



APPENDIX 4D
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT)
ABN 25 003 377 188

CONTENTS

APPENDIX 4D: RESULTS FOR ANNOUNCEMENT TO THE MARKET	3
DIRECTORS' REPORT	6
AUDITOR'S INDEPENDENCE DECLARATION	12
STATEMENT OF PROFIT OR LOSS	13
STATEMENT OF OTHER COMPREHENSIVE INCOME	14
STATEMENT OF CASH FLOWS	15
BALANCE SHEET	16
STATEMENT OF CHANGES IN EQUITY	17
NOTES TO THE FINANCIAL STATEMENTS.....	18
DIRECTORS' DECLARATION	40
INDEPENDENT AUDITOR'S REVIEW REPORT	41

APPENDIX 4D

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	DECEMBER 2021 \$'000	DECEMBER 2020 \$'000 RESTATED ¹	CHANGE \$'000	CHANGE %
RESULTS IN BRIEF				
Total transaction value (TTV) ²	3,262,788	1,532,778	1,730,010	112.9%
Revenue	315,714	159,362	156,352	98.1%
Statutory (loss) / profit before tax	(276,096)	(312,844)	36,748	(11.8%)
Statutory (loss) / profit after tax	(194,182)	(230,525)	36,343	(15.8%)
Statutory (loss) / profit attributable to company owners	(194,184)	(230,229)	36,045	(15.7%)
Underlying EBITDA ³	(184,095)	(155,593)	(28,502)	18.3%
Underlying (loss) / profit before tax ³	(270,168)	(242,721)	(27,447)	11.3%
Underlying (loss) / profit after tax ³	(188,019)	(180,830)	(7,189)	4.0%

¹ FLT has restated 31 December 2020 balances as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Comparative information has been restated throughout the financial statements. Refer to note 22(b) for further information.

² 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. TTV has been reduced by refunds. FLT's revenue is, therefore, derived from TTV.

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

DIVIDENDS

	AMOUNT PER SECURITY CENTS	100% FRANKED AMOUNT CENTS
31 DECEMBER 2021		
Interim dividend ⁴	-	-
30 JUNE 2021		
Interim dividend ⁵	-	-
Final dividend ⁵	-	-

⁴ The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2021 due to the ongoing COVID-19 uncertainty.

⁵ No interim dividend or final dividend was declared for the year ended 30 June 2021.

NET TANGIBLE ASSETS (NTA)

	DECEMBER 2021 \$	DECEMBER 2020 RESTATED ⁶ \$
Net tangible asset backing per ordinary security	(1.24)	1.01

⁶ FLT has restated 31 December 2020 balances as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Comparative information has been restated throughout the financial statements. Refer to note 22(b) for further information.

APPENDIX 4D CONTINUED

DETAILS OF JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES	DECEMBER 2021	DECEMBER 2020
Pedal Group Pty Ltd	46.5%	46.6%
Go Vacation Vietnam Company Limited	-	-

- During the period, Pedal Group issued additional shares to its employees, diluting FLT's and the other joint venture partners' holdings. In addition, FLT received a dividend of \$8,873,000 (2020: \$3,110,000) of which 100% (2020: 50%, \$1,555,000) was received as shares as part of the Pedal dividend reinvestment plan. FLT continues to have joint control.

Share of profit from Pedal Group for the period was \$9,775,000 (2020: \$8,940,000).

- On 10 July 2020, FLT divested its investment in Go Vacation Vietnam Company Limited for \$169,000 bringing FLT's ownership to nil.

INVESTMENTS IN ASSOCIATES	DECEMBER 2021	DECEMBER 2020
Biblos America LLC	-	28.8%
The Upside Travel Company	25.0%	25.0%
TP Connects Technologies LLC (TP Connects)	21.7%	21.7%

- On 23 April 2021, FLT divested its investment in Biblos America LLC for nil consideration bringing FLT's ownership to nil.

UNDERLYING ADJUSTMENTS

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

	HALF-YEAR ENDED	
	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000 RESTATED ¹
EBITDA	(190,023)	(225,716)
Depreciation and amortisation	(62,835)	(76,447)
Interest income	3,766	3,651
Interest expense	(27,004)	(14,332)
Statutory (loss) / profit before tax	(276,096)	(312,844)
Gain on disposal of right-of-use asset - Southpoint head office lease	(5,277)	-
Costs incurred due to COVID-19 cost base transition		
Employee benefits - redundancies	623	67,077
Lease related ²	47	21,629
Communication & IT - early exit costs	(613)	1,406
Employee retention plans	11,148	-
Gain on sale of St Kilda building	-	(32,982)
Loss on disposal of store assets: non-cash write down of tangible assets upon closure/exit of head office and store network	-	12,993
Underlying adjustments	5,928	70,123
Underlying EBITDA	(184,095)	(155,593)
Underlying (loss) / profit before tax	(270,168)	(242,721)
Statutory income tax credit / (expense)	81,914	82,319
Underlying adjustments associated tax effect	235	(20,428)
Underlying (loss) / profit after tax	(188,019)	(180,830)

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

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

² Includes right-of-use asset impairment, gain/loss on disposal of right-of-use assets and other occupancy costs.

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 2021 and any public announcements made by FLT in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

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 2021.

DIRECTORS' REPORT

DIRECTORS

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

G.F. Turner

G.W. Smith

J.A. Eales

R.A. Baker

C. Garnsey

REVIEW OF OPERATIONS AND RESULTS

THE Flight Centre Travel Group (FLT) is targeting a near-term return to profitability after a significant recent improvement in market conditions globally.

The company, which is one of the world's largest travel retailers and corporate travel managers, is becoming increasingly confident that the rapid recovery it is seeing in both travel sectors since late January marks the start of a material and sustainable rebound.

This confidence is based on:

- Omicron concerns generally decreasing in key markets
- Travel restrictions easing or being removed as countries learn to live with the virus and the world reopens – which is now happening at pace; and
- Significant pent-up demand from travellers looking to make up for two years of lost time

FLT will, however, continue to monitor market conditions and developments, given uncertainty around future strains and government responses to them and current tensions in Ukraine.

Total transaction value before refunds (gross TTV) has increased quarter-on-quarter throughout the pandemic and has again spiked this month as governments globally have relaxed or removed restrictions that have grounded international and, in some cases, domestic travel for the best part of two years.

Preliminary projections for February indicate that monthly sales could top the COVID-period gross TTV record achieved in November 2021, with significant recovery being seen across all geographies and across both the leisure and corporate sectors after a short-term omicron downturn in December and January.

Based on these projections:

- Both the corporate and leisure businesses are on track to deliver more than 50% higher total transaction value (TTV) growth compared to January 2022; and
- The Europe, Middle East and Africa (EMEA) and Americas businesses, which collectively generated 50% of first half (1H) TTV and more than tripled sales during the period compared to the prior corresponding period (PCP), are again leading the recovery with corporate TTV in these regions tracking 90% and 55% respectively above January levels

In Australia, Flight Centre brand delivered a \$10m TTV day on Tuesday (February 22, 2022), the first time that this milestone has been achieved during the pandemic and a significant recovery towards the \$15m days that the company generally targeted pre-COVID¹ (PC).

Further recovery globally is expected in the months ahead, assuming omicron cases continue to decrease and restrictions continue to ease, as FLT closes in on its return-to-profit targets of 55% of PC TTV in corporate and 45% of PC TTV in leisure.

After two years of lockdowns and heavy restrictions, the company is now seeing the strongest indicators of a return to normalcy.

Borders are now generally open and some governments, particularly in Europe, are starting to treat the virus as endemic.

Changes are happening at pace – positive new developments relating to travel are occurring every day.

Confidence in the recovery is building and momentum is taking off globally, as is clearly being seen right now in both the corporate and leisure sectors and particularly in the three regions that materially drive FLT's results - EMEA, the Americas and Australia.

¹ Pre-COVID (PC) refers to the corresponding period for the 12 months up to February 2020, which was unaffected by the pandemic.

REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

While there may be further COVID-related challenges to overcome in the future, FLT believes it is well positioned for recovery as the world reopens, given its:

- Strong global presence, which means it is not reliant on any one country or sector
- Investment in key assets during the pandemic, while maintaining a strong liquidity position
- Successful execution of key strategies, including Grow to Win in corporate and the development of a lower-cost leisure growth model built around a smaller but stronger shop network that is complemented by other highly scalable models and channels
- Leaner and more efficient structure, which has led to a structurally lower cost base; and
- Current TTV trajectory in improving conditions

FY22 1H RESULTS

FLT recorded strong sales growth during the six months to December 31 2021, with TTV increasing 113% to \$3.3b compared to the PCP.

