Webjet Limited

Appendix 4D
Preliminary half-year financial report.

Name of entity	ABN reference
Webjet Limited (WEB)	68 002 013 612

1. Reporting periods

	Current period	Previous corresponding period
Financial half-year ended	30 September 2022	30 September 2021

2. Results for announcement to the market

	30 September 2022 $m	30 September 2021 $m	Change $m	Change %
Total revenue from ordinary activities	175.8	55.7	120.1	216%
Profit/(loss) from ordinary activities after income tax*	4.0	(60.0)	64.0	n/a
Net profit/(loss) attributable to members of the parent company*	4.0	(60.0)	64.0	n/a

Refer to pages 3 to 5 of the half-year Financial Report for overview of performance.

3. Dividends

	Period	Payment date	Cents per share	Franked amount per security at 30% tax
Interim	30 September 2022	n/a	n/a	n/a
Final	31 March 2022	n/a	n/a	n/a
Interim	30 September 2021	n/a	n/a	n/a

4. NTA backing

	30 September 2022 Cents	30 September 2021 Cents
Net tangible asset backing per ordinary share*	4.6	(7.4)

* Balance for the periods ended 30 September 2021 and 31 March 2022 has been restated – refer to Note 8.

5. Details of associates

Locktrip LLC

ROOMDEX, Inc

Webjet Limited

Half-Year Financial Report.

For the six months ended 30 September 2022

www.webjetlimited.com

Webjet Limited.

ABN 68 002 013 612

Half-Year Financial Report.

For the six months ended 30 September 2022

Contents

Directors' Report.

The Directors of Webjet Limited (Webjet, the Company, Group) present the financial report of the Company and its controlled entities for the half-year ended 30 September 2022.

Directors

The Directors of the Company during or since the end of the half-year are:

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

Principal activities

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

B2B – Hotels distribution

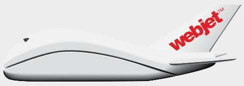
WebBeds

WebBeds, the Company's business to business (**B2B**) travel business, is a B2B travel intermediary (or "bedbank") providing online fulfilment of hotel room bookings for its travel industry customers via its proprietary API and online booking platforms. WebBeds sources hotel room inventory from a variety of sources, aggregates that content and distributes it to its customers, travel sellers, who then sell them to the travelling public. WebBeds is one of the few truly global B2B providers, offering extensive global reach for both its hotel supply partners (looking to sell their hotel rooms) and its customer network (looking to access hotel room inventory).

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

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

Webjet OTA



webjet.com.au

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

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

GoSee

GoSee

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

Directors' Report.

Financial Results

	Notes	30 September 2022 $m	30 September 2021 $m	Change $m	Change %
Total transaction value[1]		2,143	663	1,480	223%
Revenue[2]	2.1	**175.7**	**55.4**	**120.3**	**217%**
Revenue margin		8.2%	8.4%	–	(15.9bps)
Operating expenses		(101.8)	(71.2)	(30.6)	43%
Share of net loss from associates		(1.4)	–	(1.4)	n/a
EBITDA[3]		**72.5**	**(15.8)**	**88.3**	**n/a**
EBITDA margin		41.3%	negative	–	n/a
Share-based payment expenses		(4.2)	(5.0)	0.8	(15%)
EBITDA after share-based payments[3]		**68.3**	**(20.8)**	**89.1**	**n/a**
Non-operating expenses	3.3	(5.4)	(17.4)	12.0	(69%)
Depreciation and amortisation[4]		(32.6)	(11.9)	(20.7)	174%
Acquisition amortisation[5]		(16.5)	(9.6)	(6.9)	72%
Net interest costs		(9.6)	(13.6)	4.0	(29%)
Profit/(loss) before tax		**4.2**	**(73.3)**	**77.5**	**n/a**
Income tax (expense)/benefit*		(0.2)	13.3	(13.5)	(102%)
Net profit/(loss) after tax (NPAT)*		**4.0**	**(60.0)**	**64.0**	**n/a**
Net profit/(loss) after tax (before acquisition amortisation)*[6]		20.5	(50.4)	70.9	n/a

