During the year, the Group has reassessed the useful life of capitalised development - booking platforms as follows:<br>Hotel platforms – reduced from 10 to 8 years<br>Flight platforms – reduced from 15 to 10 years<br>For further details of the reassessment of useful life, refer to Note 4.7. |
| **Other identifiable intangibles** | Other identifiable intangible assets arise on business acquisitions and are comprised of supplier agreements and customer contracts/relationships. | Supplier agreements – 10 to 15 years<br>Customer contracts – 15 years |
| **SaaS arrangements** | The Group expenses implementation, configuration and customisation costs incurred on Software as a Service (SaaS) arrangement where the Group has no ownership rights or control over the software code. Customisation costs where the Group has ownership rights over the software code continues to be capitalised and amortised over its useful life. | Expected life of contract |

## 3.1 Intangible assets (continued)

The value of the intangible assets of the group are as follows:

| | Goodwill $ m | Trademarks $ m | Capitalised development $ m | Other $ m | Total $ m |
|---|---|---|---|---|---|
| **At 1 April 2022** | | | | | |
| Cost | 514.5 | 22.6 | 189.1 | 199.3 | 925.5 |
| Accumulated amortisation and impairment | – | (21.9) | (80.6) | (56.5) | (159.0) |
| **Net book amount** | 514.5 | 0.7 | 108.5 | 142.8 | 766.5 |
| Additions | – | – | 20.7 | 11.6 | 32.3 |
| Amortisation charge | – | – | (47.8) | (13.8) | (61.6) |
| Exchange differences | 44.6 | 0.2 | 6.7 | 13.8 | 65.3 |
| **Closing net book amount** | 559.1 | 0.9 | 88.1 | 154.4 | 802.5 |
| **At 31 March 2023** | | | | | |
| Cost | **559.1** | **24.9** | **224.5** | **230.1** | **1,038.6** |
| Accumulated amortisation and impairment | **–** | **(24.0)** | **(136.4)** | **(75.7)** | **(236.1)** |
| **Net book amount** | **559.1** | **0.9** | **88.1** | **154.4** | **802.5** |

| | Goodwill $ m | Trademarks $ m | Capitalised development $ m | Other $ m | Total $ m |
|---|---|---|---|---|---|
| **At 1 April 2021** | | | | | |
| Cost | 519.7 | 35.3 | 178.4 | 202.5 | 935.9 |
| Accumulated amortisation and impairment | – | (19.6) | (68.1) | (46.5) | (134.2) |
| **Net book amount** | 519.7 | 15.7 | 110.3 | 156.0 | 801.7 |
| Additions | 5.9 | – | 15.3 | 3.9 | 25.1 |
| Transfers | – | 1.1 | – | (1.1) | – |
| Write off(1) | – | (14.0) | – | – | (14.0) |
| Amortisation charge | – | (2.5) | (16.9) | (15.7) | (35.1) |
| Exchange differences | (11.1) | 0.4 | (0.2) | (0.3) | (11.2) |
| **Closing net book amount** | 514.5 | 0.7 | 108.5 | 142.8 | 766.5 |
| At 31 March 2022 | | | | | |
| Cost | 514.5 | 22.6 | 189.1 | 199.3 | 925.5 |
| Accumulated amortisation and impairment | – | (21.9) | (80.6) | (56.5) | (159.0) |
| **Net book amount** | 514.5 | 0.7 | 108.5 | 142.8 | 766.5 |

(1) During the prior period, Online Republic was rebranded as 'GoSee'. This resulted in discontinuing the old brands and therefore all such brand costs were impaired during the prior period. Refer to Note 1.4 for further details.

# Notes to the consolidated financial statements.

## 3.1 Intangible assets (continued)

### Impairment tests for intangible assets

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arises, identified according to operating segments (refer to segment information Note 1.1).

Goodwill is monitored by management at the operating segment level. The Group has identified the reportable segments to be Business to Consumer Travel (B2C Travel) and Business to Business Travel (B2B Travel).

During the year, the Group has tested the intangible assets inclusive of goodwill for impairment. Other intangible assets, such as trademarks, customer contracts and supplier agreements have been tested for impairment at the CGU level as they do not generate separately identifiable independent cashflows.

The CGU level summary of the carrying amount of intangible assets subject to impairment testing is shown below:

| | B2C Travel $ m | B2B Travel $ m | Total $ m |
|---|---|---|---|
| **31 March 2023** | | | |
| Carrying amount of goodwill | **52.1** | **507.0** | **559.1** |
| Carrying amount of other intangible assets | **55.9** | **187.5** | **243.4** |
| | **108.0** | **694.5** | **802.5** |

| | B2C Travel $ m | B2B Travel $ m | Total $ m |
|---|---|---|---|
| **31 March 2022** | | | |
| Carrying amount of goodwill | 52.0 | 462.5 | 514.5 |
| Carrying amount of other intangible assets | 54.0 | 198.0 | 252.0 |
| | 106.0 | 660.5 | 766.5 |

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Detailed monthly projections were performed for the next year-ending 31 March 2024 and are derived from board approved budgets. Considering travel is returning back to new normal, Years 2 to 5 are based on double digit growth supported by similar growth prior to the COVID-19 pandemic in FY18 and FY19 (adjusted for impact of acquisitions).

The following are the key assumptions applied in calculating the recoverable amount:

### Key assumptions used for value-in-use calculations

| | B2C Travel | B2B Travel |
|---|---|---|
| 5-year CAGR growth in budgeted EBITDA | 11.2% | 20.4% |
| Terminal growth rate | 2% | 2% |
| Tax rate | 30% | 12% |
| Post tax discount rate | 11.5% | 11.5% |

Results show that the B2B and B2C recoverable amounts determined based on the assumptions above support the carrying value and no impairment has been identified.

There are no reasonably possible changes in assumptions that would result in impairment in either the B2C Travel or B2B Travel cash-generating-units.

### 3.2 Property, plant and equipment

Property, plant and equipment (PPE) of the Group comprises land and buildings, office equipment, furniture & fittings, leasehold improvements, computer equipment and assets under construction.

Each class of property, plant and equipment is carried at historical cost less accumulated depreciation and impairment losses.