The company achieved significant sales rebounds immediately after the delta spike in late August and early September, which led to COVID-period record gross TTV of \$859m in November 2021.

Demand then softened in December, normally a seasonally slower trading month, after the omicron variant emerged in South Africa and then spread globally, prompting governments to temporarily reinstate restrictions. In a further positive sign of rapid post-omicron recovery, the South African business returned to profit in January 2022, after many of these restrictions were quickly removed and despite key airline partners not restoring services until late in the month.

The global corporate business was tracking at 57% of PC gross TTV levels in both November and December, above its return to profitability target (55% of PC TTV). However, after adjusting for the very low margin hotel quarantine program, which has now ended, TTV was just below 50% of PC levels in November, when the business almost broke even.

1H gross leisure TTV also peaked in November at 30% of PC levels and more than doubled between September and November, before the omicron-induced slowdown in December.

While 1H revenue increased strongly (up \$156m compared to the PCP) and comfortably exceeded the \$125m underlying cost growth, the loss of government subsidies (predominantly JobKeeper in Australia) masked significant year-on-year operational performance improvement.

Retained benefits globally during the FY22 1H decreased by \$65m compared to the PCP, largely reflecting JobKeeper's removal in March 2021.

At an earnings before interest, tax, depreciation and amortisation (EBITDA) level, underlying² losses increased from \$156m during the FY21 1H to \$184million, with the FY21 1H benefitting from the \$65m impact of government subsidies.

FLT's South Africa and United Arab Emirates businesses were profitable during the 1H, along with various brands throughout the world.

The Pedal Group cycle joint venture and aircraft charter business AVMIN delivered record profits, with Pedal Group generating record sales in excess of \$200m and a \$32m 1H profit before tax.

The EMEA geographic segment was profitable in both November and December and was close to breakeven for the 1H, while the global corporate business was also close to breakeven in November, ahead of the global omicron wave and the traditional Christmas season slowdown.

Corporate activity is again stepping up, particularly in the Northern Hemisphere, as evidenced by the strong month-on-month TTV growth being seen in the UK and North America.

Growth has been bolstered by the return of several companies that have reinitiated their corporate travel programs this month after placing those programs on hold during the height of the pandemic.

Within the leisure sector, significant 1H losses were recorded, as expected given the business's traditional reliance on Australia and New Zealand. Together, these businesses, which remained heavily locked down until recently, contributed about 58% of gross leisure TTV PC.

The South Africa leisure business recovered solidly, while Liberty was profitable at various times during the 1H, which was traditionally the US business's seasonally weaker and loss-making period.

Overall costs remained at circa 40% of pre-COVID levels as FLT maintained tight controls over expenses, while continuing to invest in its key growth drivers – people, systems and technology.

² A reconciliation of EBITDA to underlying EBITDA for both the FY22 and FY21 1Hs is included on pages 20 and 21.

DIRECTORS' REPORT CONTINUED

REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

FY22 1H RESULTS (CONTINUED)

Staffing levels increased during the 1H – ahead of the recovery and in anticipation of strong demand after the world reopened – which contributed to increased employee benefits expenses during the period.

Costs will continue to increase as demand recovers and the company ramps up staffing levels and marketing activity but is expected to remain materially lower in full recovery than during FY19, when FLT delivered record TTV of \$23.7billion, as a result of:

- Structural changes made to increase productivity and scalability; and
- Growth in labour-light leisure models, specifically online, business to business (independent agents) and call centres

FLT has maintained a healthy balance sheet and had a \$1.5b global cash and investment portfolio at December 31, 2021. Liquidity topped \$1billion, after allowing for a complete unwind of working capital and client cash.

As announced during the 1H, FLT will use some of the proceeds from its \$400m convertible note issue in November 2021 to repay the UK 115m pound, low interest loan it received under the Bank of England's short-term Covid Corporate Financing Facility when the loan expires next month.

After recording operating cash outflows in excess of \$41million in September, monthly operating cash outflows rapidly decreased to \$20million in November as the delta wave passed - another COVID-period record and an indication of the pace with which the post-omicron recovery could occur. These outflows were then contained between \$35million-\$40million in the seasonally softer and omicron-impacted December and January months.

STRATEGIC UPDATE & OUTLOOK – CORPORATE

FLT's corporate business was the major contributor to group TTV, contributing about 60% of sales during the 1H and organically increasing TTV by almost 150% compared to the PCP to \$2.04b.

At an underlying EBITDA level, losses improved to \$30m (PCP: \$46m EBITDA loss), despite a \$13m decrease in retained subsidies compared to the FY21 1H.

The business continues to successfully execute its Grow To Win strategy – which couples large volumes of account wins with very high customer retention rates – and is consistently gaining market-share across its key regions, while ensuring its two key brands, FCM and Corporate Traveller, are fit to win in a post-COVID world.

While average client spend remains well below PC levels and is unlikely to rebound fully in the near-term, FLT believes its corporate TTV can now surpass peak FY19 (monthly) levels during FY23 with:

- Average client spend (market recovery) expected to reach circa 60-75% of traditional levels as restrictions ease and as a result of pent-up demand for face-to-face meetings; and
- Material TTV flowing through from the large pipeline of accounts won during the past two years – 12 of the company's 20 largest clients globally have now been secured during the pandemic

Wins since the end of the FY20 1H have now reached \$4.5b in annual pre-COVID spend, which would represent circa 50% growth on the global corporate business's \$8.9b FY19 result if all clients were retained and were trading at previous levels.

These wins have enhanced what was already a diverse client book and have also included major government accounts in France, Singapore and the United Kingdom (UK). The UK government is now one of the company's largest clients in the country.

Changing customer needs and market dynamics are creating opportunities for both Corporate Traveller and FCM.

In terms of customer needs, safety concerns are likely to lead to reduced leakage, higher adoption of managed travel programs and a shift away from supplier direct offerings. Customers are also focussing on sustainability solutions, which are being incorporated into the two brands' corporate product and technology suite.

In terms of market dynamics, the competitive landscape is changing with recent merger and acquisition (M&A) activity leaving large clients with less choice and seeking an alternative.

REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

STRATEGIC UPDATE & OUTLOOK – CORPORATE (CONTINUED)

FLT has also participated in M&A activity but has, to date, focussed on strategically expanding its geographic footprint and enhancing its technology and product suite to drive further organic growth in the future rather than large-scale acquisitions to boost TTV.

This is evidenced by recent investments in:

- A small joint venture in Japan (the world's fourth largest corporate travel market) during the 1H. The business started to trade in January 2022; and
- Tech businesses Where to early in the pandemic – this investment paved the way for the Corporate Traveller Melon platform and the FCM Platform to be developed and introduced – and Shep, a browser extension, late in the 1H

FLT will consider larger acquisitions if suitable strategic opportunities arise, but will predominantly focus on organic growth opportunities given its ongoing success in winning and retaining accounts.

This success has been aided by significant investments in products and initiatives that have improved the customer experience during the pandemic while some legacy travel management companies have been unable to invest in new products to meet changing post-COVID needs.

STRATEGIC UPDATE & OUTLOOK – LEISURE

The global leisure business recorded a \$155m underlying EBITDA loss during the 1H, compared to an underlying³ \$119m EBITDA loss during the PCP.

As was the case company-wide, the removal of government subsidies adversely impacted results during the period and also masked an operational performance improvement underpinned by ongoing cost discipline and strong sales recovery.

1H TTV increased circa 90% to \$950m (PCP: \$501m), despite the negative effects of:

- Ongoing heavy restrictions in Australia and New Zealand
- Short-term slowdowns late in the first and second quarters associated with the delta and omicron strains respectively.

On a positive note, both downturns were quickly followed by significant demand spikes, with the global leisure business peaking at 30% of PC gross TTV in November (post delta) and on track to surpass that contribution this month as omicron concerns abate and as the world reopens.

FLT expects further recovery in the coming months, as the leisure business closes in on its breakeven target of 45% of pre-COVID TTV before the end of FY22 and a full recovery during FY24.

FLT's leisure businesses globally are well placed to capitalise on the reopening and on the significant pent-up demand for international travel, as evidenced by the bookings and enquiries surges that typically follow border reopening announcements. For example, last week's news of the impending West Australian border reopening led to a circa 200% increase in searches for flights to and from WA on each of the first three days after the announcement (Feb 18-20).