(1) Total transaction value (TTV) is the gross transaction price on a booking. This is used by management as a performance indicator for the segments.
(2) Excludes interest income.
(3) EBITDA = Earnings before interest, tax, depreciation and amortisation. It also excludes share-based payments expenses to provide a better understanding of the financial performance and allow more representative comparison between financial periods.
(4) The useful lives of the capitalised development intangible assets – booking platforms have been reassessed during the period – refer to Note 6 for further details.
(5) Acquisition amortisation represents amortisation on the additional intangible values recognised under AASB 3 following a business combination.
(6) NPAT A, represents the NPAT before acquisition amortisation and provides an alternative view of the profitability of the Group.

* Balance for the period ended 30 September 2021 has been restated – refer to Note 8

Directors' Report.

The financial results for the 6 months ending 30 September 2022 reflect a turnaround in travel conditions as borders have re-opened and travel restrictions lifted. The resumption of travel has seen all businesses profitable for the period, with the Group returning an EBITDA profit of $72.5 million compared to an EBITDA loss of $15.8 million in the prior period. This was driven by an increase in booking volumes which were back to pre-pandemic levels for the period. Group TTV and Revenue are up 223% and 217% on the prior period, reflecting the vast improvement in travel conditions and the ability of the Group to capitalise on the demand for travel as it returns.

WebBeds was driving the recovery as booking volumes for the period exceeded pre-pandemic levels driven by strong results from North America, Europe and Asia-Pacific with several key markets yet to fully reopen. Expenses are now materially lower than pre-pandemic levels, reflecting the strong focus on driving efficiencies across the business.

Domestic travel drove profitability for Webjet OTA during the period with TTV, Revenue and EBITDA all up compared to the prior period but still below pre-pandemic levels reflecting the reduction in airline capacity across the world.

GoSee was profitable for the period despite the lack of inbound tourism into its largest markets and supply chain issues; with TTV, Revenue and EBITDA all up compared to the prior period.

The Group continued to focus on mitigation measures, principally strengthening the Group's liquidity position through a return to profitability and positive turnaround in B2B working capital which contributed to a positive cash supply for the period.

Non-operating expenses were the result of expensing one-off IT costs relating to the ERP implementation across the Group ($5.4 million).

Increased depreciation and amortisation expenses were the result of the reassessment of useful lives of the capitalised development intangible assets – booking platforms arising from the ERP implementation. Refer to note 6 for more details.

Interest expense decreased due to the partial repayment of borrowings.

As the Group returned to a profitable position for the half year, the Group is in a tax payable position prior to the utilisation of historical accumulated tax losses.

Additional commentary on performance is included in the ASX release and investor presentation lodged with the ASX on 17 November 2022.

Directors' Report.

Balance Sheet

	30 September 2022	31 March 2022	Change
	$m	$m	%
Cash and cash equivalents	503.9	433.7	70.2
Trade and other receivables	236.4	120.3	116.1
Intangible assets	773.6	766.5	7.1
Other assets*	78.4	85.3	(6.9)
Total assets*	**1,592.3**	**1,405.8**	**186.5**
Trade and other payables	482.3	276.8	205.5
Other current liabilities	70.9	58.5	12.4
Borrowings	228.4	308.2	(79.8)
Other non-current liabilities*	19.5	23.9	(4.4)
Total liabilities*	**801.1**	**667.4**	**133.7**
Net assets*	**791.2**	**738.4**	**52.8**
Issued capital	1,039.1	1,037.8	1.3
Retained losses and reserves*	(247.9)	(299.4)	51.5
Total equity*	**791.2**	**738.4**	**52.8**

* Balance for the period ended 31 March 2022 has been restated – refer to Note 8.

The Group has continued to strengthen its cash position and is well placed to capture demand as global travel returns with adequate cash reserves and a strong capital position, which provides, financial and strategic flexibility.

