APPENDIX 4D
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT)

ABN 25 003 377 188

CONTENTS

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN BRIEF	DECEMBER 2023 $'000	DECEMBER 2022 $'000	CHANGE $'000	CHANGE[4] %
Total transaction value (TTV)[1]	11,327,351	9,885,699	1,441,652	14.6%
Revenue	1,287,322	1,001,837	285,485	28.5%
EBITDA[2]	219,143	76,952	142,191	184.8%
Statutory profit / (loss) before income tax	**120,236**	**(18,320)**	**138,556**	**(756.3%)**
Statutory profit / (loss) after income tax	86,663	(20,025)	106,688	(532.8%)
Statutory profit / (loss) attributable to company owners	86,603	(19,778)	106,381	(537.9%)
Underlying EBITDA[2]	**189,145**	**95,084**	**94,061**	**98.9%**
Underlying profit before tax[2,3]	**106,164**	**15,964**	**90,200**	**565.0%**
Underlying profit after tax[2,3]	74,388	8,857	65,531	739.9%

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

2 EBITDA, Underlying EBITDA, Underlying profit before tax (PBT) and Underlying profit after tax (PAT) are non-IFRS measures and not subject to review procedures. Refer to table on page 3 for reconciliation of statutory to underlying results.

3 Amortisation of convertible notes has been included as an underlying adjustment in the current period, with prior period comparative amounts restated including associated tax effect.

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

DIVIDENDS

31 DECEMBER 2023	AMOUNT PER SECURITY CENTS	100% FRANKED AMOUNT CENTS
Interim dividend[5]	10.0	10.0
30 JUNE 2023		
Final dividend	18.0	18.0

5 On 28 February 2024, FLT declared an interim dividend out of FY24 profits. The record date for determining entitlements to the dividend is 27 March 2024.

No interim dividend was declared for the year ended 30 June 2023.

NET TANGIBLE ASSETS

	DECEMBER 2023 $	DECEMBER 2022 $
Net tangible asset backing per ordinary security[6]	(1.23)	(2.09)

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

DETAILS OF JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES	DECEMBER 2023	DECEMBER 2022
Pedal Group Pty Ltd	46.8 %	47.3 %

INVESTMENTS IN ASSOCIATES	DECEMBER 2023	DECEMBER 2022
Evolve Travel Limited	50.0 %	50.0 %

- FLT did not receive a dividend from Pedal Group (2022: $3,937,000 of which 100% was received as shares as part of the Pedal dividend reinvestment plan) during the period. FLT continues to have joint control.

UNDERLYING ADJUSTMENTS

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

	HALF-YEAR ENDED 31 DECEMBER	
	2023 $'000	2022 $'000 RESTATED[1]
EBITDA[2]	**219,143**	**76,952**
Depreciation and amortisation	(75,926)	(66,136)
Interest income	17,285	11,831
Finance costs	(40,266)	(40,967)
Statutory profit / (loss) before income tax	**120,236**	**(18,320)**
Buy-back and remeasurement of convertible notes[3]	(48,022)	—
US Wholesale trading loss[4]	7,327	—
Productive Operations initiative[5]	2,088	—
Acquisition transaction costs - Scott Dunn	—	3,350
COVID-19 ROUA impairment reversal	—	(1,602)
Employee retention plans - Post-COVID Retention Plan (PCRP) & Global Recovery Rights (GRR)	8,609	16,384
Amortisation of convertible notes[1]	15,926	16,152
Total underlying adjustments	**(14,072)**	**34,284**
Underlying profit before tax[1,2]	**106,164**	**15,964**
Statutory income tax expense	(33,573)	(1,705)
Underlying adjustments associated tax effect[1]	1,797	(5,402)
Underlying profit after tax[1,2]	**74,388**	**8,857**
Underlying EBITDA[2]	**189,145**	**95,084**

1 Amortisation of convertible notes (excluding the coupon) has been included as an underlying adjustment in the current period, with prior period comparative amounts restated including associated tax effect.

2 EBITDA, Underlying EBITDA, Underlying profit before tax (PBT) and Underlying profit after tax (PAT) are non-IFRS measures and not subject to review procedures.

3 During the period, convertible notes due November 2027, with a face value of $75,000,000 were bought back for $84,153,000. The fair value of the liability component of these notes was re-measured before buy-back using an equivalent market interest rate for a similar bond without a conversion option, which resulted in a gain of $10,982,000. The gain is recognised in other income in the statement of profit or loss. FLT reassessed the estimated timing of cashflows of the remaining notes and concluded that based on management's estimate, the amortisation period of the notes due November 2027 should be aligned with the contractual maturity of 17 November 2027. A remeasurement of the carrying value of the remaining $325,000,000 of notes due November 2027 resulted in a gain of $37,040,000. The gain is recognised in other income in the statement of profit or loss. Refer to note 13 for further details.

4 Closure of the US Wholesale business in February 2024.

5 Productive Operations initiative is a business transformation project focused on lowering costs and growing income through automation and personal service.

COMPLIANCE STATEMENT

The report is based on accounts which have been reviewed by the auditor of Flight Centre Travel Group Limited. There have been no matters of disagreement and a report of the auditor's review appears in the half-year financial report.

The report should be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by FLT in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and *ASX Listing Rules*.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Flight Centre Travel Group Limited (FLT) and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

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

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

REVIEW OF OPERATIONS AND RESULTS

RESULT OVERVIEW

FLIGHT Centre Travel Group (FLT) achieved a $106million underlying profit before tax (PBT)* for the half year to December 31 2023.

The strong underlying result represents a $90million – or 565% – increase on the previous corresponding period (PCP), when FLT achieved a $16million underlying PBT.

The leisure business's $60million underlying PBT exceeded pre-pandemic levels and was:

- Circa 30-times the $2million FY23 first half (1H) result; and
- Double the $30million FY19 1H underlying PBT

Underlying corporate PBT increased 53% to $93million, during another period of healthy, organic growth and ahead of the Productive Operations initiative benefits being realised.

FLT's statutory PBT increased 756% to $120million (PCP: $18million loss), while underlying earnings before interest, tax, depreciation and amortisation (EBITDA) almost doubled to $189million (PCP: $95million).

The company's strong 1H profit recovery was underpinned by:

- Solid sales growth in an uncertain macro-economic and geopolitical climate, an achievement that has again highlighted FLT's and the sector's resilience; and
- Significant margin improvement as key strategies gained traction, leading to an underlying 1H PBT margin just under 1% - its highest 1H level for five years and in line with the FY23 2H, a promising sign given margin's normal heavier 2H weighting

Total transaction value (TTV) increased 15% to $11.3billion, delivering FLT's second strongest start to a year (behind only the FY20 1H).

Corporate TTV increased 16.8% to a record $5.9billion, as the business again achieved new sales milestones and comfortably outpaced the broader corporate travel sector's recovery.

Leisure TTV increased 18% to $5.2billion, with scale benefits being achieved across a diverse mass market, luxury, complementary and independent brand range.

Airfare price deflation affected FLT's overall TTV growth rate, with average international fares in Australia decreasing 13% during the three months to December 31 2023 (compared to the PCP) and circa 7% globally during the 1H. FLT welcomes these decreases and expects gradual volume increases as fares become more affordable for families in particular.

Revenue growth – at 28% - comfortably exceeded TTV growth, delivering a 130bps revenue margin (RM) increase underpinned by improved supplier margins and strategic initiatives implemented to capture a larger share of wallet through increased attachment (components per booking), ancillary sales and new product and service offerings.

**Refer to note 1 segment information for reconciliation of statutory to underlying PBT.*

RESULT OVERVIEW (CONTINUED)

Underlying cost margin (excluding touring cost of sales) was just under 10%, well below historic highs and with the prospect of further near-term improvement driven by:

- Productivity growth as corporate's Productive Operations initiative gains momentum and as rapidly growing, highly scalable leisure models capture a larger share of TTV
- A group-wide focus on operating leverage – ensuring that revenue growth outpaces cost growth. This will be aided by the creation of a Global Business Services area to help deliver cost and productivity efficiencies
- The recent closure of loss-making United States (US) wholesaler GoGo, which incurred $7.3million in non-recurring 1H losses; and
- Turnaround opportunities in the cycle joint venture (Pedal Group) and the travel services businesses (Touring, Hotel Management and Destination Management)

While FLT has retained its cost focus, it has continued to invest in key growth drivers including its brand network, product offerings and platforms.

1H capital expenditure was $49million and weighted towards technology and systems, to enhance productivity and the customer experience.

In corporate, FLT has ramped up its investment in Productive Operations and should start to see more tangible returns on these investments during the 2H. As part of its plan to create a single operating system, the company will retire various legacy systems during the upcoming months to create further cost and efficiency benefits.

In leisure, FLT continued to enhance its omni channel capabilities and took steps to grow sales via digital channels by giving customers:

- The ability to book flights from "Anywhere to Anywhere" online, as well as cruise
- Access to airlines' NDC (New Distribution Capability) offerings via TP Connects; and
- A broader product range via the mobile app, including car hire and packages

Airfare aggregator TP Connects is a key part of FLT's plan to improve access to airfares that are not currently available through traditional Global Distribution Systems (GDSs) and unlock new external revenue streams. Direct NDC connections are now in place and at various stages of development with circa 15 airlines globally, and significant further growth is expected by June 30.

Other key investments included:

- New wholesale and retail cruise businesses (Cruise HQ and Cruiseabout) to capture a greater share of this booming sector, which is a long-term strategic priority
- A new brand, Envoyage, consolidating FLT's expanding global network of independent agents and agencies – another long-term strategic priority
- Travel Money's new Click & Collect and Click & Deliver currency services; and
- Expansion of the luxury leisure collection, which is also a longer-term strategic priority. This collection currently includes Travel Associates and the recently acquired Luxperience and Scott Dunn businesses.

Scott Dunn opened in New York during the 1H, giving it a US east and west coast presence. The business overall continues to trade in line with expectations and will generate the bulk of its FY24 profit during its peak 2H booking periods.

FLT has also invested almost $425million in capital management initiatives, including a fully franked 10 cents per share FY24 interim dividend, to reduce future dilution, interest expense and improve shareholder returns.