The company has retained strong and highly accessible Flight Centre shop networks in its larger markets of Australia, New Zealand and South Africa. These shops now house an experienced workforce with:

- The expertise to help customers navigate post-pandemic travel complexities; and
- Access to improved systems and tools, which together should deliver greater productivity gains, as has already been seen in various markets and businesses, including South Africa, the US and Ignite in Australia, during the 1H.

The Flight Centre shops now operate alongside a stronger stable of targeted customer offerings and highly scalable complementary businesses that are earmarked as key future growth drivers.

These offerings have already started to cost-effectively capture a higher share of sales, with the leisure online, call centre and business to business (B2B) channels delivering about 40% of gross core 1H TTV within the core leisure business (excluding wholesale, Flight Centre Business Travel and Travel Money FX).

Online businesses captured 18% of 1H gross core leisure TTV globally – up from 11% PC.

These businesses include:

- The various flightcentre.com websites
- US-based student travel marketplace StudentUniverse, which is now capturing a meaningful percentage of volume via its relationship with Amazon, and
- The Jetmax online travel agencies (BYOJet and Aunt Betty), which will next month launch in four new markets – the US, Ireland, Hong Kong and Singapore – via Google Flights.

³ A reconciliation of EBITDA to underlying EBITDA for both the FY22 and FY21 1Hs is included on pages 20 and 21.

DIRECTORS' REPORT CONTINUED

REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

STRATEGIC UPDATE & OUTLOOK – LEISURE (CONTINUED)

The B2B offerings, which are labelled Home Of The Travel Entrepreneur (HOTTE), generated 12% of 1H core leisure TTV (gross). Within this channel, FLT aims to deliver the widest and best range of travel and technology products to its expanding member network.

FLT's call centres delivered 8% of 1H core gross leisure TTV, with the Ignite business and its specialist My Brands stable (My Cruises, My Fiji, My Queensland Holiday and others) performing well.

The company also continues to strengthen its premium sector presence, through the boutique Travel Associates brand in Australia and Laurier Du Vallon in Canada.

This leisure sector diversity has allowed FLT to capture a broad customer mix and has contributed to increased market-share in Australia and South Africa during the most challenging period the industry has faced.

These challenges have inevitably led to consolidation, with industry body the Australian Federation of Travel Agents estimating that some 14% of travel agents in Australia have left the industry and an additional 37% would be at risk if additional government support was not made available.

While other businesses and channels are expected to drive FLT's future leisure growth, the Flight Centre shop network remains the business's backbone, particularly in the Southern Hemisphere. Work is underway to reinvigorate the famous brand ahead of its 40th birthday later this year, with the Flight Centre 4.0 project in place to deliver a modernised brand and omni-channel operating model that is positioned to win in the recovery phase.

SUPPLIER RELATIONSHIPS

FLT maintains strong relationships with a diverse range of suppliers globally and has long-term deals in place with airlines, cruise lines, tour companies and other partners.

In Australia and New Zealand, some airlines have recently flagged changes to agency commission payments (front-end margin), which are just one source of FLT's revenue and overall margin.

Ongoing discussions are underway with these airlines, with a view to adjusting back-end margins or pursuing a number of other strategies, to offset the impacts of any commission loss, as FLT has generally been able to do in the past. Between the FY2010 1H and the FY2020 1H, FLT's Australian leisure revenue margin increased from 12.6% to 14% (excluding the Travel Money FX business) at the same time as the company's average international air commissions decreased from 6.7% to 3.7%.

Pre-COVID, the Australian outbound aviation market was highly competitive, with more than 50 international airlines operating scheduled passenger services to and from Australia (Source: BITRE). These airlines are typically looking to restore capacity and regain market-share as the recovery ramps up, creating further opportunities for FLT, with its large and diverse brand stable and customer base, to work closely with key partners.

FY22 FULL YEAR OUTLOOK

The positive trends that were being seen pre-omicron have re-emerged globally, after a relatively short downturn in December and January.

Confidence in the recovery is building, with the near-term rebound in demand – which is already underway – looking likely to quickly exceed the post-delta rebound in November. At that time, heavy travel restrictions were still in place, with limited opportunities to travel internationally from Australia and only the New South Wales and Victorian domestic borders open in a meaningful way.

The outlook now for travel is considerably brighter although the recent unrest in Russia and Ukraine may impact the pace of recovery if it escalates significantly.

FLT remains comfortable with its pre-omicron return to profit timetables and will continue to target a return to monthly profitability in corporate and leisure during FY22.

The corporate business is now targeting profit in March-April and a return to PC TTV levels on a monthly basis during FY23, assuming client activity increases to circa 60-75% and with a significant contribution from our new accounts.

The global leisure business is expected to return to profit later in the FY22 2H, when its core product of international travel is likely to be back in a more meaningful way.

FLT is not yet able to provide specific FY22 profit guidance, given the lack of visibility around the likely timeframes for – and extent of – recovery and government reactions to future variants.

The travel industry is entering uncharted waters after two years of unprecedented restrictions. In Australia alone, there were some 10million fewer short-term resident departures last calendar year (CY) than there were during CY19, the last full year without lockdowns (Source: Australian Bureau of Statistics). Undoubtedly, these grounded travellers will be keen to make up for lost time, but it is impossible to predict at this stage exactly how quickly that pent-up demand will return, although very positive signs are being seen right now.

REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

FY22 FULL YEAR OUTLOOK (CONTINUED)

There is also a positive read-through from SARS, when FLT saw a strong travel rebound throughout 2004 after a very short downturn and without restrictions or lockdowns.

Travel will inevitably be more complex in the post-COVID recovery, given that government and airline policies vary, and this will play to the strengths of FLT's expert travel advisors in both the leisure and corporate sectors.

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

OTHER MATTERS

On 2 September 2021, FLT announced plans to launch its leading FCM travel management business in Japan with NSF Engagement Corporation (FCM Japan). The entity is controlled by FLT. Cash was invested into the entity by both parties in December 2021. On 5 January 2022 assets and liabilities were transferred to FCM Japan and operations commenced.

No other material matters have arisen since 31 December 2021.

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 12.

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

24 February 2022



Building a better
working world

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 2021, 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

Ric Roach
Partner
24 February 2022

STATEMENT OF PROFIT OR LOSS

	NOTES	HALF-YEAR ENDED 31 DECEMBER	
		2021 \$'000	2020 \$'000 RESTATED ¹
Revenue	2	315,714	159,362
Other income	3	32,679	218,037
Share of profit / (loss) of joint ventures and associates	4	9,494	8,734
Employee benefits		(384,810)	(459,193)
Amortisation and depreciation		(62,835)	(76,447)
Sales and marketing		(22,337)	(8,703)
Finance costs		(27,004)	(14,332)
Tour operations - cost of sales		(6,422)	(1,153)
Impairment reversal / (charge)		330	(22,925)
Other expenses	5	(130,905)	(116,224)
(Loss) / Profit before income tax		(276,096)	(312,844)
Income tax credit / (expense)		81,914	82,319
(Loss) / Profit after income tax		(194,182)	(230,525)
(Loss) / Profit attributable to:			
Company owners		(194,184)	(230,229)
Non-controlling interests		2	(296)
		(194,182)	(230,525)
(Loss) / earnings per share for (loss) / profit attributable to the ordinary equity holders of the company:			
		CENTS	CENTS RESTATED ¹
Basic (loss) / earnings per share	18	(97.4)	(115.6)
Diluted (loss) / earnings per share	18	(97.4)	(115.6)

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

	HALF-YEAR ENDED 31 DECEMBER	
	2021 \$'000	2020 \$'000 RESTATED ¹
(Loss) / Profit after income tax	(194,182)	(230,525)
Other comprehensive income:		
Items that have been reclassified to profit or loss		
Net exchange differences on translation of foreign operations	-	(152)
Items that may be reclassified to profit or loss		
Gain on cash flow hedges	-	87
Gain on net investment hedges	1,309	2,404
Net exchange differences on translation of foreign operations	8,246	(41,579)
Income tax on items of other comprehensive income	(525)	(311)
Total other comprehensive income	9,030	(39,551)
Total comprehensive income	(185,152)	(270,076)
Attributable to:		
Company owners	(185,154)	(269,778)
Non-controlling interests	2	(298)
	(185,152)	(270,076)