Cash and cash equivalents increased from March 2022, mainly attributable to cash inflows from operations of $168 million due to the resumption in travel, as well as effective cost management. This was partially offset by financing repayments of $86 million and a further $14 million spent on essential and strategic capital expenditure projects and initiatives.

Trade and other receivables increased due to higher trading volumes during the period.

Intangible assets increased primarily due to movement in foreign currency exchange with current period capital expenditure of $13.7 million. During the current period, management has reassessed and reduced the useful lives of capitalised development intangible assets – booking platforms. This resulted in increased amortisation costs for the period of $28 million. Refer to Note 6 for further details.

Trade and other payables have increased in line with TTV growth with payment terms consistent with previous periods.

Other current liabilities increased primarily due to the resumption in travel and associated activities of the Group, with $18.9 million increase in prepayments from WebBeds customers offset by the redemption of gift vouchers on issue of $5.1 million.

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

Directors' Report.

Dividends

No interim dividend has been declared by the Directors.

Likely developments and expected results of operations

The Group continues to focus on growing its B2C business organically as leisure travel recovers and anticipates building its B2B business through a combination of organic and inorganic growth.

Change in useful life of software assets

During the half-year, the Group has reassessed the useful lives of capitalised development intangible assets – booking platforms. Refer to note 6 for further details.

Subsequent events

On 15 November 2022, considering the improved financial performance of the Group, the lenders have consented to bring forward the financial covenant testing to be applied on an unmodified basis, and to remove the liquidity requirement.

There have not been any other matters or circumstances occurring after the end of the financial six-month period, other than the continuing impact of COVID, that have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Group in future periods.

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 7.

Rounding of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in this directors' report are rounded off to the nearest one hundred thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Roger Sharp
Chair

Melbourne, 17 November 2022

Deloitte.

Deloitte Touche Tohmatsu
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477 Collins Street
Melbourne, VIC, 3000
Australia

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17 November 2022

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

Dear Board Members,

Auditor's independence declaration to Webjet Limited

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

As lead audit partner for the review of the financial statements of Webjet Limited for the half-year ended 30 September 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

Deloitte.

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

Conclusion

We have reviewed the half-year financial report of Webjet Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 September 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cashflows and the condensed consolidated 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 as set out on pages 10 to 28.

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 is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its 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*. 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 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.

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

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 30 September 2022 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.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 17 November 2022

Consolidated statement of profit or loss and other comprehensive income.

For the half-year ended 30 September 2022

	Notes	6 months ended 30 September 2022 $m	6 months ended 30 September 2021 $m
Revenue from customers	2.1	175.7	55.4
Other income		0.1	0.3
		175.8	**55.7**
Employee benefit expenses	3.1	(57.1)	(47.3)
Operating expenses	3.2	(48.9)	(28.9)
Other non-operating expenses	3.3	(5.4)	(17.4)
Share of net loss of equity accounted investees		(1.4)	–
Profit/(loss) before interest, tax, depreciation and amortisation		**63.0**	**(37.9)**
Finance income – interest		1.6	–
Finance costs	3.4	(11.3)	(13.9)
Depreciation and amortisation		(49.1)	(21.5)
Profit/(loss) before income tax		**4.2**	**(73.3)**
Income tax (expense)/benefit*		(0.2)	13.3
Net profit/(loss) after tax*		**4.0**	**(60.0)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
– Exchange difference on translating foreign operations		42.4	34.1
		42.4	**34.1**
Items that have been subsequently reclassified to profit or loss			
– Cash flow hedges recycled to profit or loss		2.2	3.0
		2.2	**3.0**
Other comprehensive income for the period, net of income tax		**44.6**	**37.1**
Total comprehensive income/(loss) for the period*		**48.6**	**(22.9)**

	Cents per share	Cents per share
Profit/(loss) per share:		
Basic (cents per share)*	1.1	(15.9)
Diluted (cents per share)*	1.0	(15.9)

* Balance for the period ended 30 September 2021 has been restated – refer to Note 8.