The $22million interim dividend – payable on April 17 to shareholders registered on March 27 – follows the $40million FY23 final dividend (paid 1H) and comes after FLT bought back convertible notes ($84million), repaid syndicated debt facility ($250million) and decreased utilisation of the overdraft facilities ($28million). Overall liquidity has been maintained with both the bank debt and the overdraft able to be redrawn if required.

The company retained a strong balance sheet during the pandemic and is working now – as cash generation accelerates – to solidify its position by reducing debt or the outstanding convertible note balance, while maintaining its ability to capitalise on growth opportunities. This accelerated cash generation reflects normal operating cash flow seasonality, with FLT typically recording a modest 1H operating cash inflow, followed by a larger 2H inflow as cash accumulates more rapidly during the peak 2H booking periods.

FLT has also agreed, subject to customary conditions precedent and documentation, to extend its $350million debt facility, which includes the $250million in undrawn funds, through to April 2026. This unsecured facility is on better commercial terms, with restructured covenants providing additional flexibility and headroom.

RESULT OVERVIEW (CONTINUED)

Comfortably Outpacing Industry Recovery in Global Corporate Travel Sector

The corporate business's proven organic growth model again delivered record overall sales as well as new milestones in its four regions of Australia-New Zealand, the Americas, Europe, Middle East and Africa (EMEA), and Asia.

These record results, built on high customer retention rates and large volumes of new account wins, were achieved in a sector that has recovered to circa 70% of pre-COVID transaction volumes (Source: MIDT data). For the 7 months to January 2024, the corporate brands had secured new accounts with projected annual spends of circa $1.3billion, with FCM typically winning customers from competitors and Corporate Traveller securing a mix of unmanaged and smaller managed accounts.

As outlined previously, underlying corporate PBT increased 53%, with improved revenue and cost margins leading to a 1.6% underlying PBT margin (FY23 1H: 1.2%).

Since the start of the pandemic, the business has been working towards clear and consistent strategies focused on growth (Grow to Win), at a time when competitors were downsizing, and productivity through Productive Operations, an initiative centred around:

- Building a single global operating system for the two major brands, Corporate Traveller and FCM, that drives activities through the most appropriate channel; and
- Lowering costs and growing income, while delighting customers through a combination of automation and personal service

Priorities include digitisation and standardisation of operations, enabling self service capabilities through mass adoption of the proprietary Melon and FCM platforms, which are both seeing strong uptake, and content access and distribution.

As part of this, the business is investing in artificial intelligence (AI) to improve customer experience and productivity, following the creation of its AI Centre of Excellence. This includes new features in the FCM Platform to structure off-channel bookings through AI and the ability to more accurately route customer enquiries using AI-based intent recognition from emails and customer chats.

Leisure Business Achieving Economies of Scale and Exceeding Pre-COVID Profit

The leisure businesses generated 46% of group 1H TTV and achieved a strong profit turnaround during the period.

Together, the Complementary, Luxury and Independent categories – highly scalable businesses that have been earmarked as future growth drivers – generated 45% of 1H leisure TTV at year-on-year growth rates of 50%, 44% and 29% respectively. Travel Money's TTV more than doubled, with online travel agency Jetmax delivering a 75% TTV uplift.

Online TTV (Mass Market and Complementary categories) reached $830million, including major contributions from flightcentre.com, the Jetmax businesses and StudentUniverse.

Leisure revenue growth – at 33% - significantly outpaced TTV growth, leading to a 140bps RM increase to 12.1%. Factors contributing to this RM improvement include further recovery in international travel, which is typically higher margin, and increasing attachment (components per booking) and ancillary product sales.

Within Flight Centre's global shop network, the average booking now has 2.6 components, compared to 2.2 in December 2022, with the Captain's Pack being attached to more than 60% of in-store bookings globally.

Underlying PBT margin improved from 0.05% to 1.2% half-on-half, as scale benefits were achieved and as all four leisure categories traded profitably during the seasonally softer 1H.

OUTLOOK

After four years of disruption and then gradual recovery, 2024 is set to be a watershed for travel with various industry bodies, including IATA, predicting that the new calendar year will surpass 2019 as the busiest 12 months ever for travel.

FLT is well placed to capitalise on any further recovery in global travel demand given its:

- Diverse brand stable across both the leisure and corporate sectors
- Strong customer value propositions (CVPs) and supplier relationships; and
- Proven ability to weather macro-economic challenges and grow TTV year-on-year

Travel is a highly resilient sector, as evidenced by the 5.9% compound annual growth rate in Australian short-term resident departures between 1979 and 2019, before travel was grounded early in 2020 (Source: Australian Bureau of Statistics). Had this long-term growth rate continued to 2023, an extra 4.2million Australians would have travelled overseas last year – a statistic that underlines the industry's potential upside in the years ahead.

Ongoing solid travel demand has been aided by continued low unemployment in key markets and a desire among regular travellers to make up for lost time after lockdowns (revenge travel). The FLT brand network's well-defined CVPs have also resonated with cost-conscious customers in an inflationary environment and will be relevant to more travellers now airfare prices have finally started to decrease.

OUTLOOK (CONTINUED)

In terms of FY24 outlook, FLT starts the 2H with good momentum after a solid 1H and with its strongest trading months to come. Early 2H results are in line with expectations, with TTV currently on track to surpass the record $23.7billion result achieved during FY19 as leisure customers continue to prioritise travel and as the corporate business continues to win accounts to more than offset lower overall customer spend.

Given that the business continues to trade in line with expectations, there is no change to the financial outlook previously provided to the market. FY24 guidance has, however, been amended to reflect a change in the measurement of non-cash convertible note amortisation expense.

The non-cash change is unrelated to trading performance, but will see FLT increase its targeted FY24 range from an underlying PBT between $270million and $310million to an underlying PBT between $300million and $340million. FY23 underlying PBT has been restated on the same basis.

By making this adjustment, FLT will effectively remove the impact of fluctuating convertible note amortisation from underlying results, and will provide investors with a truer picture of trading performance while the company convertible notes remain outstanding. The notes' actual costs (coupons/cash interest) will continue to be included in underlying expenses.

The mid-point in FLT's new FY24 range, $320million, represents a 130% improvement on the adjusted underlying $138.8million FY23 result and implies a 33%-67% underlying PBT split between the first and second halves, in line with FLT's normal expectations.

This earnings skew is expected to be driven by normal seasonality – leisure and corporate TTV and profit are both traditionally 2H-weighted, as are leisure revenue margins and productivity – and operational enhancements that are underway to reduce costs or improve efficiency.

FLT also expects further strong returns from businesses and brands that are rapidly gaining scale and becoming significant growth and profit engines. These businesses include:

- The Asian corporate business, which delivered record 1H underlying EBITDA
- The Independent agent and agency business, which now operates as Envoyage
- Travel Money, which is operating at significantly higher margins than pre-COVID
- Travel Associates and Scott Dunn, businesses that are already delivering profit margins well above leisure's longer-term target; and
- Ignite (MyHolidays), another business that is already delivering high margins

MATERIAL BUSINESS RISKS

RECOGNISE AND MANAGE RISK

FLT's risk management approach is anchored around the following key principles:

- Protecting the Group's assets, people and interests of our key stakeholders through effective identification and management of risk;
- Optimising the Group's operations through continuous improvement and informed decision making; and
- Supporting the continued growth and sustainability of the Group through taking the right amounts and types of risk to deliver sustained value.

Risk management is all employees' responsibility and this is clearly established within the risk management policy and risk management strategy.

While FLT does not have a separate risk committee, the Board, through the combined Audit and Risk Committee, is responsible for overseeing the company's risk management framework. This provides the Board and management with an ongoing program to identify, evaluate, monitor and manage material risks to enhance, over time, the value of the shareholders' investments and to safeguard assets.

The Audit and Risk Committee's charter is available on FLT's website (see www.fctgl.com/investors#governance-documents).

The framework is based around the following risk management process, as set out in the risk management strategy:

- risk identification – identifying risks that have a potential material impact to the Group's strategic objectives and operations;
- risk assessment – assessing the impacts and likelihood of key risks;
- risk management – developing appropriate mitigation and treatments to manage risk within acceptable levels; and
- risk monitoring and reporting – ongoing monitoring and reporting, of risks in line with the Group's risk appetite.

DIRECTORS' REPORT CONTINUED

RECOGNISE AND MANAGE RISK (CONTINUED)

Risks are identified in the context of the Group's strategic and operational objectives including financial and non-financial risk classes. The Board and/or Audit and Risk Committee reviews the FLT risk management policy and FLT's risk management framework and is satisfied that it continues to be sound.

The CEO and senior management are responsible for identifying, assessing and monitoring risk. Senior management personnel are responsible for communication of their risk management activities in line with the Group's risk strategy and framework. A self-assessment on key business risks is performed and reported to the Audit and Risk Committee. Risk classes considered strategic risk and disruption, market conditions, climate change, macroeconomic and geopolitical conditions, regulatory risk, financial risk, operating risks, and ethics and conduct risks to the Group. Impacts as a result of key risks are assessed across financial and non-financial impact categories, including the reputational impact to the Group.

The Enterprise Risk function ensures the approach to risk management across the Group is in accordance with the risk management framework and supports the risk-based assurance approach to monitor the effectiveness of key controls. The Enterprise Risk function operates independently of the businesses and provides an objective and independent assessment of the effectiveness of FLT's risk and control environment.

Whilst FLT does not have a dedicated internal audit function, each internal business has a risk function that is responsible for monitoring and helping to manage risks in that business.

Key strategic projects (i.e. capital raisings, mergers/acquisitions/divestments, joint ventures, business initiatives or transformations etc.) are subjected to separate risk assessments that meet the specific needs of the project in line with Group objectives and risk appetite.

The CEO and CFO provide the Board with a formal sign-off on the Group's financial statements, in accordance with section 295A of the Corporations Act 2001 (Cth) and recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations. That sign-off is founded upon a sound system of risk management and internal control which is operating effectively in all material aspects in relation to financial reporting risks.

RISK PROFILE

The below section does not purport to list every risk that may be associated with the Group now or in the future. There is no guarantee that the importance of these risks will not change, or that other risks will not emerge. While the Group aims to manage risks in order to minimise adverse impacts on its financial and reputational standing, some risks are outside the control of the Group.