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

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

STATEMENT OF CASH FLOWS

		HALF-YEAR ENDED 31 DECEMBER	
	NOTES	2021 \$'000	2020 \$'000 RESTATED ¹
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers ²		289,757	312,525
Payments to suppliers, employees and customers ²		(560,411)	(1,172,378)
Interest received		6,075	5,052
Interest paid (non-leases)		(13,756)	(8,934)
Interest paid (leases)	10	(5,092)	(6,335)
Government subsidies received		21,427	190,940
Income taxes refund		37,109	17,470
Net cash (outflow) from operating activities		(224,891)	(661,660)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries, net of cash acquired	6a	(563)	(145)
Proceeds from non-controlling interests in subsidiaries		1,907	-
Proceeds from disposal of non-controlling interests in subsidiaries	6c	-	157
Proceeds from disposal of joint ventures and associates	4	-	169
Payments of contingent consideration		-	(1,634)
Proceeds from sale of St Kilda building	3	-	62,150
Payments for property, plant and equipment		(3,552)	(2,512)
Payments for intangibles		(14,341)	(16,651)
Payments for the purchase of financial asset investments		(196,122)	(2,223)
Dividends received from joint venture	4	-	1,555
Net cash (outflow) / inflow from investing activities		(212,671)	40,866
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	12	-	116,692
Net proceeds from issue of convertible note	13	392,184	392,228
Repayment of borrowings	12	-	(1,511)
Payment of principal on lease liabilities	10	(44,104)	(50,726)
Lease surrender payments	10	(2,228)	(33,180)
Proceeds from issue of shares, net of transaction costs		3,962	2,666
Payments for purchase of treasury shares		(1,962)	-
Net cash inflow from financing activities		347,852	426,169
Net (decrease) in cash held		(89,710)	(194,625)
Cash and cash equivalents at the beginning of the half year		1,290,831	1,865,797
Effects of exchange rate changes on cash and cash equivalents		9,843	(1,496)
Cash and cash equivalents at end of the half year	8	1,210,964	1,669,676

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

² Including consumption tax

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

BALANCE SHEET

		AS AT 31 DECEMBER 2021 \$'000	AS AT 30 JUNE 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	1,210,964	1,290,831
Financial asset investments	9	187,724	65,142
Trade receivables		363,746	279,299
Contract assets		65,000	50,373
Other assets		42,160	43,478
Other financial assets		8,486	5,642
Current tax receivables		43,890	83,567
Derivative financial instruments		1,751	5,015
Total current assets		1,923,721	1,823,347
Non-current assets			
Financial asset investments	9	67,458	-
Property, plant and equipment		78,265	89,979
Intangible assets		698,803	687,512
Right of use asset	10	216,549	243,690
Other assets		8,371	8,557
Other financial assets		29,486	29,465
Investments in joint ventures and associates		58,853	49,046
Deferred tax assets		402,416	331,091
Derivative financial instruments		940	2,189
Total non-current assets		1,561,141	1,441,529
Total assets		3,484,862	3,264,876
LIABILITIES			
Current liabilities			
Trade and other payables		894,928	843,182
Contract liabilities	11	46,870	54,536
Contingent consideration	7	3,683	2,784
Lease liabilities	10	96,787	100,783
Borrowings	12	216,194	212,167
Provisions		40,379	43,273
Current tax liabilities		2,243	2,546
Derivative financial instruments		6,214	1,659
Total current liabilities		1,307,298	1,260,930
Non-current liabilities			
Trade and other payables		-	2,041
Contract liabilities	11	34,196	34,945
Lease liabilities	10	228,463	267,670
Borrowings	12	354,325	355,684
Convertible notes	13	672,601	347,239
Provisions		26,270	29,862
Deferred tax liabilities		8,278	10,469
Derivative financial instruments		361	-
Total non-current liabilities		1,324,494	1,047,910
Total liabilities		2,631,792	2,308,840
Net assets		853,070	956,036
EQUITY			
Contributed equity	16	1,103,018	1,099,056
Treasury shares	16	(1,217)	-
Reserves	17	121,923	35,614
Retained profits / (accumulated losses)		(372,818)	(178,634)
Equity attributable to the company owners		850,906	956,036
Non-controlling interests		2,164	-
Total equity		853,070	956,036

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER							
	NOTES	CONTRIBUTED EQUITY \$'000	TREASURY SHARES \$'000	RESERVES \$'000	RETAINED PROFITS/ (ACCUMULATED LOSSES) \$'000	CONTROLLING INTEREST \$'000	NON- INTEREST \$'000
BALANCE AT 1 JULY 2020		1,094,095	-	11,172	287,717	1,392,984	202
Accounting policy change - SAAS implementation costs ¹		-	-	4	(33,222)	(33,218)	-
RESTATED TOTAL EQUITY AS AT 1 JULY 2020¹		1,094,095	-	11,176	254,495	1,359,766	202
(Loss) for the half year		-	-	-	(230,229)	(230,229)	(296)
Other comprehensive income		-	-	(39,549)	-	(39,549)	(2)
Total comprehensive income for the half year		-	-	(39,549)	(230,229)	(269,778)	(298)
Transactions with owners in their capacity as owners:							
Non-controlling interests disposal of subsidiary		-	-	-	-	-	96
Employee share-based payments	16	2,653	-	4,546	-	7,199	-
Equity component of convertible notes		-	-	37,930	-	37,930	-
Balance at 31 December 2020¹		1,096,748	-	14,103	24,266	1,135,117	-
BALANCE AT 1 JULY 2021		1,099,056	-	35,614	(178,634)	956,036	-
(Loss) for the half year		-	-	-	(194,184)	(194,184)	2
Other comprehensive income		-	-	9,030	-	9,030	-
Total comprehensive income for the half year		-	-	9,030	(194,184)	(185,154)	2
Transactions with owners in their capacity as owners:							
Non-controlling interests		-	-	-	-	-	2,162
Employee share-based payments	16	3,962	-	23,874	-	27,836	-
Treasury shares	16	-	(1,217)	-	-	(1,217)	-
Equity component of convertible notes	13	-	-	53,405	-	53,405	-
Balance at 31 December 2021		1,103,018	(1,217)	121,923	(372,818)	850,906	2,164
							853,070

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

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

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT MATTERS IN THE CURRENT REPORTING PERIOD

The following significant events and transactions occurred during the half-year ended 31 December 2021:

UNDERLYING ADJUSTMENTS

COVID-19 COST BASE

- In the prior period, FLT incurred \$90,112,000 costs to achieve our COVID-19 hibernation cost base reduction including redundancies, lease break fees and IT early exit costs. The current year balances represent finalisation of the cost base reduction program.
- During the period, FLT reached an agreement with the lessor for their Brisbane head office (Southpoint) to exit a number of floors before the original lease termination date. This resulted in a reduction in the right-of-use asset and lease liability, with the difference of \$5,277,000 taken to the statement of profit or loss. Refer to note 3.
- Employee retention plans (\$11,148,000) were announced in response to COVID-19 conditions.

LIQUIDITY

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

On 1 November 2021, the Company issued convertible notes with an aggregate principal amount of \$400,000,000 and strike price of \$27.30 which mature in November 2028 and have a put date of May 2026. Refer to note 13.

FLT is not required to comply with its existing operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants until 31 December 2022, at which point covenants will be calculated based on the six month period from 1 July 2022 to 31 December 2022. Until that time FLT will be required to maintain a cash to total borrowings ratio of greater than or equal to 1:1 (with total borrowings to exclude the convertible notes).

COVID-19 continues to impact FLT and there is uncertainty in the timing of the travel rebound and FLT's revenues. Given the cost reduction initiatives executed to date together with the cash in bank and long term financing arrangements in place, the Directors are satisfied the company has the ability to meet its debts as and when due for the next 12 months, and for the financial report to be prepared on a going concern basis.

ACQUISITIONS

On 2 September 2021, FLT announced plans to launch its leading FCM travel management business in Japan with NSF Engagement Corporation (FCM Japan). The entity is controlled by FLT. Cash was invested into the entity by both parties in December 2021. On 5 January 2022 assets and liabilities were transferred to FCM Japan and operations commenced. Refer to note 6a.

On 22 December 2021, FLT acquired 100% of Compl.ai Inc., a Texas based business that has developed an industry first browser extension, Shep, that will be integrated into FLT's flagship FCM travel management business. Refer to note 6a.