Notes to the consolidated half year financial statements are included on pages 14 to 27.

Consolidated statement of financial position.

As at 30 September 2022

	Notes	As at 30 September 2022 $m	As at 31 March 2022 $m
Current assets			
Cash and cash equivalents	5.1	503.9	433.7
Trade receivables and other assets	4.1	236.4	120.3
Total current assets		**740.3**	**554.0**
Non-current assets			
Intangible assets		773.6	766.5
Property, plant and equipment		19.7	21.0
Deferred tax assets*		37.9	43.0
Investment in associate		18.7	19.2
Other non-current assets		2.1	2.1
Total non-current assets*		**852.0**	**851.8**
Total assets*		**1,592.3**	**1,405.8**
Current liabilities			
Trade payables and other liabilities	4.2	482.3	276.8
Derivative financial instruments	7.1	–	0.3
Other current liabilities		70.9	58.5
Total current liabilities		**553.2**	**335.6**
Non-current liabilities			
Borrowings	7.1	228.4	307.8
Derivative financial instruments	7.1	–	0.1
Deferred tax liabilities*		13.6	18.5
Other non-current liabilities		5.9	5.4
Total non-current liabilities*		**247.9**	**331.8**
Total liabilities*		**801.1**	**667.4**
Net assets*		**791.2**	**738.4**
Equity			
Issued capital		1,039.1	1,037.8
Reserves*		18.1	(29.4)
Retained losses*		(266.0)	(270.0)
Total equity*		**791.2**	**738.4**

* Balance as at 31 March 2022 has been restated – refer to Note 8.

Notes to the consolidated half year financial statements are included on pages 14 to 27.

Consolidated statement of cashflow.

For the half-year ended 30 September 2022

	Notes	6 months ended 30 September 2022 $m	6 months ended 30 September 2021 $m
Net profit/(loss) after tax*		4.0	(60.0)
Add back:			
– Depreciation and amortisation		49.1	21.5
– Share of net loss from associates		1.4	–
– Finance cost, net of interest income		9.7	13.6
– Income tax expense/(benefit)*		0.2	(13.3)
Profit/(loss) before interest, tax, depreciation, amortisation		**64.4**	**(38.2)**
Adjusted for changes in working capital:			
– Increase in trade debtors and other receivables		(105.2)	(53.8)
– Increase in trade payables and other liabilities		207.6	108.8
Non-cash items(1)		4.2	19.7
Cash flow from operating activities before interest and tax paid		**171.0**	**36.5**
Net finance cost paid		(3.0)	(3.6)
Income tax expense paid		–	(0.1)
Net cash inflows from operating activities	**5.2**	**168.0**	**32.8**
Purchase of property, plant and equipment		(0.3)	(0.9)
Purchase of intangible assets		(13.7)	(8.7)
Investment in a subsidiary(2)		–	(4.5)
Purchase of an associate(3)		–	(5.4)
Dividends received		0.1	0.1
Net cash outflows from investing activities		**(13.9)**	**(19.4)**
Payment for conversion incentive fee		–	(33.2)
Proceeds from issue of share capital, net of share issue costs		–	4.6
Proceeds from borrowings		–	245.4
Repayments of borrowings	7.3	(86.0)	(49.2)
Payment of lease liabilities		(2.0)	(1.8)
Net cash (outflows)/inflows from financing activities		**(88.0)**	**165.8**
Net increase in cash and cash equivalents		**66.1**	**179.2**
Cash and cash equivalents at the beginning of the period		433.7	261.0
Effects of foreign exchange translation on cash and cash equivalents		4.1	5.9
Cash and cash equivalents at the end of the period		**503.9**	**446.1**

(1) Comprises share-based payment expenses of $4.2 million (30 September 2021: $5.0 million) per note 3.1 and non-cash items of $nil (30 September 2021: $14.7 million) per note 3.3.
(2) Relates to the final earn out settlement paid in relation to the acquisition of DOTW in period ending 30 September 2021.
(3) Relates to the cash consideration for the purchase of a 25% shareholding in Locktrip in period ending 30 September 2021.