Strategic risk and disruption

FLT faces threats and disruption that may affect its ability to execute its growth strategies, including delivering organic growth and pursuing strategic growth through mergers and acquisitions (M&A). The Group operates in a highly competitive environment, where it faces challenges from existing and new competitors, as well as the risk of disruption to its key business models by emerging technologies, changing customer preferences and regulatory changes. The Group's strategic growth objectives depend on the performance and alignment of its Global Pillars (Leisure, Corporate, Other) and its investments, which may be influenced by various internal and external factors. The Group's M&A strategy also involves significant risks, such as identifying suitable targets, conducting appropriate due diligence, integrating acquired businesses, achieving synergies and meeting financial expectations. The above risks may have an adverse effect on the Group's operational and/or financial performance.

How we manage this risk

The Group continually assesses its strategies and models as part of our strategic planning process. Through diversification, the Group aims to mitigate the threat of disruption and market entrants and pursue sustainable growth. Investment into key capabilities and technologies are made with the goal of fostering innovation, automation and digital transformation in respect of our business operations. Inorganic growth via mergers and acquisitions is continually assessed and executed where investment presents strong value, returns and complements our portfolio.

Market conditions

As the travel industry navigates the post COVID-19 pandemic landscape, the Group must closely monitor market conditions and associated market risks. The pandemic has significantly altered customer sentiment and travel expectations. While some travellers are eager to explore new destinations, others remain cautious due to health concerns. Natural disasters, pandemics, and terrorism also remain unpredictable threats. These events further disrupt travel plans, affect safety perceptions, and lead to sudden shifts in demand. Furthermore, geopolitical tensions and regional instability can impact specific markets, necessitating agility in our operations. This has led to patterns of travel behaviour normalising differently across demographics leading to vastly differing consumer preferences (such as sustainable travel options) and changing trends across both corporate and leisure travel markets.

RISK PROFILE (CONTINUED)

How we manage this risk

The Group has an established presence in our key geographical regions which helps build strong local market knowledge, operations and oversight complementing our global division and brand strategies. We seek to meet shifts in demand by prioritising streamlining, automating and standardising business operations.

Our diverse lines of business and product offerings across the Group assist us to cater for differing travel behaviours across all demographics. Consumer preferences are central to our sales and marketing strategies, product procurement, and our customer experience.

Climate Change

The Group and its customers, suppliers and service providers may be adversely affected by climate change, which may lead to rising sea temperatures and sea levels, extreme weather conditions and changes in the frequency and severity of catastrophic events such as floods, fires, storms and droughts. Physical risks resulting from climate change can be event driven or a result of longer-term shifts in climate patterns and may have financial implications for the Group, such as indirect impacts from supply chain disruption, impacts on sectors that leisure and corporate customers operate in (e.g. agriculture) and the travel patterns and habits of customers. Transitional risks are those that result from actions taken to reduce greenhouse gas emissions and mitigate climate change. Examples of this include policy and legal reforms, investor and customer preferences and technology. Given its broad scope these risks have the potential to have substantial and unexpected impacts on the Group and can be experienced domestically and internationally. There is uncertainty about how the Group's customers will continue to respond to the effects of climate change (and therefore on possible changes in customer demand) and whether this may have an adverse impact on the Group's financial performance, results of operations and prospects.

How we manage this risk

The Group has a dedicated sustainability team which works with various other teams to ensure we are on track to comply with the various proposed jurisdictional sustainability standards. The Group is planning to assess the effects of climate risk and the associated opportunities in the upcoming financial year in accordance with the proposed standards. The Group monitors the risks and opportunities associated with climate change and reports material matters directly to the Board. The team has completed an updated emissions footprint for financial year 2023 and is working with the Science Based Targets initiative to validate the Group's targets. The team also works closely with the businesses to monitor customer expectations to design products and services in line with their preferences and expectations.

Macroeconomic and geopolitical conditions

The travel industry is facing significant challenges due to the macroeconomic and geopolitical conditions in the world. The global economic slowdown, exacerbated by the COVID-19 pandemic, has reduced the demand for travel among both our Leisure and Corporate businesses. Some consumers are more cautious about spending on discretionary items such as travel, and businesses are cutting down on travel expenses to save costs. Moreover, the increasing geopolitical tensions in various regions, such as the conflict between Ukraine and Russia, the instability in Israel and its neighbours, and the trade disputes between major powers, have created uncertainty and risk for travellers and the travel industry alike. These tensions have already led to travel restrictions, major sanctions for countries and nationalities, boycotts, or even violence that could disrupt or endanger travel plans. Therefore, the Group needs to be prepared for the potential impact of these macroeconomic and geopolitical factors on its operations, profitability, and reputation.

How we manage this risk

Diversification and key offerings across different channels, revenue streams and products help the Group remain resilient. Travel is proving a priority amongst consumer discretionary categories and is positioned well for sustained growth. We focus on having a strong market presence and supply chain management in the corporate and leisure travel industries. Further, strong risk management, helps build balance sheet strength whilst business continuity and scenario planning strategies are in place to mitigate any impacts associated with this risk.

RISK PROFILE (CONTINUED)

Regulatory risk

The Group, as a retailer of travel and travel-related products operating across multiple international markets is exposed to the risk of regulatory enforcement where business activities breach jurisdictional regulatory requirements.

These include, but are not limited to the following key areas:

- Data privacy breach / confidentiality mismanagement,
- External financial and regulatory reporting failure
- Tax payment/filing failure
- Money laundering and terrorism financing
- Sanctions violations
- Bribery and corruption activities

Any regulatory enforcement against FLT could materially harm the reputation and financial performance of the Group.

How we manage this risk

The Group applies appropriate resourcing, training, technology and processes to support FLT in maintaining effective relationships with regulators, responding adequately to regulatory change, holding proper licensing and certification, and operating prudently across borders.

Financial risks

Liquidity & Financing risk

Liquidity and access to capital are fundamental requirements to achieve the Group's business objectives and to meet its financial obligations when they fall due. The inability to maintain a strong balance sheet or to secure new capital or credit facilities on favourable terms could impact upon the Group's operational and financial performance and the ability to meet its ongoing liquidity (including debt refinancing) needs.

As a borrower of capital, the Company is exposed to fluctuations in interest rates which may increase the cost of servicing the Company's debt. Developments in global financial markets may adversely affect the liquidity of global credit markets and the Company's access to those markets. This may have a material adverse effect on the Company's future financial performance and financial position.

How we manage this risk

The Group closely manages and monitors liquidity through rolling 18-month operating cashflow forecasts and comparing actual cashflows to this forecast, which is supported by Group Treasury review of 13-week cashflow forecasts prepared weekly at a detailed level by business and country. This provides oversight of the amount and timing of cash inflows and outflows, and identification of any potential liquidity gaps or surpluses. Further, monitoring of liquidity ratios to assess the Group's ability to convert its assets into cash and to cover its short-term liabilities is routinely completed. Efforts to optimise working capital are also made by managing receivables and payables, alongside negotiating favourable terms with suppliers and customers.

The Group monitors its debt structures in accordance with its capital management strategy. Our capital framework is aimed at guiding the allocation of capital in a manner that seeks to effectively balance sustaining growth, maintain a strong balance sheet and maximise returns to our shareholders.

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures on future cash flows. The movement of foreign exchange rates may have an adverse effect on the Group's operating and financial performance. Furthermore, due to the nature of the Group's functions as an international tourism business, changes to foreign exchange rates can impact the underlying demand for travel and tourism services. The movement of foreign exchange rates are beyond the Group's control and could have an adverse effect on operating and financial performance.

How we manage this risk

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

RISK PROFILE (CONTINUED)

Credit risk (suppliers, corporate customers)

The Group’s business model includes payment terms relating to the pre-payment by customers for travel and tourism related services, and the maintenance of large corporate credit balances and related payment terms between the Group and its suppliers. To the extent these terms of payment and supply change, customers seek refunds, chargebacks or reversals, receivables are uncollectable fully or partly, contract assets on balance sheet are unrecoverable or counterparties do not act consistently with supply terms, the Group may need to obtain additional working capital having an adverse effect on operating and financial performance of the Group.

How we manage this risk

The Group manages debtor and supplier risk by applying specific credit terms and criteria to assess the creditworthiness and reliability of its suppliers and corporate customers. The Group also conducts regular supplier and corporate customer evaluations and appraisals to monitor their performance and compliance with the Group's policies and standards. Depending on the stakeholder’s risk profile, the Group may require collateral or guarantees as a form of security for the payment obligations. The Group also adheres to the agreed terms with its suppliers and corporate customers and maintains timely and accurate settlement of invoices.

Acquisition and investment risk

The Group continuously evaluates acquisition and divestment opportunities for sustainable growth. Any past or future acquisitions (or disposals) will cause a change in the sources of the Group’s earnings and result in variability of earnings over time. Integration of new businesses may be costly and occupy management’s time. The financial performance of investments and the economic conditions they operate within may result in investment impairment should the recoverable amount of the investment fall below its carrying value.

How we manage this risk

The Group manages acquisition and investment risk by applying a rigorous investment and due diligence process, which involves evaluating the financial, operational, legal and strategic aspects of each opportunity. The Group also monitors and reports on the performance and risks of its existing investments on a regular basis. The Group aims to ensure that its investments are aligned with its strategic objectives and deliver value to the Group.

Operational risk

Human Resource Risk

As a predominately service-based organisation with high dependency on key senior management, and having “people at our core”, the risk of losing key staff or having excessive turnover in staff is significantly problematic to the Group. Without experienced consultants, sales teams, frontline managers and senior leaders this could cause disruption to the conduct of the Group’s business in the short term and negatively affect the Group’s operating and financial performance. Similarly, the Group’s operations, performance and reputation could be adversely affected if the Group is unable to attract staff or were to lose key staff members which it was unable to replace with equally qualified personnel. This risk is exacerbated by having a complex operating environment with over 30 brands across multiple countries globally.