DIVIDEND

The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2021 given the loss for the period and the requirements of FLT's borrowing agreements.

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; and
- Chief executive officer – Corporate.

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

- MD – Australia
- MD – The Americas
- MD – EMEA

While the MDs 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.

LEISURE

The Leisure segment combines the retail store front and on-line brand for retail customers. It also includes the global experiences business which incorporates touring, ground-handling and hotels.

CORPORATE

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

OTHER

Other segment includes Brisbane-based support and wholesale procurement businesses that support the global network (including Global Treasury, Global Procurement Network, the India Forex business and the share of profits relating to the investment in Pedal Group). It also includes individual businesses that report directly to head office.

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 and used by the CODMs. These measures are not defined under IFRS and are, therefore, termed "non-IFRS" measures.

EBITDA is defined as group earnings before net interest, tax, depreciation and amortisation.

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.

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 global task force for the reportable segments for the half-years ended 31 December 2021 and 31 December 2020 is shown in the following tables:

31 DECEMBER 2021	LEISURE \$'000	CORPORATE \$'000	OTHER \$'000	TOTAL \$'000
Segment information				
TTV ¹	950,498	2,039,724	272,566	3,262,788
Agency revenue from the provision of travel	98,576	188,978	5,119	292,673
Principal revenue from the provision of travel	6,391	1,491	26	7,908
Revenue from tour & hotel operations	7,157	10	43	7,210
Revenue from other businesses	193	1,898	5,832	7,923
Total revenue from contracts with customers	112,317	192,377	11,020	315,714
EBITDA ¹	(158,406)	(34,425)	2,808	(190,023)
Depreciation and amortisation	(38,744)	(16,009)	(8,082)	(62,835)
Interest income	2,760	358	648	3,766
Interest expense	(5,998)	(2,264)	(18,742)	(27,004)
Net (loss) / profit before tax	(200,388)	(52,340)	(23,368)	(276,096)
Reconciliation of EBITDA to Underlying EBITDA				
EBITDA ¹	(158,406)	(34,425)	2,808	(190,023)
Gain on disposal of right-of-use asset - Southpoint head office lease	-	-	(5,277)	(5,277)
Costs incurred due to COVID-19 cost base transition				
Employee benefits	232	205	186	623
Lease related ²	(713)	(249)	1,009	47
Communications & IT	(786)	2	171	(613)
Employee retention plans	4,697	4,714	1,737	11,148
Underlying EBITDA¹	(154,976)	(29,753)	634	(184,095)
Underlying net (loss) / profit before tax¹	(196,958)	(47,668)	(25,542)	(270,168)

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

² Includes right-of-use asset impairment, gain/loss on disposal of right-of-use assets and other occupancy costs.

1 SEGMENT INFORMATION (CONTINUED)

31 DECEMBER 2020 - RESTATED ¹	LEISURE \$'000	CORPORATE \$'000	OTHER \$'000	TOTAL \$'000
Segment information				
TTV ²	501,482	822,539	208,757	1,532,778
Agency revenue from the provision of travel	50,577	85,842	11,011	147,430
Principal revenue from the provision of travel	932	1,804	776	3,512
Revenue from tour & hotel operations	751	-	-	751
Revenue from other businesses	2,103	1,108	4,458	7,669
Total revenue from contracts with customers	54,363	88,754	16,245	159,362
EBITDA ²	(198,346)	(60,587)	33,217	(225,716)
Depreciation and amortisation	(51,550)	(21,141)	(3,756)	(76,447)
Interest income	4,909	921	(2,179)	3,651
Interest expense	(5,705)	(1,858)	(6,769)	(14,332)
Net (loss) / profit before tax	(250,692)	(82,665)	20,513	(312,844)
Reconciliation of EBITDA to Underlying EBITDA				
EBITDA ²	(198,346)	(60,587)	33,217	(225,716)
Gain on sale of St Kilda building	-	-	(32,982)	(32,982)
Loss on disposal of head office and store assets	11,404	1,329	260	12,993
Costs incurred due to COVID-19 cost base transition				
Employee benefits	47,172	10,782	9,123	67,077
Lease related ³	19,115	2,514	-	21,629
Communications & IT	1,234	-	172	1,406
Underlying EBITDA²	(119,421)	(45,962)	9,790	(155,593)
Underlying net (loss) / profit before tax²	(171,767)	(68,040)	(2,914)	(242,721)

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

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

³ Includes right-of-use asset impairment, gain/loss on disposal of right-of-use assets and other occupancy costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 PBT information which has been included to aid user understanding.

31 DECEMBER 2021	AUSTRALIA & NZ \$'000	AMERICAS \$'000	EMEA \$'000	ASIA \$'000	OTHER SEGMENT \$'000	TOTAL \$'000
Segment information						
TTV ¹	1,165,634	955,814	718,651	404,221	18,468	3,262,788
Agency revenue from the provision of travel	92,270	101,270	85,250	10,447	3,436	292,673
Principal revenue from the provision of travel	3,090	3,632	442	37	707	7,908
Revenue from tour & hotel operations	-	-	-	10	7,200	7,210
Revenue from other businesses	3,585	1,094	319	770	2,155	7,923
Total revenue from contracts with customers	98,945	105,996	86,011	11,264	13,498	315,714
EBITDA ¹	(127,552)	(23,116)	(4,402)	(11,003)	(23,950)	(190,023)
Depreciation and amortisation	(33,410)	(9,124)	(10,726)	(1,758)	(7,817)	(62,835)
Interest income	2,338	3,217	4,904	271	(6,964)	3,766
Interest expense	(4,203)	(5,663)	(1,489)	(586)	(15,063)	(27,004)
Net (loss) / profit before tax	(162,827)	(34,686)	(11,713)	(13,076)	(53,794)	(276,096)
Reconciliation of EBITDA to Underlying EBITDA						
EBITDA ¹	(127,552)	(23,116)	(4,402)	(11,003)	(23,950)	(190,023)
Gain on disposal of right-of-use assets - Southpoint head office lease	(5,277)	-	-	-	-	(5,277)
Costs incurred due to COVID-19 cost base transition						
Employee benefits	449	13	28	-	133	623
Lease related ²	1,266	(690)	(504)	-	(25)	47
Communications & IT	7	(785)	-	-	165	(613)
Employee retention plans	4,146	1,653	2,176	897	2,276	11,148
Underlying EBITDA¹	(126,961)	(22,925)	(2,702)	(10,106)	(21,401)	(184,095)
Underlying net (loss) / profit before tax¹	(162,236)	(34,495)	(10,013)	(12,179)	(51,245)	(270,168)

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

² Includes right-of-use asset impairment, gain/loss on disposal of right-of-use assets and other occupancy costs.

1 SEGMENT INFORMATION (CONTINUED)

31 DECEMBER 2020 - RESTATED ¹	AUSTRALIA & NZ \$'000	AMERICAS \$'000	EMEA \$'000	ASIA \$'000	OTHER SEGMENT \$'000	TOTAL \$'000
Segment information						
TTV ²	748,601	306,954	221,569	239,385	16,269	1,532,778
Agency revenue from the provision of travel	59,659	48,241	31,774	6,190	1,566	147,430
Principal revenue from the provision of travel	1,962	133	242	53	1,122	3,512
Revenue from tour & hotel operations	-	-	-	-	751	751
Revenue from other businesses	2,983	1,314	208	515	2,649	7,669
Total revenue from contracts with customers	64,604	49,688	32,224	6,758	6,088	159,362
EBITDA ²	(100,140)	(67,898)	(23,927)	(9,116)	(24,635)	(225,716)
Depreciation and amortisation	(42,428)	(16,383)	(12,765)	(2,168)	(2,703)	(76,447)
Interest income	2,639	1,930	3,078	811	(4,807)	3,651
Interest expense	(3,952)	(2,299)	(1,457)	(403)	(6,221)	(14,332)
Net (loss) / profit before tax	(143,881)	(84,650)	(35,071)	(10,876)	(38,366)	(312,844)
Reconciliation of EBITDA to Underlying EBITDA						
EBITDA ²	(100,140)	(67,898)	(23,927)	(9,116)	(24,635)	(225,716)
Gain on sale of St Kilda building	(32,982)	-	-	-	-	(32,982)
Loss on disposal of head office and store assets	8,301	4,495	11	45	141	12,993
Costs incurred due to COVID-19 cost base transition						
Employee benefits	49,820	11,607	616	1,057	3,977	67,077
Lease related ³	17,917	6,553	(3,369)	98	430	21,629
Communications & IT	310	1,085	-	-	11	1,406
Underlying EBITDA²	(56,774)	(44,158)	(26,669)	(7,916)	(20,076)	(155,593)
Underlying net (loss) / profit before tax²	(100,515)	(60,910)	(37,813)	(9,676)	(33,807)	(242,721)

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

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

³ Includes right-of-use asset impairment, gain/loss on disposal of right-of-use assets and other occupancy costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 REVENUE

	HALF-YEAR ENDED	
	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000 RESTATED ¹
Agency revenue from the provision of travel	292,673	147,430
Principal revenue from the provision of travel	7,908	3,512
Revenue from tour & hotel operations	7,210	751
Revenue from other businesses	7,923	7,669
Total revenue from contracts with customers	315,714	159,362

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

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

MATERIAL CONSTRAINTS

COVID-19 cancellation

FLT's agency revenue from the provision of travel is variable and in an ordinary operating environment is not subject to material constraints, hence is recognised at the time of ticketing when the performance obligation is satisfied.