* Balance for the period ended 30 September 2021 has been restated – refer to Note 8.

Notes to the consolidated half year financial statements are included on pages 14 to 27.

Consolidated statement of changes in equity.

For the half-year ended 30 September 2022

	Issued capital	Share based payments reserve	Convertible notes reserve	Other reserves[1]	Foreign currency translation reserve	Retained losses	Total equity
	$m	$m		$m	$m	$m	$m
Balance at 1 April 2022*	**1,037.8**	**13.7**	**25.1**	**(17.8)**	**(50.4)**	**(270.0)**	**738.4**
Profit for the period	–	–	–	–	–	4.0	4.0
Amounts in reserves recycled to the income statement	–	–	–	2.2	–	–	2.2
Other comprehensive income for the period, net of income tax	–	–	–	–	42.4	–	42.4
Total comprehensive income for the period	**–**	**–**	**–**	**2.2**	**42.4**	**4.0**	**48.6**
Transactions with owners in their capacity as owners, net of tax							
Issue of shares under share-based payment	1.3	(1.3)	–	–	–	–	–
Share-based payment expense recognised for the period	–	4.2	–	–	–	–	4.2
Balance as at 30 September 2022	**1,039.1**	**16.6**	**25.1**	**(15.6)**	**(8.0)**	**(266.0)**	**791.2**
Balance at 1 April 2021	**847.4**	**4.1**	**–**	**(19.3)**	**(36.7)**	**(188.4)**	**607.1**
Loss for the period*	–	–	–	–	–	(60.0)	(60.0)
Amounts in reserves recycled to the income statement	–	–	–	3.0	–	–	3.0
Other comprehensive loss for the period, net of income tax	–	–	–	–	34.1	–	34.1
Total comprehensive income/(loss) for the period*	**–**	**–**	**–**	**3.0**	**34.1**	**(60.0)**	**(22.9)**
Transactions with owners in their capacity as owners, net of tax							
Increase in issued capital arising from conversion of €100 million Convertible Notes[2]	182.0	–	–	–	–	–	182.0
Equity component of $250 million Convertible Notes*[3]	–	–	25.1	–	–	–	25.1
Issue of shares under share-based payment	4.6	(1.6)	–	–	–	–	3.0
Share-based payment expense recognised for the period	–	5.0	–	–	–	–	5.0
Balance at 30 September 2021*	**1,034.0**	**7.5**	**25.1**	**(16.3)**	**(2.6)**	**(248.4)**	**799.3**

(1) Comprises cashflow hedge reserve of $2.1 million (31 March 2022: ($0.1) million), available for sale reserve of $0.1 million (31 March 2022: $0.1 million) and a business combination reserve of ($17.8) million (31 March 2022: ($17.8) million) relating to the acquisition of Umrah Holidays. As at 30 September 2022, the Group holds a 56% equity interest in Umrah Holidays (31 March 2022: 56%).

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

(3) This represents the equity component of the new Convertible Notes of A$250 million issued in April 2021. Refer to note 7.2 for details.

* Balance as at 1 April 2021 and for the period ended 30 September 2021 has been restated – refer to Note 8.

Notes to the consolidated half year financial statements are included on pages 14 to 27.

Notes to the consolidated half-year financial statements.

1 Segment information

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

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

The segment information provided to the Managing Director for the periods ended 30 September 2022 and 30 September 2021 are set out in the tables below.