How we manage this risk

The Group focuses on its culture, reward and recognition which helps staff satisfaction and retention rates remain high. The Executive Team (Taskforce) are collectively accountable for ensuring our organisational culture is appropriate to meet objectives. The Group has strong talent management and succession planning practises in place, along with retention mechanisms in place for key capability.

Technology risk including cyber security

The Group heavily relies on the performance, reliability, and availability of its information technology (IT), communication, and other business systems for many BAU activities. Therefore, any damage to, or failure of, the Group’s key systems may result in severe disruptions to the Group’s business operations resulting in material risk to the Group’s operating and financial performance. The Group also holds / handles a significant amount of personal client data and any failures of, or malicious attacks on, the Group’s technical systems may similarly impact both the Group and its reputation. The risk of cyber, ransomware, and malware threats is also significantly increasing and changing constantly, especially as the Group adapts to more hybrid and remote work environments. Moreover, the regulatory environment is becoming more stringent and could impose severe consequences on the Group for any non-compliance, such as fines, penalties, orders, undertakings, lawsuits, or public statements that could damage the Group's reputation and trust with its customers and suppliers. This could lead to the loss of contracts, market share, and business performance.

RISK PROFILE (CONTINUED)

How we manage this risk

The Group has established a dedicated Information Security team that supports our businesses in implementing effective security controls and practices. The Group also has a maturing data strategy that helps us to identify, classify and manage our critical data assets across the enterprise. Furthermore, we follow cybersecurity frameworks that are designed to protect our systems and data from unauthorised access, detect any potential breaches or incidents, and respond quickly and appropriately to mitigate the impact. We conduct regular awareness training and campaigns to educate our employees and stakeholders on how to prevent and report cyber threats. The Group performs security assessments and continuous monitoring to evaluate our security posture and identify any gaps or areas for improvement.

Supply Chain Risk

The intricate supply chain of the Group involves a network of travel providers, major airlines, global distribution system providers, and intermediaries. Notably, the International Air Transport Association (IATA) operates a clearing system within this ecosystem, which introduces material risk to the Group. Due to the reliance on third party suppliers, a dispute or breakdown in relationships with suppliers could harm the Group's reputation and financial performance. Failure to reach suitable arrangements or a supplier's inability to meet contractual obligations poses significant threats. Further, the current economic climate exacerbates these risks. Suppliers, including international airlines facing operational challenges, may alter engagement terms or even default on payments. Such financial stress can directly impact the Group's operations and financial health.

How we manage this risk

The Group undertakes due diligence and monitors supply chain and third party risk through relationship management. The Group also maintains a diverse supplier base to reduce dependency and increase resilience. Furthermore, the Group conducts initial and ongoing supplier assessment and due diligence to verify compliance, performance and quality standards.

Ethics and Conduct

FLT recognises that ethical conduct and strong governance are material to the success of our business in line with shareholder, regulator, customer and employee expectations. The failure of our people or third-parties to adhere to our code of conduct could deliver reputational impact or lead to a breach of legislation or regulations.

Ensuring ethical behaviour across our supply chain, especially around issues like human rights, modern slavery, and data security, is essential. Breaches of conduct including fraud, bribery and/or corruption, anti-competitive behaviour, economic and trade sanctions, money laundering and/or terrorism financing, privacy breaches or misconduct carry significant risk to our business.

How we manage this risk

Our approach to corporate governance helps to manage, oversee and report against our risk of misconduct within the Group. FLT endorses and applies the ASX Corporate Governance Principles and Recommendations and complies with each recommendation as outlined in our Corporate Governance Statement. The Group monitors and reports on material breaches of our code of conduct directly to the Board.

DIRECTORS' REPORT CONTINUED

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

DIVIDENDS

On 28 February 2024, FLT's directors declared a fully franked 10.0 cents per fully paid ordinary share interim dividend out of FY24 profits (2022: nil). The total amount of the dividend is $22.0 million and represents 30% of FLT's underlying NPAT.

Other than disclosed above, there are no material matters since 31 December 2023.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 14.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding-off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

G.F. Turner
Director
BRISBANE

28 February 2024

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

As lead auditor for the review of the half-year financial report of Flight Centre Travel Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Ernst & Young

Alison de Groot
Partner
28 February 2024

STATEMENT OF PROFIT OR LOSS

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2023 $'000	2022 $'000
Revenue	2	1,287,322	1,001,837
Other income	3	71,150	16,934
Share of profit of joint ventures and associates	4	93	432
Employee benefits		(687,503)	(601,671)
Sales and marketing		(84,703)	(59,202)
Tour, hotel & cruise operations - cost of sales		(74,789)	(38,912)
Depreciation and amortisation		(75,926)	(66,136)
Finance costs	5	(40,266)	(40,967)
Impairment reversal		—	1,602
Other expenses	5	(275,142)	(232,237)
Profit / (loss) before income tax		**120,236**	**(18,320)**
Income tax expense		(33,573)	(1,705)
Profit / (loss) after income tax		**86,663**	**(20,025)**
Profit / (loss) attributable to:			
Company owners		86,603	(19,778)
Non-controlling interests		60	(247)
		86,663	**(20,025)**

Earnings per share for profit / (loss) attributable to the ordinary equity holders of the company:

		CENTS	CENTS RESTATED[1]
Basic earnings / (loss) per share	18	39.7	(9.8)
Diluted earnings / (loss) per share	18	25.2	(9.8)

1 Restated as required by AASB 133 Earnings Per Share, for discount on Institutional Placement and Share Purchase Plan completed during the year ended 30 June 2023 to fund the acquisition of Scott Dunn.

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2023 $'000	2022 $'000
Profit / (loss) after income tax		**86,663**	**(20,025)**
OTHER COMPREHENSIVE INCOME			
Items that have been reclassified to profit or loss:			
Hedging losses / (gains) reclassified to profit or loss		518	(1,102)
Items that may be reclassified to profit or loss:			
Changes in the fair value of cash flow hedges		(259)	4,454
Changes in the fair value of financial assets at FVOCI		(228)	—
Gain / (loss) on net investment hedges		1,043	(547)
Net exchange differences on translation of foreign operations		(17,556)	8,968
Income tax on items of other comprehensive income		(323)	(842)
Total other comprehensive (loss) / income		**(16,805)**	**10,931**
Total other comprehensive income / (loss)		**69,858**	**(9,094)**
Attributable to:			
Company owners		69,858	(9,094)
Non-controlling interests		—	—
		69,858	**(9,094)**

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

STATEMENT OF CASH FLOWS

		HALF-YEAR ENDED 31 DECEMBER	
		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	$'000	$'000
Receipts from customers[1]		1,365,993	971,211
Payments to suppliers and employees[1]		(1,338,162)	(1,068,701)
Royalties received		250	180
Interest received		18,473	10,047
Interest paid (non-leases)		(18,468)	(13,060)
Interest paid (leases)		(4,481)	(3,677)
Government subsidies received		832	566
Income taxes paid		(22,806)	(6,284)
Income taxes refunded		8,870	17,874
Net cash inflow / (outflow) from operating activities		**10,501**	**(91,844)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	6b	—	(1,126)
Payments for property, plant and equipment		(13,709)	(11,401)
Payments for intangibles		(35,413)	(23,039)
Net cash outflow from investing activities		**(49,122)**	**(35,566)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	1,598	885
Repayment of borrowings	12	(251,168)	(928)
Buyback of convertible notes	13	(84,153)	—
Payment of principal on lease liabilities		(45,548)	(49,097)
Lease surrender payments		(129)	(338)
Proceeds from issue of shares	16	30,651	5,489
Payments for purchase of shares on market		(3,545)	(1,167)
Payments for purchase of treasury shares	16	(26,949)	(2,618)
Dividends paid to company owners	15	(39,491)	—
Dividends paid to non-controlling shareholders in subsidiaries		(287)	(608)
Dividends paid to non-controlling interests		—	(189)
Net cash outflow from financing activities		**(419,021)**	**(48,571)**
Net decrease in cash held		**(457,642)**	**(175,981)**
Cash and cash equivalents at the beginning of the half-year		1,278,936	1,210,257
Effects of exchange rate changes on cash and cash equivalents		(7,246)	2,507
Cash and cash equivalents at end of the half-year	8	**814,048**	**1,036,783**

[1] *Including consumption tax.*

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

BALANCE SHEET

		AS AT	
		31 DECEMBER 2023	30 JUNE 2023
ASSETS **Current assets**	NOTES	$'000	$'000
Cash and cash equivalents	8	835,192	1,328,438
Financial asset investments	9	30,066	20,227
Trade receivables		678,879	834,765
Contract assets	10	396,375	317,578
Other assets		88,686	82,488
Other financial assets		18,137	25,452
Current tax receivables		17,689	14,602
Derivative financial instruments		10,508	6,490
Total current assets		**2,075,532**	**2,630,040**
Non-current assets			
Financial asset investments	9	6,130	14,656
Property, plant and equipment		66,011	66,653
Intangible assets		1,048,444	1,054,489
Right of use asset		204,261	196,531
Other assets		39,995	21,608
Other financial assets		1,613	3,103
Investments in joint ventures and associates		45,692	45,599
Deferred tax assets		386,754	403,748
Total non-current assets		**1,798,900**	**1,806,387**
Total assets		**3,874,432**	**4,436,427**
LIABILITIES			
Current liabilities			
Trade and other payables		1,471,358	1,684,600
Contract liabilities	11	62,714	71,997
Financial liabilities	7	3,908	3,908
Lease liabilities		78,996	81,869
Borrowings	12	29,793	57,477
Convertible notes	13	275,365	—
Provisions		51,878	55,334
Current tax liabilities		4,852	2,295
Derivative financial instruments		10,512	9,809
Total current liabilities		**1,989,376**	**1,967,289**
Non-current liabilities			
Trade and other payables		18,165	2,930
Contract liabilities	11	24,620	27,077
Financial liabilities	7	10,296	10,573
Lease liabilities		178,593	177,554
Borrowings	12	103,077	352,893
Convertible notes	13	328,000	688,940
Provisions		24,792	27,335
Deferred tax liabilities		8,651	9,979
Derivative financial instruments		24,769	35,360
Total non-current liabilities		**720,963**	**1,332,641**
Total liabilities		**2,710,339**	**3,299,930**
Net assets		**1,164,093**	**1,136,497**
EQUITY			
Contributed equity	16	1,405,243	1,374,592
Treasury shares	16	(20,293)	(14,748)
Reserves	17	148,389	193,068
Retained profits / (accumulated losses)		(370,712)	(417,824)
Equity attributable to the Company owners		**1,162,627**	**1,135,088**
Non-controlling interests		1,466	1,409
Total equity		**1,164,093**	**1,136,497**