The depreciation rate used for each class of depreciable asset is:

| | |
|---|---|
| Buildings | 50 years |
| Office furniture and equipment | 5 to 8 years |
| IT hardware and software | 5 years |
| Right-of-use assets and leasehold improvements | Over term of lease |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period. Refer to Note 4.7 for further details of the reassessment of the useful life performed during the year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

The Group's property, plant and equipment are as follows:

| | Land and Building $ m | IT Equipment $ m | Right of Use Asset $ m | Other PPE $ m | Total $ m |
|---|---|---|---|---|---|
| **At 1 April 2022** | | | | | |
| Cost | 6.7 | 6.4 | 14.4 | 13.3 | 40.8 |
| Accumulated depreciation | (0.9) | (2.5) | (6.7) | (9.7) | (19.8) |
| **Net book amount** | 5.8 | 3.9 | 7.7 | 3.6 | 21.0 |
| Additions | – | 1.4 | 0.3 | 0.4 | 2.1 |
| Depreciation charge | (0.1) | (2.5) | (3.5) | (0.9) | (7.0) |
| Exchange differences | 0.6 | 0.7 | 0.1 | 0.3 | 1.7 |
| **Closing net book amount** | 6.3 | 3.5 | 4.6 | 3.4 | 17.8 |
| **At 31 March 2023** | | | | | |
| Cost | **7.3** | **5.1** | **15.1** | **14.9** | **42.4** |
| Accumulated depreciation | **(1.0)** | **(1.6)** | **(10.5)** | **(11.5)** | **(24.6)** |
| **Net book amount** | **6.3** | **3.5** | **4.6** | **3.4** | **17.8** |

| | Land and Building $ m | IT Equipment $ m | Right of Use Asset $ m | Other PPE $ m | Total $ m |
|---|---|---|---|---|---|
| **At 1 April 2021** | | | | | |
| Cost | 7.4 | 23.1 | 13.4 | 14.8 | 58.7 |
| Accumulated depreciation | (1.3) | (18.8) | (6.2) | (9.2) | (35.5) |
| **Net book amount** | 6.1 | 4.3 | 7.2 | 5.6 | 23.2 |
| Additions | – | 2.1 | 3.8 | 0.1 | 6.0 |
| Depreciation charge | (0.1) | (3.0) | (2.5) | (2.6) | (8.2) |
| Exchange differences | (0.2) | 0.5 | (0.8) | 0.5 | - |
| **Closing net book amount** | 5.8 | 3.9 | 7.7 | 3.6 | 21.0 |
| **At 31 March 2022** | | | | | |
| Cost | 6.7 | 6.4 | 14.4 | 13.3 | 40.8 |
| Accumulated depreciation | (0.9) | (2.5) | (6.7) | (9.7) | (19.8) |
| **Net book amount** | 5.8 | 3.9 | 7.7 | 3.6 | 21.0 |

## 3.3 Leases

### The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 to 5 years but may have extension options, with optionality used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use lease asset and a corresponding lease liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use lease asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 payments that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use lease 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.

Payments associated with short-term leases and 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.

| | | As at 31 March |
|---|---|---|
| | 2023<br>$ m | 2022<br>$ m |
| Right-of-use lease assets | **4.6** | 7.7 |
| Lease liabilities | | |
| – Current | **2.4** | 4.2 |
| – Non-current | **2.7** | 4.0 |

### (a) Reconciliation of financing cashflows

| | Opening Balance $ m | Interest $ m | Payments $ m | Additions $ m | FX $ m | Reclass to current $ m | Closing Balance $ m |
|---|---|---|---|---|---|---|---|
| **31 March 2023** | | | | | | | |
| Current lease liabilities | **4.2** | **0.2** | **(4.5)** | **–** | **–** | **2.5** | **2.4** |
| Non-current lease liabilities | **4.0** | **–** | **–** | **0.3** | **0.9** | **(2.5)** | **2.7** |
| **Total lease liabilities** | **8.2** | **0.2** | **(4.5)** | **0.3** | **0.9** | **–** | **5.1** |

| | Opening Balance $ m | Interest $ m | Payments $ m | Additions $ m | FX $ m | Reclass to current $ m | Closing Balance $ m |
|---|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | | |
| Current lease liabilities | 1.6 | 0.2 | (3.3) | – | – | 5.7 | 4.2 |
| Non-current lease liabilities | 6.3 | – | – | 3.3 | 0.1 | (5.7) | 4.0 |
| **Total lease liabilities** | 7.9 | 0.2 | (3.3) | 3.3 | 0.1 | – | 8.2 |

## 3.4 Investment in associates

| Name of associate | Principal activity | Place of incorporation | Proportion of ownership interest and voting rights by the Group As at 31 March 2023 % | 2022 % | Value of investment made by the Group As at 31 March 2023 $ m | 2022 $ m |
|---|---|---|---|---|---|---|
| Locktrip LLC | note (a) | Bulgaria | **25%** | 25% | **–** | 5.4 |
| ROOMDEX, Inc | note (b) | USA | **49%** | 49% | **12.0** | 13.8 |
| | | | | | **12.0** | 19.2 |

### (a) LockTrip investment

On 25 February 2021, the Group acquired an investment in LockTrip UK Holdings Ltd (LockTrip), a blockchain start-up. Webjet secured a 25% stake in LockTrip for US$4.1 million (A$5.4 million) which was paid in April 2021, with a further option to increase its shareholding to 51%.

LockTrip provides a B2C hotels marketplace, underpinned by a blockchain platform which is powered by a utility token, the LOC. Consumers can pay for hotel stays in multiple currencies or in LOC. LockTrip also provides its own decentralised public blockchain, the Hydra chain, powered by the HYDRA coin.

At the date of acquisition, LockTrip had negligible identifiable net assets and therefore US$4.0 million (A$5.2 million) was allocated to goodwill. This goodwill is not separated but is recognised as part of the carrying value of the investment in associate. The carrying value of investment, including goodwill, is tested for impairment. As a result of the volatility and general decline in market values of cryptocurrencies, in addition to underperformance to budgeted values, it was determined that the investment was impaired. As such an impairment charge of A$5.9m was recorded during the year, reducing the carrying value to $nil.