	6 months ended							
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	B2C		B2B		Corporate		Total	
	$m	$m	$m	$m	$m	$m	$m	$m
Total transaction value[1]	719.5	227.1	1,423.3	435.7	–	–	2,142.8	662.8
Revenue[2]	61.3	22.8	114.4	32.6	–	–	175.7	55.4
Operating costs	(40.4)	(20.8)	(50.7)	(43.0)	(10.7)	(7.5)	(101.8)	(71.2)
Share of net loss from associates	(1.4)	–	–	–	–	–	(1.4)	–
EBITDA[3]	**19.5**	**2.0**	**63.7**	**(10.4)**	**(10.7)**	**(7.5)**	**72.5**	**(15.8)**
Share-based payments expense							(4.2)	(5.0)
EBITDA after share-based payment expense and before other non-operating expenses							**68.3**	**(20.8)**
Other non-operating expenses							(5.4)	(17.4)
Depreciation, amortisation							(32.6)	(11.9)
Acquired amortisation							(16.5)	(9.6)
Net interest[4]							(9.6)	(13.6)
Profit/(loss) before tax							**4.2**	**(73.3)**
Income tax (expense)/benefit*							(0.2)	13.3
Net profit/(loss) after tax*							**4.0**	**(60.0)**

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

* Balance for the period ended 30 September 2021 has been restated – refer to Note 8.

Notes to the consolidated half-year financial statements.

2 Revenue

2.1 Disaggregation of revenue

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

6 months ended 30 September 2022	Revenue recognition	B2C	B2B	Total
		$m	$m	$m
Booking commission revenue	Point in time	43.6	105.9	149.5
Supplier rebates	Over time	10.1	0.6	10.7
Other ancillary revenue	Over time	5.5	8.4	13.9
Other ancillary revenue	Point in time	1.6	–	1.6
Total revenue from contracts with customers(1)		**60.8**	**114.9**	**175.7**

6 months ended 30 September 2021	Revenue recognition	B2C	B2B	Total
		$m	$m	$m
Booking commission revenue	Point in time	16.2	30.1	46.3
Supplier rebates	Over time	2.9	0.2	3.1
Other ancillary revenue	Over time	1.8	2.7	4.5
Other ancillary revenue	Point in time	1.5	–	1.5
Total revenue from contracts with customers(1)		**22.4**	**33.0**	**55.4**

(1) Excludes interest income.

2.2 Contract assets and contract liabilities

These balances are included in trade and other receivables, and trade and other payables in the statement of financial position.

As at 30 September 2022	B2C	B2B	Total
	$m	$m	$m
Contract assets	5.0	7.3	**12.3**
Contract liabilities	(15.9)	(3.3)	**(19.2)**

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

Notes to the consolidated half-year financial statements.

3 Expenses

3.1 Included in employee benefit expenses are:

	6 months ended 30 September 2022	6 months ended 30 September 2021
	$m	$m
Salaries and related on-costs	52.9	42.2
Share-based payments expenses	4.2	5.0
Other employee benefits	–	0.1
Total	**57.1**	**47.3**

3.2 Included in operating expenses are:

	6 months ended 30 September 2022	6 months ended 30 September 2021
	$m	$m
Marketing expenses	10.3	3.3
Technology expenses	11.8	9.1
Administration expenses	7.8	6.3
Operating expenses	14.5	6.2
Other expenses	4.5	4.0
Total	**48.9**	**28.9**

3.3 Non-operating expenses comprise:

	Footnotes	6 months ended 30 September 2022 $m	6 months ended 30 September 2021 $m
One-off IT implementation costs	1	5.4	3.7
Restructuring costs	2	–	0.8
Government subsidies received	3	–	(1.8)
Cash		**5.4**	**2.7**
Impairment of Online Republic brand	4	–	14.5
Fair value changes of embedded derivatives	5	–	0.2
Non-cash		**–**	**14.7**
Total		**5.4**	**17.4**

(1) The Group has assessed its costs relating to SaaS arrangements for the current and prior periods, which primarily relate to the current ERP implementation, and concluded that all such documentation, build/configuration and testing costs should be expensed.

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

This classification is consistent with Management's disclosure of SaaS implementation costs in the March 2022 Annual Report, outlining the rationale for the classification as part of the year end investor communications.

(2) Restructure costs primarily consists of redundancy costs incurred on the restructure of the global workforce necessitated by the adverse impacts of the COVID pandemic.