In the current COVID-19 environment, there is a constraint attached to this revenue, namely that the booking may be cancelled prior to travel (either by the supplier, end-consumer or due to government restrictions) requiring a refund of the agency revenue earned by FLT.

While FLT has terms and conditions in place to allow the retention of cancellation fees on cancellation of bookings, a decision has been made that these will not be applied in all circumstances.

Therefore, FLT has recognised a contract liability which reflects the uncertainty that the travel may be cancelled prior to departure requiring a refund of the agency revenue earned by FLT. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rates based on COVID-19 trading patterns.

This constraint of revenue will unwind when the uncertainty is removed. Either the end consumer will travel, in which case FLT will recognise the revenue in the statement of profit or loss, or if the travel does not proceed, this contract liability will be settled via payment to the end-consumer.

Volume incentives

Volume revenue has been recorded either to the extent of flown/availed revenue at guaranteed rates or upon ticketing where associated commission revenue is expected to not be constrained.

3 OTHER INCOME

	NOTES	HALF-YEAR ENDED	
		31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Interest		3,766	3,651
Rent and sub-lease rentals		3,168	3,568
Net foreign exchange gains		1,166	-
(Loss) / gain on contingent consideration	7	(899)	(55)
Investment distribution income		1,291	-
Gain on disposal of right-of-use asset - Southpoint head office lease		5,277	-
Gain on sale of St Kilda building		-	32,982
Government subsidies		18,910	177,891
Total other income		32,679	218,037

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

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

GAIN ON SALE OF ST KILDA BUILDING

In the prior year, the sale of the St Kilda Melbourne head office property was completed for cash proceeds of \$62,150,000. Immediately prior to the sale, the building had been recognised in the balance sheet as held for sale at the carrying amount of \$20,850,000.

FLT continue to occupy a portion of the premises, therefore as part of the sale and leaseback, a net liability amount of \$8,318,000 was recognised in the balance sheet.

A gain of \$32,982,000 was recognised in other income within the statement of profit or loss and is presented within the Australia & New Zealand geographic area and the Other pillar segment.

GOVERNMENT SUBSIDIES

Due to the financial impact of COVID-19, FLT applied for and received wage subsidy and property related grants from governments globally.

The conditions of the wage subsidy grants vary globally but are broadly based on employer, employee and payment conditions, which FLT has met. The length of time these grants are available varies between nations.

Depending on the conditions of the grant, it is recognised as a trade receivable until the payment is received which is typically within 7-14 days of submission. Where the payment has been received in advance, it is recognised in deferred revenue and released to the statement of profit or loss over the term of the grant in line with the expenses for which the grants are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	HALF-YEAR ENDED	
	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Profit from continuing operations - joint ventures	9,775	8,940
(Loss) from disposed operations - joint ventures	-	(67)
(Loss) from continuing operations - associates	(281)	(139)
Total	9,494	8,734

Joint venture results include share of profit from Pedal Group of \$9,775,000 (2020: \$8,940,000). In addition, during the period FLT received a dividend of \$8,873,000 (2020: \$3,110,000) of which 100% (2020: 50%, \$1,555,000) was received as shares as part of the Pedal dividend reinvestment plan. During the period, Pedal Group issued additional shares to its employees, diluting FLT's and the other joint venture partners' holdings.

In the prior year, FLT sold Go Vacation Vietnam Company Limited, an immaterial joint venture entity that formed part of the Discova Asia business for cash proceeds of \$169,000 bringing FLT's ownership to nil.

5 OTHER EXPENSES

	HALF-YEAR ENDED	
	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000 RESTATED ¹
Other occupancy costs	16,700	16,933
Rent expense	1,296	2,230
Outsourcing and consulting fees	23,022	23,197
Independent agent consulting fees	9,835	3,549
Communication and IT	69,371	56,237
Net foreign exchange losses	-	1,750
Other expenses	10,681	12,328
Total other expenses	130,905	116,224

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

6 BUSINESS COMBINATIONS & DISPOSALS

(A) CURRENT YEAR ACQUISITIONS

On 2 September 2021, FLT announced plans to launch its leading FCM travel management business in Japan with NSF Engagement Corporation (FCM Japan). The entity is controlled by FLT. Cash was invested into the entity by both parties in December 2021. On 5 January 2022 assets and liabilities were transferred to FCM Japan and operations commenced.

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

The acquisition price was USD \$2,000,000 payable in five instalments of USD \$400,000. The first payment of AUD \$563,000 was paid on 22 December 2021 with the remaining AUD \$2,205,000 recorded as a current payable.

(B) PRIOR YEAR ACQUISITIONS

There were no acquisitions in the prior period.

(C) PRIOR YEAR DISPOSALS

During the prior period FLT sold Thien Minh Transportation Company Limited, an immaterial subsidiary in Vietnam that formed part of the Discova Asia business for cash proceeds of \$157,000.

Prior to the sale FLT held a 49% interest and had control over the entity's economic activities, hence it was recognised as a subsidiary. The remaining 51% holding was recognised as a non-controlling interest.

(D) GOODWILL & IMPAIRMENT

No additions or impairment of goodwill has been recognised in the half-year ended 31 December 2021. The increase of \$7,488,000 is due to the impact of foreign exchange translation (31 December 2020: \$28,878,000 decrease). The impairment expense recognised in the statement of profit or loss of \$22,925,000 in the half-year ended 31 December 2020 related to right-of-use assets due to the decision to exit a large number of retail stores in response to COVID-19.

Impairment assessments have been conducted for 31 December 2021 and there have been no material changes to key assumptions since 30 June 2021 that would cause a CGU's carrying value to exceed its recoverable amount in the current period.

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 2021. 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 hedging instrument to which hedge accounting is applied. Changes in fair value for derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The forward foreign exchange contracts and cross currency interest rate swaps are classified as Level 2 (30 June 2021: 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 under the AASB 13 *Fair value measurement* hierarchy, based on the valuation technique described above.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

DEBT SECURITIES

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

CONTINGENT CONSIDERATION

Contingent consideration is recognised in relation to the acquisitions listed below. FLT has determined that it is classified as Level 3 (30 June 2021: 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 these liabilities are recorded through other income (as a gain or loss), finance costs or foreign exchange movements in other expenses 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 (\$3,683,000) has been recorded as 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 net profit after tax (NPAT) for the year ended 30 June 2021 and the forecast NPAT for the year ended 30 June 2022.

Reconciliation of Level 3 contingent consideration for the period is set out below:

	NOTES	31 DECEMBER 2021 \$'000
Opening balance 1 July 2021		2,784
Losses / (gains) recognised in the statement of profit or loss	3	899
Closing balance 31 December 2021		3,683
Current contingent consideration		3,683
Non-current contingent consideration		-
Total contingent consideration		3,683

(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 2021 \$'000	30 JUNE 2021 \$'000
Cash at bank and on hand	1,078,009	1,172,115
Restricted cash	132,955	118,716
Total cash and cash equivalents	1,210,964	1,290,831

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. Restricted cash includes monies paid to the Group by customers for payment to local International Air Transport Association (IATA) for ticketed travel arrangements.