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

STATEMENT OF CHANGES IN EQUITY

	NOTES	CONTRIBUTED EQUITY $'000	TREASURY SHARES $'000	RESERVES $'000	RETAINED PROFITS / (ACCUMULATED LOSSES) $'000	TOTAL $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
		FOR THE PERIOD ENDED 31 DECEMBER						
Balance at 1 July 2022		**1,105,711**	**(1,055)**	**136,460**	**(465,285)**	**775,831**	**1,631**	**777,462**
Loss for the half-year		—	—	—	(19,778)	**(19,778)**	(247)	**(20,025)**
Other comprehensive income		—	—	10,931	—	**10,931**	—	**10,931**
Total comprehensive income for the half-year		**—**	**—**	**10,931**	**(19,778)**	**(8,847)**	**(247)**	**(9,094)**
Transactions with owners in their capacity as owners:								
Non-controlling interest reserve	17	—	—	—	—	**—**	(173)	**(173)**
Employee share-based payments	16	2,871	—	19,728	—	**22,599**	—	**22,599**
Treasury shares	16	2,618	(647)	—	—	**1,971**	—	**1,971**
Dividends provided for or paid	15	—	—	—	—	**—**	(189)	**(189)**
Balance at 31 December 2022		**1,111,200**	**(1,702)**	**167,119**	**(485,063)**	**791,554**	**1,022**	**792,576**
Balance at 1 July 2023		**1,374,592**	**(14,748)**	**193,068**	**(417,824)**	**1,135,088**	**1,409**	**1,136,497**
Profit for the half-year		—	—	—	86,603	**86,603**	60	**86,663**
Other comprehensive income		—	—	(16,805)	—	**(16,805)**	—	**(16,805)**
Total comprehensive income for the half-year		**—**	**—**	**(16,805)**	**86,603**	**69,798**	**60**	**69,858**
Transactions with owners in their capacity as owners:								
Non-controlling interest reserve	17	—	—	—	—	**—**	(3)	**(3)**
Employee share-based payments	16	3,702	—	(11,525)	—	**(7,823)**	—	**(7,823)**
Treasury shares	16	26,949	(5,545)	—	—	**21,404**	—	**21,404**
Dividends provided for or paid	15	—	—	—	(39,491)	**(39,491)**	—	**(39,491)**
Equity component of convertible note, net of tax	13	—	—	(16,349)	—	**(16,349)**	—	**(16,349)**
Balance at 31 December 2023		**1,405,243**	**(20,293)**	**148,389**	**(370,712)**	**1,162,627**	**1,466**	**1,164,093**

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

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT MATTERS

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

CAPITAL MANAGEMENT

Partial repurchase of convertible notes

On 10 October 2023, FLT repurchased convertible notes with a total face value of $75,000,000 in accordance with its new capital management policy, which was announced in August 2023. Buy back of these notes resulted in a gain of $10,982,000.

The notes were repurchased on the open market and are part of the $400,000,000 2.5% convertible notes due in November 2027. Refer to note 13 for details.

Repayment of debt facility

During the period, FLT repaid $250,000,000 of the $350,000,000 secured syndicated debt facility (SFA). The undrawn amount at 31 December 2023 is $250,000,000.

Lenders have agreed to refinance the $350,000,000 SFA and extend to April 2026, subject to customary conditions precedent and documentation. This will see FLT moving back to an unsecured facility and margin reduced, with restructured covenants providing additional flexibility and headroom.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 28 February 2024, FLT's directors declared an interim dividend out of FY24 profits. Refer to note 15 for details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 SEGMENT INFORMATION

(A) BASIS OF SEGMENTATION AND MEASUREMENT

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

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

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

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

- MD – The Americas
- MD – EMEA
- MD – Asia; and
- Chief people officer (CPO)

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

Supply is not considered a reportable segment and the reportable segments are consistent to the prior year - Leisure, Corporate and Other.

LEISURE

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

CORPORATE

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

OTHER

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

The group consolidation adjustments are also included in this segment.

ALTERNATIVE PROFIT MEASURES

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

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

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

TOTAL TRANSACTION VALUE (TTV)

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 SEGMENT INFORMATION (CONTINUED)

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

The segment information provided to the board and task force for the reportable segments for the half-years ended 31 December 2023 and 31 December 2022 is shown in the tables on pages 22 to 25.

31 DECEMBER 2023	LEISURE $'000	CORPORATE $'000	OTHER $'000	TOTAL $'000
Segment information				
TTV[1]	**5,155,405**	**5,885,940**	**286,006**	**11,327,351**
Agency revenue from the provision of travel	575,875	528,639	12,607	1,117,121
Principal revenue from the provision of travel	39,783	11,541	3,375	54,699
Revenue from tour, hotel & cruise operations	4,690	—	96,614	101,304
Revenue from other businesses	5,676	1,641	6,881	14,198
Total revenue from contracts with customers	**626,024**	**541,821**	**119,477**	**1,287,322**
EBITDA[1]	**101,800**	**107,773**	**9,570**	**219,143**
Depreciation and amortisation	(41,428)	(20,613)	(13,885)	(75,926)
Interest income	16	—	17,269	17,285
Interest expense	(3,580)	(889)	(35,797)	(40,266)
Net profit / (loss) before tax, royalty and intercompany service fee	**56,808**	**86,271**	**(22,843)**	**120,236**
Royalty	—	—	—	—
Intercompany service fee	—	—	—	—
Net profit / (loss) before tax	**56,808**	**86,271**	**(22,843)**	**120,236**
Reconciliation of EBITDA to Underlying EBITDA				
EBITDA[1]	**101,800**	**107,773**	**9,570**	**219,143**
Buy-back and remeasurement of convertible notes	—	—	(48,022)	(48,022)
US Wholesale trading loss[2]	—	—	7,327	7,327
Employee retention plans	3,544	4,222	843	8,609
Productive Operations initiative[3]	—	2,088	—	2,088
Underlying EBITDA[1]	**105,344**	**114,083**	**(30,282)**	**189,145**
Amortisation of convertible notes	—	—	15,926	15,926
Underlying PBT[1]	**60,352**	**92,581**	**(46,769)**	**106,164**

1 TTV, EBITDA, underlying EBITDA and underlying PBT are non-IFRS measures and are not subject to review procedures.

2 Closure of the US Wholesale business in February 2024.

3 Productive Operations initiative is a business transformation project focused on lowering costs and growing income through automation and personal service.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 SEGMENT INFORMATION (CONTINUED)

RESTATED[1] 31 DECEMBER 2022	LEISURE $'000	CORPORATE $'000	OTHER $'000	TOTAL $'000
Segment information				
TTV[2]	**4,388,967**	**5,040,262**	**456,470**	**9,885,699**
Agency revenue from the provision of travel	444,214	447,411	12,064	903,689
Principal revenue from the provision of travel	23,121	4,175	3,278	30,574
Revenue from tour, hotel & cruise operations	—	—	52,472	52,472
Revenue from other businesses	3,672	3,735	7,695	15,102
Total revenue from contracts with customers	**471,007**	**455,321**	**75,509**	**1,001,837**
EBITDA[2]	**37,770**	**72,306**	**(33,124)**	**76,952**
Depreciation and amortisation	(40,861)	(17,920)	(7,355)	(66,136)
Interest income	2,559	—	9,272	11,831
Interest expense	(2,988)	(1,149)	(36,830)	(40,967)
Net (loss) / profit before tax, royalty and intercompany service fee	**(3,520)**	**53,237**	**(68,037)**	**(18,320)**
Royalty	—	—	—	—
Intercompany service fee	—	—	—	—
Net (loss) / profit before tax	**(3,520)**	**53,237**	**(68,037)**	**(18,320)**
Reconciliation of EBITDA to Underlying EBITDA				
EBITDA[2]	**37,770**	**72,306**	**(33,124)**	**76,952**
Acquisition transaction costs - Scott Dunn[3]	—	—	3,350	3,350
COVID-19 ROUA impairment reversal	(767)	(261)	(574)	(1,602)
Employee retention plans	6,395	7,569	2,420	16,384
Underlying EBITDA[2]	**43,398**	**79,614**	**(27,928)**	**95,084**
Amortisation of convertible notes	—	—	16,152	16,152
Underlying PBT[2]	**2,108**	**60,545**	**(46,689)**	**15,964**

1 Restated due to management's decision to exclude non trading interest income, interest expense and foreign exchange gain or loss from Leisure and Corporate pillars. Amortisation of convertible notes has been included as an underlying adjustment in the current period, with prior period comparative amounts restated.