The Company's share of net loss from LockTrip for the current year was A$0.2 million (2022: A$0.1 million).

### (b) ROOMDEX investment

During the prior year, the Company made a US$10 million (A$13.9 million) strategic investment in ROOMDEX which is a US based leader in automated hotel upselling solutions. Webjet secured a 49% stake in the business with a future option to acquire the remaining 51% after 36 months but before the end of the five-year window.

ROOMDEX's flagship product, Upgrade Optimizer, is a fully automated hotel upsell tool that intelligently calculates True Availability℠ (ensuring upgrade offers can be fulfilled) and the optimal price for hotels to provide upsell offers on room upgrades, stay extensions and guest services. By automating the often time-consuming upsell process, Upgrade Optimizer delivers hotels high margin revenue and substantial return on investment. ROOMDEX's forthcoming ABS (Attribute Based Selling) technology will enable hotels to further increase revenue from bespoke upselling.

At acquisition, ROOMDEX had net liabilities of US$1.2 million (A$1.8 million) and therefore A$14.8 million was allocated to goodwill. This goodwill was not separated and was recognised as part of the carrying value of the investment in associate. The carrying value of investment, including goodwill, is tested for impairment at each reporting date.

The Company's share of net loss from ROOMDEX for the current year was A$1.8 million (2022: A$0.8 million).

# 4 Other disclosures

## 4.1 Issued Capital

| | As at 31 March | | As at 31 March | |
|---|---|---|---|---|
| | 2023<br>No of shares<br>(m) | 2022<br>No of shares<br>(m) | 2023<br>$ m | 2022<br>$ m |
| Ordinary shares – fully paid | **382.7** | 380.5 | **1,050.1** | 1,037.8 |
| **Total issued capital** | **382.7** | 380.5 | **1,050.1** | 1,037.8 |

### (a) Movements in issued capital

| | As at 31 March | | As at 31 March | |
|---|---|---|---|---|
| | 2023<br>No of shares<br>(m) | 2022<br>No of shares<br>(m) | 2023<br>$ m | 2022<br>$ m |
| **Opening balance** | **380.5** | 339.0 | **1,037.8** | 847.4 |
| Issue of shares from conversion of €100 million Convertible Notes(1) | **–** | 39.7 | **–** | 185.8 |
| Issue of shares under share based payment | **2.2** | 1.8 | **12.3** | 4.6 |
| **Closing Balance** | **382.7** | 380.5 | **1,050.1** | 1,037.8 |

(1) In April 2021, the €100 million Convertible Notes were fully settled by issuing 39.7 million shares and paying a conversion incentive fee of $33.2 million.

The total number of ordinary shares outstanding at the end of the period was 382,721,484 (2022: 380,509,819), inclusive of treasury shares of 167,882 (2022: 167,882).

## 4.2 Subsidiaries

The Group's subsidiaries as at 31 March 2023 are set out below. Unless otherwise stated, they are 100% owned, have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

**Australia**

- Webjet Marketing Pty Ltd(1)
- Rez Group Pty Ltd(1)
- GoSee Travel Pty Ltd(1)

**United Arab Emirates**

- WebBeds FZ LLC
- Umrah Holidays International FZ-LLC(2)
- Destinations of the World DMCC
- DOTW KSA Ltd
- DOTW Kuwait Ltd
- Destinations of the World Travel and Tourism LLC

**United Kingdom**

- WebBeds Limited
- GoSee Travel Limited
- Fyrkant Ltd
- Sunhotels Ltd
- Totalstay Limited
- JAC Group (Holdings) Limited
- JAC Travel Limited

**Other countries**

- Webjet Marketing NZ Pty Ltd
- WebBeds LLC
- Search Republic Limited(3)
- GoSee Limited
- GoSee Travel LLC
- Trip Ninja Inc
- WebBeds Services SRL
- Busy Bee SL
- Sunhotels Mundo S.L.U
- JAC Travel Inc
- Earlybird (Shenzen) Limited
- FIT Ruums PTE Ltd
- JAC Travel Information Consulting (Beijing) Company Limited
- Webjet International Limited
- WebBeds Holding Co Limited
- WebBeds Travel & Tourism
- Umrah Holidays Travel & Tourism
- DOTW Holdings Limited (BVI)
- Destinations of the World (Thailand) Co., Limited
- Destinations of the World (Malaysia) Sdn. Bhd
- Destinations of the World Holding Establishment
- Destinations of the World (Subcontinent) Private Limited
- Travel Tech SRL
- Destinations of the World Istanbul Sehayat Ve Turizm Anonim Sirketi
- DOTW Shared Services Inc.
- Destinations of the World Saudi Arabia for Tourism LLC
- DoTW Kuwait for Hotels, Real Estate and Healthcare Centres Reservations WLL
- Dominica de Turismo (Domitur) SRL
- Shanghai Meihao Information Technology Co., Ltd.
- Bico T. S. Japan Co Ltd
- Bico Trip Co. Ltd (Korea)

(1) Member of the Australian tax-consolidated group.
(2) 71% interest held. The value of non-controlling interest is not material.
(3) 51% interest held. The value of non-controlling interest is not material.

## 4.3 Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

The individual financial statements for the parent entity show the following aggregate amounts:

| | As at 31 March 2023 $ m | 2022 $ m |
|---|---|---|
| **Balance sheet** | | |
| Current assets | **207.3** | 252.7 |
| Non-current assets | **1,015.6** | 1,030.5 |
| **Total assets** | **1,222.9** | 1,283.2 |
| Current liabilities | **5.3** | 3.1 |
| Non-current liabilities | **196.7** | 256.2 |
| **Total liabilities** | **202.0** | 259.3 |
| **Net assets** | **1,020.9** | 1,023.9 |
| **Equity** | | |
| Issued capital | **1,050.2** | 1,037.8 |
| Reserves | **39.6** | 49.9 |
| Retained earnings | **(68.9)** | (63.8) |
| **Total equity** | **1,020.9** | 1,023.9 |
| | | |
| Loss for the period | **(8.5)** | (13.5) |
| **Total comprehensive loss** | **(8.5)** | (13.5) |

### Guarantees entered into by the parent entity

The parent entity, along with other associated subsidiaries, have collectively given financial guarantees for unsecured banking facilities granted to the Group as disclosed in Note 4.10.

### Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 March 2023 or 31 March 2022.

## 4.4 Taxation

The income tax expense or benefit for the period is the tax payable on the current period's taxable income using the applicable income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge or credit is calculated on the basis of the 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 with respect to positions in which applicable tax regulations maybe subject to interpretation. The group recognises provisions, where appropriate, on the basis of amounts expected to be paid to the relevant tax authorities.

Deferred income tax is provided in full using the liability method and based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction, other than a business combination, and at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities arising from temporary differences between the carrying amount and tax bases of investments in foreign operations are not recognised where the company is able to control the timing of the reversal of the temporary differences 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 taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Webjet Limited and its wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset against each other in the consolidated financial statements.

Current and deferred tax balances are recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 4.4 Taxation (continued)

### (a) Income tax expense/(benefit)

| | Year ended 31 March 2023 $ m | 2022 (Restated) $ m |
|---|---|---|
| **Current tax** | | |
| Current year tax expense/(benefit) | **4.3** | 2.3 |
| Adjustment for current tax of prior periods | **0.1** | 0.1 |
| **Total current tax expense/(benefit)** | **4.4** | 2.4 |
| **Deferred tax** | | |
| Current year deferred tax expense/(benefit) | **0.1** | (24.6) |
| Adjustments for deferred tax of prior periods | **(0.2)** | (1.1) |
| **Total deferred tax expense/(benefit)** | **(0.1)** | (25.7) |
| **Income tax expense/(benefit)** | **4.3** | (23.3) |

### (b) Numerical reconciliation of income tax benefit to prima facie tax payable

| | Year ended 31 March 2023 $ m | 2022 (Restated) $ m |
|---|---|---|
| Profit/(loss) from continuing operations before income tax expense | **18.8** | (104.9) |
| **Tax at the Australian tax rate of 30.0% (2022: 30.0%)** | **5.6** | (31.5) |
| Effect of income/expenses that are not assessable/deductible in determining taxable profit | **1.9** | (1.3) |
| Difference in overseas tax rates | **(4.3)** | 9.6 |
| Prior periods adjustments | **(0.1)** | (0.9) |
| Other | **1.2** | 0.8 |
| **Income tax expense/(benefit)** | **4.3** | (23.3) |

### (c) Movements in deferred tax assets

| | Intangible assets $ m | Tax losses $ m | Derivatives $ m | Conversion incentive fee on Bond $ m | Other $ m | Total $ m |
|---|---|---|---|---|---|---|
| **At 1 April 2021** | – | 31.7 | 1.1 | 5.0 | 5.5 | 43.3 |
| (Charged)/credited | | | | | | |
| – to profit or loss | (4.6) | 11.7 | (0.6) | 3.0 | (2.1) | 7.4 |
| – directly to equity | – | – | (0.4) | – | (8.4) | (8.8) |
| – under/over provision | – | 1.1 | – | – | – | 1.1 |
| **At 31 March 2022 (Restated)** | (4.6) | 44.5 | 0.1 | 8.0 | (5.0) | 43.0 |
| (Charged)/credited | | | | | | |
| – to profit or loss | **2.2** | **(7.0)** | **–** | **(2.0)** | **0.4** | **(6.4)** |
| – directly to equity | **–** | **–** | **–** | **–** | **(0.1)** | **(0.1)** |
| – under/over provision | **–** | **0.2** | **–** | **–** | **–** | **0.2** |
| **At 31 March 2023** | **(2.4)** | **37.7** | **0.1** | **6.0** | **(4.7)** | **36.7** |

In applying judgement in recognising deferred tax assets, all available information has been assessed, including five-year future business profit projections. As at 31 March 2023, the group has recognised a deferred tax asset of $37.7 million in relation to unused tax losses of which $1.1 million relates to tax losses incurred during the current income year.

It is expected that these tax losses will be utilised by future taxable profits derived by the group, taking into account the reversal of existing taxable temporary differences and trading profits in the relevant jurisdictions to which the tax losses relate. There are no unrecognised deferred tax assets.

## 4.4 Taxation (continued)

### (d) Movements in deferred tax liabilities

| | Intangible assets $ m | Derivatives $ m | Other $ m | Total $ m |
|---|---|---|---|---|
| **At 1 April 2021** | 28.7 | 0.6 | 2.9 | 32.2 |
| (Charged)/credited | | | | |
| – to profit or loss | (10.2) | (0.6) | (2.9) | (13.7) |
| **At 31 March 2022 (Restated)** | 18.5 | – | – | 18.5 |
| (Charged)/credited | | | | |
| – to profit or loss | **(6.1)** | **–** | **–** | **(6.1)** |
| **At 31 March 2023** | **12.4** | **–** | **–** | **12.4** |

### (e) Relevance of tax consolidation to the Group

The company and its wholly-owned Australian resident entities formed an income tax consolidated group with effect from 1 July 2007 and are therefore taxed as a single entity from that date. The head entity of the income tax consolidated group is Webjet Limited. The members of the tax consolidated group are identified in Note 4.2.

The tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach.

Current tax liabilities and assets and deferred tax assets relating to carried forward tax losses and relevant tax credits of the members of the tax consolidated group are recognised by Webjet Limited (as the head entity of the tax consolidated group).

### (f) Nature of tax funding arrangements and tax sharing agreements

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity, Webjet Limited. Under the terms of the tax funding arrangement, Webjet Limited and each of the entities in the tax consolidated group have agreed to make a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax consolidated group, is limited to the amount payable to the head entity under the tax funding arrangement.

## 4.5 Financial risk management

The Group's risk management is based on policies approved by the Board of Directors. Group finance identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The Board provides written principles for overall risk management, and review and approved policies covering specific areas, such as foreign exchange risk, interest rates and the use of derivative financial instruments.

### (a) Capital risk management

The Group has a capital risk and investment policy to provide guidance for its capital requirements. The policy is reviewed annually to take into consideration the Group's changing risk and short- and long-term funding needs. The Group's debt and capital includes ordinary share capital, and financial liabilities supported by financial assets.