9 FINANCIAL ASSET INVESTMENTS

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
CURRENT		
Equity investments - Fair value through profit or loss (FVTPL)	-	4,320
Debt securities - Fair value through profit or loss (FVTPL)	-	5,916
Debt securities - Fair value through other comprehensive income (FVOCI)	-	54,906
Debt securities - Amortised cost	187,724	-
Total current financial asset investments	187,724	65,142
NON-CURRENT		
Equity investments - Fair value through profit or loss (FVTPL)	4,465	-
Debt securities - Fair value through profit or loss (FVTPL)	8,271	-
Debt securities - Fair value through other comprehensive income (FVOCI)	54,722	-
Total non-current financial asset investments	67,458	-

Debt securities measured at FVTPL do not have contractual cash flow characteristics.

Debt securities at fair value through profit or loss and debt securities at fair value through other comprehensive income are measured at fair value, which is determined by reference to price quotations in a market for identical assets. As the assets are not heavily traded, FLT has determined that they are classified as Level 2 (30 June 2021: 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 2021: Level 3) under the AASB 13 *Fair value measurement* hierarchy.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 LEASES

This note provides information for leases where the group is a lessee.

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

The statement of profit or loss shows the following amounts relating to leases:

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Rent income from sub-leasing of right-of-use asset	3,168	3,568
Interest expense on lease liabilities	(5,092)	(6,335)
Rental expense relating to short-term and low-value leases	(1,296)	(2,230)
Depreciation/amortisation expense of right-of-use assets	(34,097)	(43,001)
	(37,317)	(47,998)

AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOW

Operating - payments of interest	(5,092)	(6,335)
Financing - payments of principal	(44,104)	(50,726)
Financing - surrender payments	(2,228)	(33,180)
Total cash (outflow) relating to leases	(51,424)	(90,241)

AMOUNTS RECOGNISED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

	RIGHT-OF-USE ASSETS \$'000	LEASE LIABILITIES \$'000
Balance at 1 July 2021	243,690	368,453
Additions	2,832	2,817
Disposals	(1,820)	(9,446)
Depreciation and amortisation expense	(34,097)	-
Impairment reversal / (charge)	375	-
Modification	4,866	4,866
Interest expense	-	5,092
Lease liability repayment	-	(49,196)
Foreign exchange differences	703	2,664
Balance as at 31 December 2021	216,549	325,250

CURRENT AND NON-CURRENT CLASSIFICATIONS

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Current	96,787	100,783
Non-current	228,463	267,670
Total lease liabilities	325,250	368,453

11 CONTRACT LIABILITIES

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
CURRENT		
Deferred revenue	27,883	38,983
Revenue constraint	18,987	15,553
Total contract liabilities	46,870	54,536
NON-CURRENT		
Deferred revenue	34,196	34,945
Total contract liabilities	34,196	34,945

Significant changes in contract liabilities

FLT has recognised a contract liability which recognises the uncertainty that the travel may be cancelled prior to departure. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rates based on COVID-19 trading patterns. Refer to note 2 for further details.

The movement during the period represents constrained revenue refunded to the end consumer as the travel did not proceed and adjustments for constrained revenue as at 31 December 2021 for future travel.

12 BORROWINGS

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
CURRENT		
Bank loans	216,194	212,126
Net unsecured notes principal	-	41
Total current borrowings	216,194	212,167
NON-CURRENT		
Bank loans	354,325	355,684
Total non-current borrowings	354,325	355,684

Changes in liabilities arising from financing activities	31 DECEMBER 2021 \$'000
Opening balance at 1 July 2021	567,851
Cashflow - Proceeds from borrowings	-
Cashflow - Repayment of borrowings	-
Cashflow - Repayment of bank overdrafts	-
Foreign exchange movement	1,926
Amortisation of borrowings at effective interest rate	742
Closing balance at 31 December 2021	570,519

The group classifies interest paid as cash flows from operating activities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 CONVERTIBLE NOTES

Significant matters

On 1 November 2021, the Company issued convertible notes with an aggregate principal amount of \$400,000,000 and strike price of \$27.30 which mature in November 2028 and have a put date of May 2026. There was no movement in the number of these convertible notes since the issue date.

The bonds are convertible at the option of the bondholders into ordinary shares with the initial conversion price of \$27.30 per share at any time on or after 41 business days after issuance and up to the close of business on the maturity date.

Note holders have an option to redeem the bond at the end of 4.5 years at face value plus any accrued interest. Any convertible notes not converted will be redeemed on 1 November 2028 at the principal amount together with accrued but unpaid interest thereon. The bonds carry interest at a rate of 1.6250% per annum (effective interest rate of 7.12% per annum based on a four-and-a-half-year amortisation period on estimation of cashflow timing in line with four-and-a-half-year redemption option), which is payable semi-annually in arrears in May and November. Interest expense for the period is \$3,741,000, comprised of \$2,673,000 amortisation and \$1,068,000 coupon accrued at period end in trade and other payables. The interest expense is recognised in finance costs in the statement of profit or loss.

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

In October 2021, Gainsdale Pty Ltd, CEO Graham Turner's shareholding company entered into a stock borrow agreement with UBS Securities Australia Limited placing 3,700,000 shares in a twelve month stock borrow facility to support the FLT convertible note issue.

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

	NOTES	31 DECEMBER 2021 \$'000
Opening balance at 1 July		347,239
Liability component of new issuance	13a	315,892
Amortisation of borrowings at effective interest rate		9,831
Changes in fair value hedge during the period		(361)
Liability component at 31 December		672,601
a) Liability component of new issuance		
Nominal value of convertible notes issued during the period		400,000
Gross equity component of convertible note issued during the period		(76,292)
Transaction costs attributable to issuance during the period		(7,816)
Total liability component of new issuance		315,892

Deferred tax liability related to Equity component of convertible notes issued during the period ended 31 December 2021 is \$22,887,000. The Equity component of convertible notes after tax is \$53,405,000.

Transaction costs relate to the equity component of \$1,359,000 and liability component of \$6,457,000.

13 CONVERTIBLE NOTES (CONTINUED)

Changes in liabilities arising from financing activities

	31 DECEMBER 2021 \$'000
Opening balance at 1 July 2021	347,239
Cashflow - proceeds from issuance of convertible note, net of transaction costs	392,184
Gross equity component of convertible note	(76,292)
Amortisation of borrowings at effective interest rate	9,831
Changes in fair value hedge during the period	(361)
Closing balance at 31 December 2021	672,601

ACCOUNTING POLICY

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

14 NET CASH / (DEBT)

	NOTES	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Cash at bank and on hand	8	1,078,009	1,172,115
Financial investments	9	255,182	65,142
		1,333,191	1,237,257
Less:			
Borrowings - current	12	216,194	212,167
Borrowings - non-current	12	354,325	355,684
		570,519	567,851
Net cash / (debt)¹		762,672	669,406

FLT continues to be in a positive net cash position (30 June 2021: positive net cash).

¹ Net cash /(debt) = (Cash + current + non-current financial investments) – (current + non-current borrowings). The calculation excludes restricted cash (refer note 8) and excludes 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 DIVIDENDS

OVERVIEW

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

The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2021 given the loss for the period and the requirements of FLT's borrowing agreements.

A final dividend was not declared for 30 June 2021 (30 June 2020: nil) after taking into account the need to preserve cash and protect long-term shareholder value.

16 CONTRIBUTED EQUITY

OVERVIEW

Historically, movements in contributed equity have related to shares issued under the employee share plan (ESP), which reinforced the importance that FLT places on ownership to drive business improvement and overall results. Where shares in FLT have been acquired by on-market purchases prior to settling the vested entitlement, the cost of the acquired shares is carried as treasury shares and deducted from equity.

RECONCILIATION OF ORDINARY SHARE CAPITAL

The following reconciliation summarises the movements in 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 AUTHORISED SHARES	WEIGHTED AVERAGE ISSUE PRICE	\$'000
Opening Balance 1 July 2020	198,968,556		1,094,095
Employee Share Plan (ESP)	201,253	\$13.19	2,653
ESP Matched Shares	7,934	\$0.00	-
Closing Balance 31 December 2020	199,177,743		1,096,748
Opening Balance 1 July 2021	199,347,493		1,099,056
Employee Share Plan (ESP)	136,248	\$17.20	2,344
ESP Matched Shares	14,684	\$0.00	-
LTRP	9,274	\$0.00	-
Treasury shares	100,000	\$16.18	1,618
Closing Balance 31 December 2021	199,607,699		1,103,018

16 CONTRIBUTED EQUITY (CONTINUED)

RECONCILIATION OF TREASURY SHARES

The following reconciliation summarises the movements in treasury shares held in a share trust for future allocation to the LTRP.