2 TTV, EBITDA, underlying EBITDA and underlying PBT are non-IFRS measures and are not subject to review procedures.

3 Acquisition transaction costs are considered head office support expenses and are therefore in the Other segment.

1 SEGMENT INFORMATION (CONTINUED)

(C) ADDITIONAL INFORMATION PRESENTED BY GEOGRAPHIC AREA

In addition to the pillar segment information provided above, the below table presents geographic revenue disclosures and also profit/(loss) before tax information which has been included to aid user understanding:

31 DECEMBER 2023	AUSTRALIA & NZ $'000	AMERICAS $'000	EMEA $'000	ASIA $'000	OTHER SEGMENT $'000	TOTAL $'000
Segment information						
TTV[1]	**6,032,726**	**2,383,501**	**2,001,516**	**753,741**	**155,867**	**11,327,351**
Agency revenue from the provision of travel	608,912	240,592	215,378	49,468	2,771	1,117,121
Principal revenue from the provision of travel	40,222	6,887	2,893	2,195	2,502	54,699
Revenue from tour, hotel & cruise operations	4,690	—	—	—	96,614	101,304
Revenue from other businesses	7,916	1,515	1,207	758	2,802	14,198
Total revenue from contracts with customers	**661,740**	**248,994**	**219,478**	**52,421**	**104,689**	**1,287,322**
EBITDA[1]	**144,085**	**24,670**	**38,701**	**7,381**	**4,306**	**219,143**
Depreciation and amortisation	(40,433)	(11,575)	(14,138)	(3,017)	(6,763)	(75,926)
Interest income	5,204	14,159	20,144	2,198	(24,420)	17,285
Interest expense	(7,072)	(14,652)	(11,107)	(4,391)	(3,044)	(40,266)
Net profit / (loss) before tax, royalty and intercompany service fee	**101,784**	**12,602**	**33,600**	**2,171**	**(29,921)**	**120,236**
Royalty	2,946	47	(3,019)	—	26	—
Intercompany service fee	(1,150)	953	224	—	(27)	—
Net profit / (loss) before tax	**103,580**	**13,602**	**30,805**	**2,171**	**(29,922)**	**120,236**
Reconciliation of EBITDA to Underlying EBITDA						
EBITDA[1]	**144,085**	**24,670**	**38,701**	**7,381**	**4,306**	**219,143**
Buy-back and remeasurement of convertible notes	—	—	—	—	(48,022)	(48,022)
US Wholesale trading loss[2]	—	—	—	—	7,327	7,327
Employee retention plans	2,996	1,548	1,943	743	1,379	8,609
Productive Operations initiative[3]	—	—	—	611	1,477	2,088
Underlying EBITDA[1]	**147,081**	**26,218**	**40,644**	**8,735**	**(33,533)**	**189,145**
Amortisation of convertible notes	—	—	—	—	15,926	15,926
Underlying PBT[1]	**104,780**	**14,150**	**35,543**	**3,525**	**(51,834)**	**106,164**

1 TTV, EBITDA, underlying EBITDA and underlying PBT are non-IFRS measures and are not subject to review procedures.

2 Closure of the US Wholesale business in February 2024. US Wholesale business is considered part of Supply, therefore is included within Other segment.

3 Productive Operations initiative is a business transformation project focused on lowering costs and growing income through automation and personal service.

1 SEGMENT INFORMATION (CONTINUED)

RESTATED[1] 31 DECEMBER 2022	AUSTRALIA & NZ $'000	AMERICAS $'000	EMEA $'000	ASIA $'000	OTHER SEGMENT $'000	TOTAL $'000
Segment information						
TTV[2]	**5,222,277**	**2,110,601**	**1,711,876**	**742,102**	**98,843**	**9,885,699**
Agency revenue from the provision of travel	472,145	208,207	181,889	36,850	4,598	903,689
Principal revenue from the provision of travel	23,675	3,140	1,285	61	2,413	30,574
Revenue from tour, hotel & cruise operations	—	—	—	—	52,472	52,472
Revenue from other businesses	7,501	2,146	506	970	3,979	15,102
Total revenue from contracts with customers	**503,321**	**213,493**	**183,680**	**37,881**	**63,462**	**1,001,837**
EBITDA[2]	**70,299**	**6,336**	**35,993**	**(1,373)**	**(34,303)**	**76,952**
Depreciation and amortisation	(38,028)	(10,465)	(9,244)	(2,400)	(5,999)	(66,136)
Interest income	2,899	6,937	7,703	303	(6,011)	11,831
Interest expense	(4,623)	(9,741)	(2,714)	(2,337)	(21,552)	(40,967)
Net profit / (loss) before tax, royalty and intercompany service fee	**30,547**	**(6,933)**	**31,738**	**(5,807)**	**(67,865)**	**(18,320)**
Royalty	—	—	—	—	—	—
Intercompany service fee	—	—	—	—	—	—
Net profit / (loss) before tax	**30,547**	**(6,933)**	**31,738**	**(5,807)**	**(67,865)**	**(18,320)**
Reconciliation of EBITDA to Underlying						
EBITDA[2]	**70,299**	**6,336**	**35,993**	**(1,373)**	**(34,303)**	**76,952**
Acquisition transaction costs - Scott Dunn[3]	—	—	—	—	3,350	3,350
COVID-19 ROUA impairment reversal	(970)	(261)	(359)	—	(12)	(1,602)
Employee retention plans	5,960	2,966	3,535	1,270	2,653	16,384
Underlying EBITDA[2]	**75,289**	**9,041**	**39,169**	**(103)**	**(28,312)**	**95,084**
Amortisation of convertible notes	—	—	—	—	16,152	16,152
Underlying PBT[2]	**35,537**	**(4,228)**	**34,914**	**(4,537)**	**(45,722)**	**15,964**

1 Amortisation of convertible notes has been included as an underlying adjustment in the current period, with prior period comparative amounts restated.
2 TTV, EBITDA, underlying EBITDA and underlying PBT are non-IFRS measures and are not subject to review procedures.
3 Acquisition transaction costs are considered head office support expenses and are therefore in the Other segment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 REVENUE

	HALF-YEAR ENDED 31 DECEMBER	
	2023	2022
	$'000	$'000
Agency revenue from the provision of travel	1,117,121	903,689
Principal revenue from the provision of travel	54,699	30,574
Revenue from tour, hotel & cruise operations	101,304	52,472
Revenue from other businesses	14,198	15,102
Total revenue from contracts with customers	**1,287,322**	**1,001,837**

Additional disaggregation of revenue by geographic region is presented in note 1 Segment Information.

3 OTHER INCOME

		HALF-YEAR ENDED 31 DECEMBER	
		2023	2022
	NOTES	$'000	$'000
OTHER INCOME			
Interest		17,285	11,831
Rent and sub-lease rentals		3,997	4,311
Buy-back and remeasurement of convertible notes	13	48,022	—
Mark-to-market gain on financial asset equity investments held at FVTPL		1,500	—
Government subsidies		346	792
Total other income		**71,150**	**16,934**

4 SHARE OF PROFIT / (LOSS) OF JOINT VENTURES AND ASSOCIATES

	HALF-YEAR ENDED 31 DECEMBER	
	2023	2022
SHARE OF RESULTS	$'000	$'000
Profit from joint ventures	93	432
Loss from associates	—	—
Total comprehensive income	**93**	**432**

Joint venture results include share of profit from Pedal Group of $93,000 (2022: $432,000). In addition, FLT did not receive a dividend from Pedal Group (2022: $3,937,000 of which 100% was received as shares as part of the Pedal dividend reinvestment plan) during the period. As at 31 December 2023, FLT's holding in Pedal Group is 46.8% (2022: 47.3%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 OTHER EXPENSES

		HALF-YEAR ENDED 31 DECEMBER	
		2023	2022
FINANCE COSTS	NOTES	$'000	$'000
BOS interest expense		1,253	676
Interest and finance charges		10,485	12,097
Coupon on convertible notes	13	7,959	8,268
Amortisation of convertible notes at effective interest rate	13	15,926	16,152
Lease interest expense		4,481	3,677
Unwind of make good provision discount		162	97
Total finance costs		**40,266**	**40,967**

OTHER EXPENSES		
Other occupancy costs	20,838	20,322
Rent expense	4,015	3,372
Consulting and outsourcing fees	36,755	38,650
Independent agent consulting fees	43,930	30,829
Communication and IT	114,213	99,470
Net foreign exchange losses	5,770	549
Bad debts expense / (reversal)	(3,410)	8,938
Other expenses	53,031	30,107
Total other expenses	**275,142**	**232,237**

6 BUSINESS COMBINATIONS

(A) CURRENT YEAR ACQUISITIONS

There were no acquisitions in the current period.

(B) PRIOR YEAR ACQUISITIONS

There were no acquisitions in the prior period to 31 December 2022, however the Scott Dunn acquisition occurred in the prior period to 30 June 2023.

The remaining instalment of the acquisition price of USD 800,000 (AUD $1,126,000) relating to the Compl.ai Inc acquisition that was finalised prior to 30 June 2022, was paid during the period ended 31 December 2022.

Scott Dunn

The purchase price accounting for Luxury Travel Holdings Ltd and its subsidiaries (Scott Dunn) has now been finalised with no significant changes.

7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(A) FAIR VALUE HIERARCHY

There have been no changes to the classification of financial instruments within the fair value hierarchy from 30 June 2023. The valuation techniques of financial instruments are described below:

DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange contracts

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

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a cash flow hedge. Changes in fair value for derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The forward foreign exchange contracts and cross currency interest rate swaps are classified as Level 2 (30 June 2023: Level 2) under the AASB 13 *Fair value measurement* hierarchy, based on the valuation technique described above.

Cross currency interest rate swap (CCIRS) & Interest rate swap (IRS) contracts

CCIRS & IRS are measured at fair value, which is calculated as the present value of the estimated future cash flows. Estimates of future cash flows are based on quoted swap rates, interbank borrowing rates and forward exchange rates.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a fair value hedge or a net investment hedge. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The CCIRS & IRS are classified as Level 2 (30 June 2023: Level 2) under the AASB 13 *Fair value measurement* hierarchy, based on the valuation technique described above.

DEBT SECURITIES

Refer to note 9 for valuation techniques of financial asset investments.

7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(A) FAIR VALUE HIERARCHY (CONTINUED)

FINANCIAL LIABILITIES

CURRENT	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Contingent consideration	3,908	3,908
Total current financial liabilities	**3,908**	**3,908**
NON-CURRENT		
Put option financial liability	10,296	10,573
Total non-current financial liabilities	**10,296**	**10,573**

Contingent consideration and the put option financial liability is recognised in relation to the acquisitions listed below. FLT has determined that contingent consideration is classified as Level 3 (30 June 2023: Level 3) under the AASB 13 *Fair Value Measurement* hierarchy as the main valuation inputs outlined below are unobservable.

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

The put option liabilities that exist, outlined for each company below, have been recognised as a financial liability and in the acquisition reserve of the parent entity.

AVMIN PTY LIMITED (AVMIN)

The financial liability related to the put option for AVMIN of $3,683,000 (30 June 2023: $3,683,000) has been recorded as part of current contingent consideration. The potential undiscounted amount of this liability has been estimated as the value of future expected cash flows for the settlement of the put option for AVMIN. The expected cash flows are based on a multiple of the average NPAT for the year ended 30 June 2022 and for the year ended 30 June 2023.