In the prior year, the Group took advantage of the market conditions to issue $250 million Convertible Notes. The Convertible Notes were issued on 8 April 2021, and the net proceeds received were used to further repay $43.3 million of bank debt. This also allowed the Group to extend the remaining debt maturity, reduce liquidity requirements and thereby maximise the Group's financial flexibility while maintaining a prudent capital structure. In April 2021, the €100 million Convertible Notes were settled by issue of ordinary shares and payment of a conversion incentive. Refer to Note 2.3 for further details.

As a result, the Group has significant cash reserves and is well placed to capture the significant B2B market opportunity and accelerate growth in our B2C businesses. The Group's investment policy ensures that the organisation maximises its return from funds invested while adopting a very conservative approach to risk and also ensuring sufficient working capital is maintained.

### (b) Classification of financial instruments

| | As at 31 March | |
|---|---|---|
| | 2023 $ m | 2022 $ m |
| **Financial assets** | | |
| Loan and receivable | **186.2** | 112.7 |
| Cash and cash equivalents | **513.9** | 433.7 |
| **Financial liabilities** | | |
| Debt at Amortised cost | **235.3** | 307.8 |
| Other financial liabilities(1) | **5.1** | 8.2 |
| **Financial liabilities – at fair value through profit and loss** | | |
| Derivatives | **1.8** | 0.9 |

(1) Comprises lease liabilities, earn-out provision and put option liability. Refer to Note 4.11 for further details of the settlement of the earn-out provision after 31 March 2023.

### (c) Derivatives

The Group enters into derivative financial instruments to manage its exposure to movement in interest rates and foreign exchange rates, including foreign exchange forward contracts and cross-currency interest rate swaps, in accordance with the Group's financial risk management policies. The Group has the following derivative financial instruments at reporting date:

| | As at 31 March | |
|---|---|---|
| | 2023 $ m | 2022 $ m |
| **Current liabilities** | | |
| Forward foreign exchange contracts - cash flow hedges(i) | **1.6** | 0.5 |
| Interest rate swaps(ii) | **-** | 0.3 |
| **Non Current liabilities** | | |
| Interest rate swaps(ii) | **0.2** | 0.1 |

The Group does not enter into any derivative contracts for trading. Derivative instruments are used to hedge against cashflow and translation risk as described below. Derivatives are classified as Level 2 in the fair value hierarchy.

#### (i) Forward exchange contracts

The Group enters into forward foreign exchange contracts to manage its foreign exchange rate risk on trading activities. These contracts are carried at fair value with changes in fair values recognised in equity through the cash flow hedge reserve, to the extent the hedge is effective. Any hedge ineffectiveness is recognised in profit and loss.

#### (ii) Interest rate swap contract

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

## 4.5 Financial risk management (continued)

### (d) Market risk

#### (i) Foreign exchange risk

Foreign currency risk mainly arises from the Group's transactions with foreign customers and foreign suppliers in various foreign currencies. The B2B operations offer customers and suppliers a wide range of invoicing currencies, of which the Euro, United States Dollar, British Pound, United Arab Emirates Dirham are the most common. The Group's risk management policy is to hedge the net foreign currency risk arising from trading activities and uses forward exchange contracts for material currency pair exposures to hedge against currency fluctuation.

At the end of the period, the Group's exposure to foreign currency risk has been effectively mitigated as the Group uses FX fowards to mitigate any currency exposure that is not naturally hedged. 10% increase or decrease in any material currency, will have an immaterial impact on the Group's profit or loss or equity.

#### (ii) Interest rate risk

The Group's interest rate risk arises mainly from its borrowings at floating interest rates and cash and cash equivalents. The Group manages interest rate risk from borrowings by entering interest rate swaps to mitigate the risk of rising interest rates.

As at 31 March 2023, the Group had cash and cash equivalents of $513.9 million (2022: $433.7 million). The average interest rate on all deposits was 1.60% (2022: 0.18%). Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. If interest rates were to increase or decrease by 0.1%, the impact to profit and loss would be an increase or decrease to interest revenue of $0.5 million.

### (e) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities continuously monitoring the forecast and actual cashflows and matching the maturity profile of financial assets and liabilities.

In April 2021, the Group issued $250 million Unsecured Convertible Notes ("New Notes") and extended an offer to noteholders of the existing Notes an early conversion which included a cash conversion incentive payment of $33.2 million. The net proceeds were used to repay $43.3 million of bank debt, and successfully extend further a portion of the remaining debt to November 2023. The existing Notes were fully settled in April 2021 with the issue of 39.7 million ordinary shares and payment of the conversion incentive. Refer to Note 2.3 for further details.

#### (i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

| | As at 31 March | |
|---|---|---|
| | 2023<br>$ m | 2022<br>$ m |
| Undrawn revolving credit facility | **102.3** | 14.9 |

## 4.5 Financial risk management (continued)

### (f) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for (a) all non-derivative financial liabilities, and (b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

| | Less than 1 year $ m | 1 to 2 years $ m | 2 to 5 years $ m | Total contractual cash flows $ m | Carrying amount $ m |
|---|---|---|---|---|---|
| **31 March 2023** | | | | | |
| Trade payables | **433.7** | **–** | **–** | **433.7** | **433.7** |
| Client deposits | **16.1** | **–** | **–** | **16.1** | **16.1** |
| Lease liabilities | **2.5** | **1.3** | **1.6** | **5.4** | **5.1** |
| Borrowings[1] | **1.9** | **–** | **–** | **1.9** | **235.3** |
| **Total non-derivatives** | **454.2** | **1.3** | **1.6** | **457.1** | **690.2** |
| Trading derivatives | **1.6** | **0.2** | **–** | **1.8** | **1.8** |
| **Total financial liabilities** | **455.8** | **1.5** | **1.6** | **458.9** | **692.0** |

(1) Includes the $250 million Notes. Assumption is that the Notes would be settled into shares, therefore only the coupon payments are included as contractual cash outflows.

| | Less than 1 year $ m | 1 to 2 years $ m | 2 to 5 years $ m | Total contractual cash flows $ m | Carrying amount $ m |
|---|---|---|---|---|---|
| **31 March 2022** | | | | | |
| Trade payables | 276.8 | – | – | 276.8 | 276.8 |
| Client deposits | 13.0 | – | – | 13.0 | 13.0 |
| Lease liabilities | 4.2 | 2.2 | 2.1 | 8.5 | 8.2 |
| Borrowings[1] | 1.9 | 87.9 | – | 89.8 | 307.8 |
| **Total non-derivatives** | 295.9 | 90.1 | 2.1 | 388.1 | 605.8 |
| Trading derivatives | 0.8 | 0.1 | – | 0.9 | 0.9 |
| **Total financial liabilities** | 296.7 | 90.2 | 2.1 | 389.0 | 606.7 |

(1) Includes the $250 million Notes. Assumption is that the Notes would be settled into shares, therefore only the coupon payments are included as contractual cash outflows.