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 1 July 2020	-		-
Closing Balance 31 December 2020	-		-

DETAILS	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	\$'000
Opening Balance 1 July 2021	-		-
Purchase of shares by share trust	(120,239)	\$16.32	(1,962)
Allocation of shares to ESP matched shares	20,239	\$17.00	344
Allocation of shares to LTRP	24,782	\$18.98	470
Gain/(loss) in equity on allocation of shares			(69)
Closing Balance 31 December 2021	(75,218)		(1,217)

17 RESERVES

RESERVES	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Cashflow hedge reserve	309	309
Share-based payments reserve	58,361	34,487
Acquisition Reserve	(39,291)	(39,291)
Foreign currency translation reserve	11,209	2,179
Equity component of convertible note	91,335	37,930
Total reserves	121,923	35,614

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18 EARNINGS PER SHARE

OVERVIEW

Statutory earnings per share (EPS) was a loss of 97.4 cents (2020¹: loss 115.6 cents), up 15.8% on the prior comparative period. At an underlying level², EPS decreased 3.8% to a loss of 94.3 cents (2020¹: loss 90.8 cents).

	HALF-YEAR ENDED	
	31 DECEMBER 2021 CENTS	31 DECEMBER 2020 CENTS RESTATED ¹
(Loss) / profit attributable to the company's ordinary equity holders	(97.4)	(115.6)

Diluted earnings per share

(Loss) / profit attributable to the company's ordinary equity holders ³	(97.4)	(115.6)
--	--------	---------

RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	\$'000	\$'000
(Loss) / profit after tax attributable to the company's ordinary equity holders used in calculating basic and diluted earnings per share	(194,184)	(230,229)

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 ⁴	199,432,748	199,079,109

Adjustments for calculation of diluted earnings per share:

Share rights	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	199,432,748	199,079,109

¹ Restated as required for changes introduced by IFRIC Agenda Decision – Configuration or Customisation Costs in Cloud Computing Arrangements. Refer to note 22(b) for details.

² Underlying EPS is an un-audited, non-IFRS measure and is not subject to audit or review procedures. Refer to note 1 for breakdown of underlying PBT. Underlying NPAT (used in the calculation of underlying EPS) also excludes the related underlying tax impact of \$235,000 (31 December 2020: \$20,428,000).

³ Diluted earnings per share is the same as basic earnings per share at 31 December 2021 given the Group has recorded a loss for the period.

⁴ The basic EPS denominator is the aggregate of the weighted average number of ordinary shares after deduction of the weighted average number of treasury shares outstanding during the period.

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 would be 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

On 5 January 2022 assets and liabilities were transferred to the FLT and NSF Engagement Corporation entity (FCM Japan) and operations commenced.

The initial accounting for the above acquisition is incomplete at the time the financial statements are authorised for issue given the dates of acquisition.

There are no other significant events after the end of the reporting period which have come to our attention.

21 SEASONALITY

The historical seasonal nature of the FLT business has not been observed due to the financial impacts of COVID-19.

For further details on FLT's outlook, please refer to the Outlook section of the Directors' Report.

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 2021 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 2021 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 2021 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 2021 interim half-year report did not result in a material financial impact to the group's accounting policies or require any retrospective adjustments, with the exception of IFRIC Agenda Decision – Configuration or customisation costs in a cloud computing arrangement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

IFRIC AGENDA DECISION – CONFIGURATION OR CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT

In April 2021, the IFRS Interpretations Committee (IFRIC) published an agenda decision for configuration and customisation costs incurred related to a Software-as-a-Service (SaaS) arrangement. FLT changed its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in the 30 June 2021 financial report with a retrospective impact at 1 July 2019 disclosed. The retrospective change has been applied in the 31 December 2021 financial statements with a retrospective impact at 1 July 2020 disclosed. The nature and effect of the changes as a result of changing this policy are described below.

ACCOUNTING POLICY – SOFTWARE-AS-A-SERVICE (SAAS) ARRANGEMENTS

SaaS arrangements are arrangements in which the Group does not currently control the underlying software used in the arrangement.

Where costs incurred to configure or customise SaaS arrangements result in the creation of a resource which is identifiable, and where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits, such costs are recognised as a separate intangible software asset and amortised over the useful life of the software on a straight-line basis. The amortisation is reviewed at least at the end of each reporting period and any changes are treated as changes in accounting estimates.

Where costs incurred to configure or customise do not result in the recognition of an intangible software asset, then those costs that provide the Group with a distinct service (in addition to the SaaS access) are now recognised as expenses when the supplier provides the services. When such costs incurred do not provide a distinct service, the costs are now recognised as expenses over the duration of the SaaS contract. Previously some costs had been capitalised and amortised over its useful life.

A fulfilment asset is recognised for costs which are eligible for capitalisation under AASB 15 Revenue from Contracts with Customers.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the amounts provided.

	NOTES	31 DECEMBER 2020 AS ORIGINALLY PRESENTED \$'000	IMPACT OF CHANGE IN ACCOUNTING POLICY \$'000	31 DECEMBER 2020 RESTATED \$'000
STATEMENT OF PROFIT OR LOSS				
Agency revenue from the provision of travel	2	147,850	(420)	147,430
Amortisation and depreciation		(82,829)	6,382	(76,447)
Communication & IT	5	(54,541)	(1,696)	(56,237)
Other expenses	5	(12,507)	179	(12,328)
(Loss) before income tax		(317,289)	4,445	(312,844)
Income tax credit		83,745	(1,426)	82,319
(Loss) after income tax		(233,544)	3,019	(230,525)
(Loss) after tax attributable to:				
Company owners		(233,248)	3,019	(230,229)
Non-controlling interests		(296)	-	(296)
		(233,544)	3,019	(230,525)
CONSOLIDATED STATEMENT OF CASH FLOWS				
Payments to suppliers and employees		(1,170,682)	(1,696)	(1,172,378)
Net cash (outflow) from operating activities		(659,964)	(1,696)	(661,660)
Payments for intangibles		(18,347)	1,696	(16,651)
Net cash inflow from investing activities		39,170	1,696	40,866

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

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

		CENTS	CENTS	CENTS RESTATED
Basic (loss) / earnings per share	18	(117.2)	1.6	(115.6)
Diluted (loss) / earnings per share	18	(117.2)	1.6	(115.6)
				2020 \$'000 RESTATED
Opening retained profits 31 December as originally presented				54,469
Impact on:				
Intangible assets				(45,773)
Deferred tax assets				10,930
Fulfilment assets				5,646
Foreign exchange reserve				(1,006)
Opening retained profits 31 December - restated				24,266

Critical accounting estimates, assumptions and judgements

In the process of applying the above policy, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements.

- Determining whether cloud computing arrangements contain a software licence intangible asset
The Group evaluates a cloud computing arrangement to determine if it provides a resource that the Group can control. The Group determines that a software licence intangible asset exists in a cloud computing arrangement when both of the following are met at the inception of the arrangement:
 - The Group has the contractual right to take possession of the software during the hosting period without significant penalty.
 - It is feasible for the Group to run the software on its own hardware or contract with another party unrelated to the supplier to host the software.
- Determination whether configuration and customisation costs provide a distinct service to access to the SaaS
The Group applies judgement in determining whether costs incurred provide a distinct service, aside from access to the SaaS. Where it is determined that no distinct service is identifiable, the related costs are recognised as expenses over the duration of the service contract.

(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 2021 reporting period. The standards are not expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The group has not elected to apply any pronouncements before their operative date in the interim half-year reporting period beginning 1 July 2021.

In the prior period, FLT early adopted AASB issued AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions and AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021. The amendment provides a practical expedient that allows for the lessee to remeasure its lease liabilities from renegotiated leases as a direct consequence of COVID-19 with the corresponding adjustment to the right-of-use asset.

FLT elected to use the practical expedient.

In applying the practical expedient, FLT remeasured its lease liabilities for qualifying leases, with the corresponding adjustment to right-of-use assets. In this approach, the discount rate is not updated to remeasure the lease liability and there is no impact to the statement of profit or loss.

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 2021 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 2021 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

24 February 2022

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 2021, the statement of profit and loss, statement of other comprehensive income, statement of cash flows and statement of changes in equity 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 2021 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 2021 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink that reads 'Ric Roach' in a cursive, stylized font.

Ric Roach
Partner
Brisbane
24 February 2022