TRAVEL TECHNOLOGY FZ LLC (TP CONNECTS)

Concurrent with the acquisition in the year ended 30 June 2022, FLT through its subsidiary Flight Centre Travel Group (UAE Holdings) Limited entered into a call option over the non-controlling shareholders' remaining 30% interest in TP Connects and the non-controlling shareholders entered into a corresponding put option. The call option can be exercised after 1 July 2027 and the put option can only be exercised by TP Connects if the call option is not exercised by FLT.

The financial liability relates to the expected put option exercise price and has been recorded as a non-current financial liability of $10,296,000 (30 June 2023: $10,573,000). The carrying value of the liability has been estimated by discounting the value of future expected cash flows for the settlement of the put option at a discount rate of 3.8% (30 June 2023: 4.2%). The expected cash flows are based on the forecast EBITDA for FY24, FY26 and FY27. Any change in value, together with the net present value interest unwind on the put option liability, is recorded through the statement of profit or loss.

GRASSHOPPER ADVENTURES LTD (GRASSHOPPER)

The financial liability related to the Grasshopper acquisition has been recorded as part of current contingent consideration. The potential undiscounted amount payable per the asset purchase agreement is $225,000 (30 June 2023: $225,000).

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

	FINANCIAL LIABILITIES $'000
Opening balance at 1 July 2023	**14,481**
Net foreign exchange movements	(277)
Closing balance at 31 December 2023	**14,204**

(B) FAIR VALUES OF OTHER FINANCIAL INSTRUMENTS

The group also has a number of financial instruments which are not measured at fair value in the balance sheet.

The carrying amount of the group's non-current receivables, and current and non-current borrowings and convertible notes, approximates their fair values, as commercial rates of interest are earned and paid respectively and the impact of discounting is not significant.

The carrying amount of cash, current receivables and current payables are assumed to approximate their fair value due to their short-term nature.

8 CASH AND CASH EQUIVALENTS

	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Cash at bank and on hand	488,445	926,414
Restricted cash[1]	346,747	402,024
Total cash and cash equivalents	**835,192**	**1,328,438**

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

RECONCILIATION TO STATEMENT OF CASH FLOWS

	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Cash and cash equivalents	835,192	1,328,438
Bank overdraft	(21,144)	(49,502)
Balance per Statement of Cash Flows	**814,048**	**1,278,936**

9 FINANCIAL ASSET INVESTMENTS

	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
CURRENT		
Debt securities - Fair value through other comprehensive income (FVOCI)	30,066	20,227
Total current financial asset investments	**30,066**	**20,227**
NON-CURRENT		
Equity investments - Fair value through profit or loss (FVTPL)	6,130	4,589
Debt securities - Fair value through other comprehensive income (FVOCI)	—	10,067
Total non-current financial asset investments	**6,130**	**14,656**

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

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

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

Debt securities at FVOCI (corporate bonds) are measured at fair value, which is determined by reference to price quotations in a market for identical assets. FLT has determined that they are classified as Level 2 (30 June 2023: Level 2) under the AASB 13 *Fair Value Measurement* hierarchy, based on the valuation technique as described above.

Equity investments at FVTPL are measured at fair value, which is determined by an independent qualified valuer in accordance with Australian Accounting Standards (AASB's) and International Private Equity and Venture Capital Valuation Guidelines as adopted by Australian Private Equity and Venture Capital Association Limited. FLT has determined that they are classified as Level 3 (30 June 2023: Level 3) under the AASB 13 *Fair Value Measurement* hierarchy, based on the valuation technique as described above.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 CONTRACT ASSETS

	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Volume incentive receivables	330,169	259,681
Accrued revenue	69,533	61,250
Loss allowance	(3,327)	(3,353)
Total contract assets	**396,375**	**317,578**

11 CONTRACT LIABILITIES

CURRENT	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Deferred revenue	59,600	68,246
Revenue constraint	3,114	3,751
Total current contract liabilities	**62,714**	**71,997**
NON-CURRENT		
Deferred revenue	24,620	27,077
Total non-current contract liabilities	**24,620**	**27,077**

12 BORROWINGS

CURRENT	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Bank loans (including bank overdraft)	29,188	56,875
Net unsecured notes principal	605	602
Total current borrowings	**29,793**	**57,477**
NON-CURRENT		
Bank loans	103,077	352,893
Total non-current borrowings	**103,077**	**352,893**

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

BORROWINGS	31 DECEMBER 2023 $'000
Opening balance at 1 July 2023	**410,370**
Cashflow - Proceeds from borrowings[1]	1,598
Cashflow - Repayment of borrowings[1]	(251,168)
Proceeds from bank overdrafts	818
Repayment of bank overdrafts	(29,250)
Foreign exchange movement	502
Closing balance at 31 December 2023	**132,870**

1 This includes the bank debt facilities and operation of the Business Ownership Scheme (BOS) during the period.

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

FLT have $250,000,000 of the $350,000,000 secured syndicated debt facility (SFA) undrawn. Lenders have agreed to refinance the $350,000,000 SFA and extend to April 2026, subject to customary conditions precedent and documentation. This will see FLT moving back to an unsecured facility and margin reduced, with restructured covenants providing additional flexibility and headroom.

13 CONVERTIBLE NOTES

CURRENT	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Convertible notes due November 2027[1]	275,365	—
Total current convertible notes	**275,365**	**—**

NON-CURRENT		
Convertible notes due November 2028[1]	328,000	688,940
Total non-current convertible notes	**328,000**	**688,940**

1 The convertible notes due November 2027 are classified as current, as note holders have an option to redeem the remaining $325,000,000 face value of the bond in November 2024. The convertible notes due November 2028 are classified as non-current as note holders have an option to redeem the bonds in May 2026.

Finance costs for the period of $23,885,000, are comprised of $15,926,000 amortisation and a $7,959,000 coupon paid or payable at the end of the period.

PARTIAL REPURCHASE OF CONVERTIBLE NOTES DUE NOVEMBER 2027

During October 2023, convertible notes due November 2027, with a face value of $75,000,000 were bought back for $84,153,000. The fair value of the liability component of these notes was re-measured before buy-back using an equivalent market interest rate for a similar bond without a conversion option, which resulted in a gain of $10,982,000. The gain is recognised in other income in the statement of profit or loss.

The $84,153,000 consideration was allocated between liabilities and equity. The liability component was $60,797,000 and the equity component was $23,356,000 (net of tax, the equity component impact was $16,349,000).

REMEASUREMENT OF CONVERTIBLE NOTES

FLT reassessed the estimated timing of cashflows of the notes and concluded that based on management's estimate, the amortisation period of the notes due November 2027 should be aligned with the contractual maturity of 17 November 2027 (originally amortised to the put date of November 2024). A remeasurement of the carrying value of the remaining $325,000,000 of notes due November 2027 resulted in a gain of $37,040,000. The gain is recognised in other income in the statement of profit or loss. There has been no change to the amortisation period of the notes due November 2028 (amortised to put date of May 2026).

CONVERSION PRICE ADJUSTMENT OF CONVERTIBLE NOTES

As a result of the issue on 13 March 2023 of 4,109,183 new ordinary shares at a price of $14.60 per ordinary share pursuant to a Share Purchase Plan and the fully franked dividend of $0.18, the conversion price of the convertible notes due November 2027 has been adjusted from $20.04 to $19.77, and the conversion price of the convertible notes due November 2028 has been adjusted from $27.30 to $26.93 effective 20 September 2023.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

		HALF-YEAR ENDED 31 DECEMBER	
CONVERTIBLE NOTES	NOTES	2023 $'000	2022 $'000
Opening balance at 1 July		**688,940**	**655,985**
Amortisation of borrowings at effective interest rate	5	15,926	16,152
Cashflow - buy-back of convertible notes[2]		(84,153)	—
Gain on buy-back of convertible notes[2]	3	(10,982)	—
Gross equity component of convertible notes bought back[2]		23,356	—
Gain on remeasurement of notes[2]	3	(37,040)	—
Changes in fair value hedge during the period		7,318	(2,200)
Closing balance at 31 December		**603,365**	**669,937**

2 These transactions relate to convertible notes due November 2027.

14 RATIOS

NET CASH / (DEBT)

	NOTES	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Cash at bank and on hand (excluding restricted cash)	8	488,445	926,414
Financial investments - current	9	30,066	20,227
Financial investments - non-current	9	6,130	14,656
		524,641	**961,297**
Less:			
Borrowings - current	12	29,793	57,477
Borrowings - non-current	12	103,077	352,893
		132,870	**410,370**
Net cash / (debt)[1]		**391,771**	**550,927**

1 Net cash / (debt) = (Cash+ financial investments) – (current and non-current borrowings). The calculation excludes restricted cash (refer note 8) and convertible notes (refer note 13). The calculation also excludes the impact of AASB 16 Leases in respect of the current and non-current lease liabilities.

FLT continues to be in a net cash position (30 June 2023: net cash position). FLT bought back $84,153,000 of convertible notes and paid $39,778,000 in dividends (to company owners and non-controlling shareholders in subsidiaries) during the period, reducing the net cash balance. In addition, FLT repaid $250,000,000 in borrowings which, whilst not impacting net cash, did reduce cash at bank and on hand.

GEARING RATIO

	NOTES	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Total borrowings	12	132,870	410,370
Total equity		1,164,093	1,136,497
Gearing ratio[2]		11.4 %	36.1 %

2 Gearing ratio = Total borrowings/Total equity. The calculation excludes the convertible note and lease liabilities from total borrowings.

15 DIVIDENDS

OVERVIEW

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

An interim dividend has been declared taking into account traditional seasonal cashflows, anticipated cash outflows and one-off profit items. The interim dividend represents a $21,953,000 (2022: nil) return to shareholders, 25% (2022: nil) of FLT's statutory NPAT. The dividend represents 30% (2022: nil) of FLT's underlying NPAT[1].