### (g) Client funds held

As at 31 March 2023, Webjet had $39.3 million of cash received from customers which is due to be paid to airlines in accordance with International Air Transport Association (IATA) requirements (2022: $24.2 million).

## 4.6 Summary of other key accounting policies

This note provides a list of all other significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Group consisting of Webjet Limited and its subsidiaries.

### Basis of preparation

This is a general purpose financial report which has been prepared in accordance with the requirements of applicable Australian Accounting Standards, interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth). This financial report complies with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board. Webjet Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on a historical cost basis, except for derivative financial instruments, superannuation commitments and investments in financial assets which have been measured at fair value.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 dated 24 March 2016, relating to the rounding of amounts in the financial statements. Amounts in this financial report have been rounded to the nearest one hundred thousand dollars, or in certain cases, to the nearest dollar.

Webjet's Directors have included information in this report that they deem to be material and relevant to the understanding of the consolidated financial statements. Where appropriate, comparative information has been reclassified to conform to changes in presentation and to enhance comparability.

Disclosure may be considered material and relevant if the dollar amount is significant due to size or nature, or the information is important to understand the current year results or any significant changes in the business operations.

Except where noted, the financial statements have been prepared using consistent accounting policies aligned to those in the prior financial period and corresponding interim reporting period.

### Significant accounting policies that apply to the financial statements

#### Functional and Presentation Currency

The Company's functional and presentation currency is Australian dollars. Each entity within the Group determines its own functional currency and the financial statements of each entity are measured using that functional currency.

#### Transactions and Balances

Transactions in currencies other than the functional currency of the entity are recorded using the exchange rate on the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies at the balance date are translated at the closing exchange rate. Non-monetary assets are not subject to retranslation unless they are carried at fair value. Gains and losses arising on the retranslation of monetary assets and liabilties are included in the income statement, except where the application of hedge accounting requires inclusion in other comprehensive income.

#### Consolidation of Group Entities

On consolidation, the assets and liabilties of foreign operations are translated into Australian dollars at the closing rate at balance date. The results of foreign operations are translated into Australian dollars at average exchange rates for the period where these do not materially differ from rates applicable on the date of the transaction. Foreign exchange differences arising on the retranslation of foreign operations are recognised directly in equity.

The following exchange rates have been applied in translating foreign currency balances and transactions to the presentation currency:

| | As at 31 March | | Year ended 31 March | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | Spot rates | | Average rates | |
| Australian Dollar to United States Dollar | **1.4908** | 1.3319 | **1.4570** | 1.3500 |
| Australian Dollar to Euro | **1.6254** | 1.4863 | **1.5249** | 1.5784 |
| Australian Dollar to British Pound | **1.8464** | 1.7500 | **1.7660** | 1.8577 |
| Australian Dollar to United Arab Emirates Dirham | **0.4059** | 0.3626 | **0.3967** | 0.4181 |

# Notes to the consolidated financial statements.

## 4.7 Change in accounting estimates

During the year, the Group has reassessed the useful life of capitalised development intangible assets – booking platforms as follows:

| Intangible asset class | Previous estimate of useful lives used in the calculation of depreciation | Revised estimate of useful lives used in the calculation of depreciation |
|---|---|---|
| Flight platforms | 15 years | 10 years |
| Hotel platforms | 10 years | 8 years |

The review was initiated as a result of the development and on-going implementation of new ERP solutions evolving the Group's overall technology strategy. As part of this review, the decision was made to accelerate the amortisation of the platforms to reflect current technology trends and the period over which the economic benefits are expected to flow from these platforms.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase consolidated amortisation expense in the current year by $33.2 million, and for the next four financial years, by the following amounts:

| Financial years | $ m |
|---|---|
| 2023(1) | 33.2 |
| 2024 | 5.0 |
| 2025 | 3.6 |
| 2026 | 1.6 |

(1) The Group has accelerated amortisation on one of its hotel platforms as it does not anticipate any significant future economic benefits from using the said platform. The financial effect of this acceleration, is to increase consolidated amortisation expense in the current year by $25.6 million.

## 4.8 Restatement of comparatives

On 8 April 2021, Webjet issued $250m convertible notes as disclosed in Note 2.3(b). Paragraph 15 of AASB 112 Income taxes provides a general exemption from recognising a deferred tax liability ("DTL") on a temporary difference that arises on the initial recognition of an asset or liability that is not a business combination and at the time of the transaction, affects neither accounting income nor taxable profit(loss). However, under paragraph 23 of the standard, there is an exception to this general exemption, which applies to a compound financial instrument (e.g. a Convertible Note). In that case, a DTL should be recognised on the temporary difference between the tax base (being the face value of the convertible notes) and the accounting carrying value of the liability component. The deferred tax is recognised with a corresponding reduction to the equity component. The reduction in deferred tax asset ("DTA") unwinds over the term of the Convertible Notes as notional interest is recognised in the income statement to bring the Convertible Note liability component to its face value amount. Because the Group is subject to tax consolidation arrangements and is taxed as a single entity the DTL is recognised as a reduction to the net DTA as the DTL is offset against other deferred tax balances.

For the year ended 31 March 2022, the reduction in DTA was not recognised and instead the notional interest was treated as a permanent non-deductible expense, which had the impact of increasing the effective income tax expense. While the notional interest was correctly treated as non-deductible (such that the restatement does not impact the underlying tax treatment or cash taxes), the balances are being restated to record the DTA and Convertible Notes reserve of $11 million at inception, and to treat the notional interest as a temporary difference which causes the income tax expense to also be restated.

As a result, the said restatement has reduced the deferred tax assets of Webjet Limited by $7.6 million as at 31 March 2022.

Additionally, Webjet Limited and its wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset against each other in the consolidated financial statements. $5.6 million of previously recognised DTL has been reclassified to deferred tax assets for the Australian entities as at 31 March 2022.

The balances for the year ended 31 March 2022 have been restated as follows:

| | Previously reported<br>Year ended 31 March 2022<br>$ m | Adjustment<br>Year ended 31 March 2022<br>$ m | Restated<br>Year ended 31 March 2022<br>$ m |
|---|---|---|---|
| **Consolidated Statement of profit or loss and other comprehensive income** | | | |
| Income tax benefit | 19.9 | 3.4 | 23.3 |
| **Net loss after tax** | **(85.0)** | **3.4** | **(81.6)** |
| **Total comprehensive loss for the period** | **(97.2)** | **3.4** | **(93.8)** |

| | Previously reported<br>Year ended 31 March 2022<br>Cents per share | Adjustment<br>Year ended 31 March 2022<br>Cents per share | Restated<br>Year ended 31 March 2022<br>Cents per share |
|---|---|---|---|
| **Profit/(loss) per share:** | | | |
| Basic (cents per share) | (22.4) | 0.9 | (21.5) |
| Diluted (cents per share) | (22.4) | 0.9 | (21.5) |

| | Previously reported<br>Year ended 31 March 2022<br>$ m | Adjustment<br>Year ended 31 March 2022<br>$ m | Restated<br>Year ended 31 March 2022<br>$ m |
|---|---|---|---|
| **Consolidated Statement of financial position** | | | |
| Deferred tax assets | 56.2 | (13.2) | 43.0 |
| Deferred tax liabilities | (24.1) | 5.6 | (18.5) |
| **Net assets** | **746.0** | **(7.6)** | **738.4** |
| | | | |
| Reserves | (18.4) | (11.0) | (29.4) |
| Retained losses | (273.4) | 3.4 | (270.0) |
| **Total equity** | **746.0** | **(7.6)** | **738.4** |

# Notes to the consolidated financial statements.

## 4.9 Adoption of new accounting standards

The following minor amendments to standards became effective 1 April 2022:

| Effective for the first-time | Effective date on or after | Applicable effective date for the Group |
|---|---|---|
| AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments | 1 January 2022 | 1 April 2022 |
| AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections | 1 January 2022 | 1 April 2022 |

The following standards are in issue but not yet effective:

| New and revised pronouncements applicable to all entities | Effective date on or after | Applicable effective date for the Group |
|---|---|---|
| AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, | 1 January 2023 | 1 April 2023 |
| AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, | | |
| AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, | | |
| AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections | | |
| AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, | 1 January 2024 | 1 April 2024 |
| AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date and IASB amendment Non-current Liabilities with Covenants (Amendments to IAS 1) | | |
| AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates | 1 January 2023 | 1 April 2023 |
| AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 | 1 April 2023 |

## 4.10 Contingent liabilities

At 31 March 2023, the Group had drawn bank guarantee facilities amounting to $72.5 million (31 March 2022: $63.6 million). There are no other contingent assets or liabilities requiring disclosure as at the date of this report.

## 4.11 Subsequent events

The deferred consideration of $2.2 million relating to the acquisition of Trip Ninja Inc. was settled after the reporting date.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future years.

# Directors' Declaration.

## In the Directors' opinion:

(a) the financial statements and notes set out on pages 56 to 92 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the Group's financial position as at 31 March 2023 and of its performance for the year-ended on that date, and

(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, and

Note 4.6 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors

**Roger Sharp**
Chair
Melbourne, 24 May 2023

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Australia

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# Independent Auditor's Report to the Members of Webjet Limited

## Report on the Audit of the Financial Report

*Opinion*

We have audited the financial report of Webjet Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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:

(i) giving a true and fair view of the Group's financial position as at 31 March 2023 and of its financial performance for the year then ended; and

(ii) 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 & 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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| Key Audit Matter | How the Key Audit Matter was addressed in the audit |
|---|---|
| **Carrying value of goodwill and intangibles in relation to the B2B and B2C businesses**<br><br>As at 31 March 2023 the Group's goodwill and other intangible assets balance totalled $802.5 million which represents 51% of total assets as disclosed in Note 3.1.<br><br>Goodwill and other intangible assets are required to be assessed for impairment annually or where there is an indicator of impairment.<br><br>The recoverable amounts of the B2B and B2C cash generating units (CGUs) have been determined using a value in use model (VIU), which incorporates significant judgement related to the estimation of future cash flows, short term growth rates, long term growth rates, terminal values, working capital levels, allocation of corporate costs and discount rates.<br><br>Changes to these assumptions can impact the recoverable amount determined for each CGU. | Our procedures included, but were not limited to:<br>• obtained an understanding of the process that management undertook to perform their impairment assessment;<br>• assessed the design and implementation of relevant controls within management's impairment assessment process, including the preparation, review and board approval of cash flow forecasts supporting this process; and<br>• evaluated the level at which goodwill is monitored, including the identification of CGUs.<br><br>In conjunction with our valuation specialists, we:<br>• evaluated the VIU models prepared by management and validated the reasonableness of the assumptions used to calculate the discount rate, long-term growth rates, terminal values, working capital levels and allocation of corporate costs compared to historical performance and industry benchmarks to ensure compliance with the relevant accounting standards;<br>• assessed the projected cash flows for both the B2B and B2C businesses, including the assumptions relating to EBITDA growth rates by considering relevant economic and industry forecasts;<br>• agreed the forecasted cashflows for FY24 to the latest Board approved budget;<br>• assessed historical forecasting accuracy;<br>• assessed the integrity and mathematical accuracy of the impairment models prepared by management;<br>• compared the market capitalisation of the Group to the Group's net assets;<br>• assessed management's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for goodwill and intangibles to be impaired; and<br>• assessed the appropriateness of the disclosures included in Note 3.1 to the financial statements. |

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*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for year ended 31 March 2023, 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 we do not express any form of assurance conclusion thereon.