	HALF-YEAR ENDED 31 DECEMBER	
	2023	2022
ORDINARY SHARES	$'000	$'000
Final ordinary dividend for the year ended 30 June 2023 of 18.0 cents (2022: 0.0 cents) per fully paid share	39,491	—

The interim dividend is per fully paid ordinary share fully franked based on tax paid at 30%. The aggregate amount of the proposed dividends expected to be paid on 17 April 2024 out of FY24 profits, but not recognised as a liability at the end of the period are as follows:

	HALF-YEAR ENDED 31 DECEMBER	
	2023	2022
	AMOUNT PER SECURITY CENTS	AMOUNT PER SECURITY CENTS
Interim dividend	10.0	—
	$'000	$'000
Interim dividend	21,953	—

1 Underlying NPAT is a non-IFRS measure and not subject to review procedures.
Refer to note 1 for breakdown of underlying PBT. Underlying NPAT also excludes the related tax impact of underlying items.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 CONTRIBUTED EQUITY AND TREASURY SHARES

OVERVIEW

Historically, movements in contributed equity have related to shares issued under the Employee Share Plan (ESP) and Long Term Retention Plan (LTRP), which reinforced the importance that FLT places on ownership to drive business improvement and overall results. Where shares in FLT have been issued and subsequently held prior to settling the vested entitlement, the shares are carried as treasury shares and deducted from equity, subject to local tax jurisdiction requirements.

RECONCILIATION OF ORDINARY SHARE CAPITAL

The following reconciliation summarises the movements in authorised and issued capital during the period.

Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of shares is publicly available via the ASX.

DETAILS	NUMBER OF SHARES	WEIGHTED AVERAGE ISSUE PRICE	$'000
Opening balance at 1 July 2022	**199,813,184**		**1,105,711**
ESP	179,491	$16.00	2,871
ESP matched shares	42,467	—	—
LTRP	—	—	—
Treasury shares	150,000	$17.45	2,618
Closing balance at 31 December 2022	**200,185,142**		**1,111,200**
Opening balance at 1 July 2023	**218,075,659**		**1,374,592**
ESP	184,982	$20.01	3,702
Treasury shares	1,264,437	$21.31	26,949
Closing balance at 31 December 2023	**219,525,078**		**1,405,243**

RECONCILIATION OF TREASURY SHARES

The following reconciliation summarises the movements in treasury shares held in a share trust for future allocation to employee share plans. Items of a similar nature have been grouped and the price shown is the weighted average.

DETAILS	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	$'000
Opening balance at 1 July 2022	**(65,176)**		**(1,055)**
Purchase of shares by share trust	(220,845)	$17.14	(3,785)
Allocation of shares to ESP matched shares	9,381	$16.47	155
Allocation of shares to LTRP	76,190	$16.87	1,285
Allocation of shares to Post-COVID Retention Plan (PCRP)	102,939	$16.49	1,697
Gain in equity on allocation of shares			1
Closing balance at 31 December 2022	**(97,511)**		**(1,702)**
Opening balance at 1 July 2023	**(796,479)**		**(14,748)**
Purchase of shares by share trust	(1,264,437)	$21.31	(26,949)
Allocation of shares to ESP matched shares	37,463	$21.46	804
Allocation of shares to LTRP	368,972	$20.38	7,519
Allocation of shares to Post-COVID Retention Plan (PCRP)	443,584	$20.25	8,982
Allocation of shares to GRR	158,971	$19.99	3,178
Gain in equity on allocation of shares			921
Closing balance at 31 December 2023	**(1,051,926)**		**(20,293)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 RESERVES

Reserves	31 DECEMBER 2023 $'000	30 JUNE 2023 $'000
Cash flow hedge reserve	1,036	855
Financial assets at FVOCI reserve	(160)	—
Share-based payments reserve	72,075	83,600
Acquisition reserve	(44,602)	(44,602)
Foreign currency translation reserve	45,478	62,304
Equity component of convertible note	74,986	91,335
Other reserves	(424)	(424)
Total reserves	**148,389**	**193,068**

18 EARNINGS PER SHARE

OVERVIEW

Statutory earnings per share (EPS) was 39.7 cents (2022: loss 9.8 cents[2]), an improvement of 505.1% on the prior comparative period. At an underlying level[1], EPS increased 657.8% to 34.1 cents (2022: 4.5 cents[2]).

	HALF-YEAR ENDED 31 DECEMBER	
	2023 CENTS	2022 CENTS RESTATED[2]
Basic earnings / (loss) per share		
Profit / (loss) attributable to the company's ordinary equity holders	39.7	(9.8)
Diluted earnings / (loss) per share		
Profit / (loss) attributable to the company's ordinary equity holders[3]	25.2	(9.8)
Reconciliation of earnings used in calculating EPS	$'000	$'000
Profit / (loss) attributable to the company's ordinary equity holders used in calculating basic earnings per share	86,603	(19,778)
Profit / (loss) attributable to the company's ordinary equity holders used in calculating diluted earnings per share[4]	64,585	(19,778)
Weighted average number of shares used as the denominator	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share[5]	217,963,903	201,466,849
Adjustments for calculation of diluted earnings per share:		
Share rights and convertible note options	38,452,681	—
Weighted average number of ordinary shares used in calculating diluted earnings per share[3]	256,416,584	201,466,849

1 Underlying EPS are non-IFRS measures and not subject to review procedures. Refer to note 1 for breakdown of underlying PBT used in the calculation of underlying EPS. Underlying NPAT includes the tax impact of underlying adjustments of $1,797,000 (31 December 2022: ($5,402,000)).

2 Restated as required by AASB 133 Earnings Per Share, for discount on Institutional Placement and Share Purchase Plan completed during the year ended 30 June 2023 to fund the acquisition of Scott Dunn.

3 Diluted earnings per share was the same as basic earnings per share in the prior period ended 31 December 2022 given the group recorded a loss in this period.

4 Diluted EPS is lower than basic EPS primarily due to the other income and finance costs recognised in relation to the convertible notes. Refer to note 13.

5 The basic EPS denominator is the aggregate of the weighted average number of ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 CONTINGENT ASSETS AND LIABILITIES

GENERAL CONTINGENCIES

FLT is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. FLT cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the company become aware that an enquiry is developing further or if any regulatory or government action is taken against the group, appropriate disclosure is made in accordance with the relevant accounting standards.

As a global business, from time to time FLT is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of FLT have given consideration to such matters which are or may be subject to claims or litigation at period end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists.

The group had no other material contingent assets or liabilities.

20 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

DIVIDENDS

On 28 February 2024, FLT's directors declared an interim dividend out of FY24 profits. Refer to note 15 for details.

Other than disclosed above, there are no significant events since 31 December 2023 which have come to our attention.

21 SEASONALITY

Due to the seasonal nature of a number of key segments, higher revenues, operating profits and operating cash flows are expected in the second half of the year compared with the first half of the year. This reflects:

- higher leisure sales in the lead up to the northern hemisphere summer holiday period
- lower sales in the corporate travel agency businesses over the Christmas holiday period

This is partially offset by the seasonality of the touring businesses which earn the majority of their profits in the northern hemisphere summer holiday period, which falls in the first half of the year.

This information is provided to allow for a proper appreciation of the results, however management have concluded that this does not constitute "highly seasonal" as considered by AASB 134 *Interim Financial Reporting*.

22 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

This general purpose financial report for the interim half-year reporting period ended 31 December 2023 has been prepared on a going concern basis in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Flight Centre Travel Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and *ASX Listing Rules*.

The accounting policies adopted are consistent with those applied at 30 June 2023 unless otherwise stated.

RECLASSIFICATION

Certain prior period amounts have been reclassified to conform to the current period's presentation.

(B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New or amended standards and interpretations that became applicable to FLT for the first time for the 31 December 2023 interim half-year report did not result in a material financial impact to the group's accounting policies or require any retrospective adjustments.

AASB 17 INSURANCE CONTRACTS

AASB 17 Insurance Contracts is a comprehensive new standard for insurance contracts covering recognition, measurement, presentation and disclosure. AASB 17 replaces AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* for for-profit entities. AASB 17 applies to all types of insurance contracts, regardless of the entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation features.

The group adopted AASB 17 during the period ended 31 December 2023, and there has been no material financial impact as a result of the adoption.

AASB 2023-2 AMENDMENTS TO AASB 112 - INTERNATIONAL TAX REFORM PILLAR TWO MODEL RULES

The AASB has endorsed the adoption of the AASB 112 *Income Taxes* amendments relating to the global minimum top up tax (Pillar Two Global anti Base Erosion Rules) previously released by the IASB and has issued AASB 2023-2 *Amendments to AASB 112 - International Tax Reform Pillar Two Model Rules*. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates, consequently the group has been applying the temporary exemption. Certain AASB 112 disclosure requirements will be required in FLT's 30 June 2024 financial report.

(C) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2023 reporting period. FLT is in the process of determining the impact of these new standards and amendments.

The group has not elected to apply any pronouncements before their operative date in the interim half-year reporting period beginning 1 July 2023.

AASB 2020-1 AMENDMENTS TO AASs - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND AASB 2022-6 AMENDMENTS TO AASs - NON-CURRENT LIABILITIES WITH COVENANTS

In January 2020, the AASB issued amendments to paragraphs 69 to 76 of AASB 101 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement
- that a right to defer settlement must exist at the end of the reporting period
- that classification is unaffected by the likelihood that an entity will exercise its deferral right
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, however the AASB has now issued AASB 2022-6 *Amendments to AASs - Non-Current Liabilities with Covenants* which has changed the effective date of AASB 2020-1 to annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

This means that it will be applied in the reporting period ending 30 June 2025. FLT does not intend to adopt the standard before its operative date.

The amendments in AASB 2022-6 clarify:

- that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current
- specific situations in which an entity does not have a right to defer settlement for at least 12 months after the reporting date

The amendments in AASB 2022-6 also add presentation and disclosure requirements for non-current liabilities subject to compliance with future covenants within the next 12 months.

The group does not expect the application of the standard to have a material financial impact on its consolidated financial statements.

There are no other standards that have been issued but are not yet effective and that are expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Flight Centre Travel Group Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of Flight Centre Travel Group Limited for the half-year ended 31 December 2023 are in accordance with the Corporations Act 2001, including:

i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; 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

On behalf of the board

G.F. Turner
Director
BRISBANE

28 February 2024

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's review report to the members of Flight Centre Travel Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Flight Centre Travel Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2023, the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Alison de Groot
Partner
Brisbane
28 February 2024