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 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 related 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 judgement 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

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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's 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 with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

*Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 32 to 53 of the Directors' Report for the year ended 31 March 2023.

In our opinion, the Remuneration Report of Webjet Limited for the year ended 31 March 2023, complies with section 300A of the *Corporations Act 2001*.

*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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 24 May 2023

# Shareholder Information.

The shareholder information set out below was applicable as at 28 April 2023.

## A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

| Holding | Number of equity holders Ordinary Shares | Options | Performance Rights |
|---|---|---|---|
| 1 – 1,000 | 34,267 | – | – |
| 1,001 – 5,000 | 13,292 | – | 51 |
| 5,001 – 10,000 | 2,410 | – | 38 |
| 10,001 – 100,000 | 1,647 | – | 92 |
| 100,001 and over | 91 | 11 | 7 |
| | 51,707 | 11 | 188 |

## B. Voting rights

382,721,484 fully paid ordinary shares are held by 51,707 individual shareholders.
All issued ordinary shares carry one vote per share.
4,660,000 options are held by 11 individuals, to which no voting rights are attached.
5,631,178 performance rights are held by 188 individuals, to which no voting rights are attached.

## C. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

| Name | Ordinary Shares Number held | Percentage of shares issued |
|---|---|---|
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 74,040,462 | 19.35 |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 60,060,058 | 15.69 |
| CITICORP NOMINEES PTY LIMITED | 58,687,359 | 15.33 |
| NATIONAL NOMINEES LIMITED | 28,045,360 | 7.33 |
| BNP PARIBAS NOMS PTY LTD <DRP> | 14,127,653 | 3.69 |
| JAYELLE SUPER PTY LTD <JOHN LEMISH SUPER FUND A/C> | 5,300,000 | 1.38 |
| CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 4,852,444 | 1.27 |
| MR STEVEN SCHEUER <NO 1 ACCOUNT> | 3,358,105 | 0.88 |
| CHESTERS NOMINEES PTY LTD | 3,145,110 | 0.82 |
| MR JOHN LEMISH | 2,200,000 | 0.57 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 1,850,574 | 0.48 |
| SANDHURST TRUSTEES LTD <HARPER BERNAYS LTD A/C> | 1,677,669 | 0.44 |
| NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 1,465,095 | 0.38 |
| BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING COLLATERAL> | 1,354,600 | 0.35 |
| BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C> | 1,230,852 | 0.32 |
| UBS NOMINEES PTY LTD | 1,188,882 | 0.31 |
| UBS NOMINEES PTY LTD | 1,181,892 | 0.31 |
| MR STEVEN SCHEUER <NO 2 ACCOUNT> | 1,135,717 | 0.30 |
| RAINING ROUBLES PTY LTD <CRIMSON SKIES S/F A/C> | 845,000 | 0.22 |
| MS KING-ENG TAN | 835,729 | 0.22 |
| | **266,582,561** | **69.64** |

## D. Substantial holders

Substantial holders in the company are set out below:

| Holding | Number held | Percentage |
|---|---|---|
| First Sentier Investors – Growth Australian Equities (Sydney) | 20,880,867 | 5.46 |
| Ausbil Investment Mgt (Sydney) | 20,620,234 | 5.39 |
| First Sentier Investors – Australian Small Companies (Sydney) | 17,888,687 | 4.67 |
| Vinva Investment Mgt (Sydney) | 13,828,347 | 3.61 |
| Vanguard Group (Philadelphia) | 12,895,099 | 3.37 |
| Remaining | 296,608,250 | 77.50 |

# Glossary.

| Term | Meaning |
|---|---|
| AFTA | Australian Federation of Travel Agents |
| APAC | Asia Pacific |
| B2B | Business to Business |
| B2C | Business to Consumer |
| CAGR | Compound Annual Growth Rates |
| Company | Webjet Limited |
| CY19 | 12 months ending 31 December 2019 (i.e. pre-Covid) restated to align to 31 March year end |
| EBITDA | Earnings before interest tax depreciation and amortisation |
| ERP | Enterprise Resource Planning system |
| ESG | Environmental, Social and Governance |
| FAR | Fixed Annual Remuneration |
| GDS | Global Distribution System |
| Group | Webjet Limited and its consolidated entities |
| IATA | International Air Transport Association |
| KMP | Key Management Personnel |
| LTI | Long-term Incentive |
| MEA | Middle East & Africa |
| NPAT | Net Profit After Tax |
| OTA | Online Travel Agent |
| pre-Covid and pre-pandemic | refers to the 12 months ending 31 December 2019 (i.e. pre-Covid) restated to align to 31 March year end |
| STI | Short-term Incentive |
| Toitu | Toitu Envirocare |
| TTV | Total Transaction Value |
| Underlying Operations | excludes non-operating expenses, share based payment expenses, Acquisition Amortisation and Convertible Note interest |
| VWAP | Volume-weighted average price |
| Webjet | Webjet Limited |

All references in this Annual Report to $ are for Australian dollars unless otherwise noted.

# Corporate directory.

## Directors
- Roger Sharp, Chair
  Independent Non-Executive Director
- John Guscic
  Managing Director
- Don Clarke, Deputy Chair
  Independent Non-Executive Director
- Brad Holman
  Independent Non-Executive Director
- Denise McComish
  Independent Non-Executive Director
- Shelley Roberts
  Independent Non-Executive Director
- Katrina Barry
  Independent Non-Executive Director
  (Appointed on 17 October 2022)

## Company Secretaries
- Tony Ristevski
- Ella Zhao
- Meaghan Simpson
  (Appointed on 10 May 2023)

## Registered office
Level 2, 509 St Kilda Road
Melbourne Victoria 3004 Australia

Phone: +61 3 9828 9500
Email: webjet@webjet.com.au
Website: www.webjetlimited.com

## Share Registry
Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001 Australia

Telephone within Australia: 1300 556 161
International Callers: +61 3 9415 4000

## Auditor
Deloitte Touche Tohmatsu
477 Collins Street
Melbourne Victoria 3000 Australia

## Stock Exchange Listings
Webjet Limited's shares are listed on the Australian Securities Exchange (ASX:WEB).

Webjet Limited's $250 million unsecured convertible notes are listed on the Singapore Exchange.

**Webjet** Limited

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