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

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

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

3.4 Finance costs comprise:

	6 months ended 30 September 2022 $m	6 months ended 30 September 2021 $m
Bank interest	–	3.4
Option premium expenses on hedging instruments	2.3	1.6
Convertible Notes Interest – Coupon(1)	0.9	0.9
Borrowing costs	2.0	2.2
Lease interest	0.1	0.1
Underlying finance costs	**5.3**	**8.2**
Convertible Notes Interest – amortisation from discount value to par using effective interest rate method	6.0	5.7
Total finance costs	**11.3**	**13.9**

(1) Balance represents coupon interest of 0.75% per annum on A$250 million Convertible Notes, payable on a semi-annual basis.

Notes to the consolidated half-year financial statements.

4 Working capital

4.1 Trade receivables and other assets

	As at 30 September 2022	As at 31 March 2022
	$m	$m
Trade receivables	193.4	98.3
Contract assets	12.3	3.6
Credit loss allowance	(2.4)	(2.1)
Trade receivables	**203.3**	**99.8**
Prepayments	12.7	9.4
Other current assets[1]	20.4	11.1
Total trade receivables and other assets	**236.4**	**120.3**

(1) Comprises mainly supplier deposits, indirect tax balances, other non-trade receivables and derivative financial instruments (assets).

Receivables ageing, contract assets and credit risk allowance

As at 30 September 2022	B2C	B2B	Total
	$m	$m	$m
Current	3.0	164.0	167.0
30 to 90 days	0.4	24.3	24.7
90 to 180 days	1.2	0.5	1.7
Over 180 days	–	–	–
	4.6	**188.8**	**193.4**
Contract assets	5.0	7.3	12.3
Gross trade and other receivables	**9.6**	**196.1**	**205.7**
Allowance based on expected credit losses			(0.5)
Adjustment for expected changes in credit risk			(1.9)
Total trade and other receivables			**203.3**

As at 31 March 2022	B2C	B2B	Total
	$m	$m	$m
Current	3.3	84.2	87.5
30 to 90 days	0.4	8.1	8.5
90 to 180 days	0.2	2.1	2.3
Over 180 days	–	–	–
	3.9	**94.4**	**98.3**
Contract assets	1.2	2.4	3.6
Gross trade and other receivables	**5.1**	**96.8**	**101.9**
Allowance based on expected credit losses			(0.2)
Adjustment for expected changes in credit risk			(1.9)
Total trade and other receivables			**99.8**

Notes to the consolidated half-year financial statements.

4.1 Trade receivables and other assets (continued)

The movement in the credit loss allowance was as follows:

	6 months ended 30 September 2022	6 months ended 30 September 2021
	$m	$m
Opening credit loss allowance	2.1	2.6
Increase in credit allowance recognised in profit or loss	0.2	0.2
Impact of FX translation	0.1	0.6
Closing credit loss allowance	**2.4**	**3.4**

4.2 Trade payables and other liabilities

	30 September 2022			31 March 2022		
	B2C	B2B	Total	B2C	B2B	Total
	$m	$m	$m	$m	$m	$m
Trade payables	43.2	401.4	444.6	40.6	205.9	246.5
Accrued expenses and other liabilities	14.5	23.2	37.7	12.3	18.0	30.3
Total trade payables and other liabilities	**57.7**	**424.6**	**482.3**	**52.9**	**223.9**	**276.8**

5 Cash and cash equivalents

5.1 Included in cash and cash equivalents are:

	As at 30 September 2022	As at 31 March 2022
	$m	$m
Cash at bank and on hand	476.2	414.8
Restricted cash(1)	27.7	18.9
Cash and cash equivalents	**503.9**	**433.7**

(1) Restricted cash relates to cash held within legal entities of the Group for payment to product and services suppliers or cash held for supplier guarantee. Restricted cash includes monies paid to the Group by customers for payment to local International Air Transport Association (IATA) for ticketed travel arrangements.

5.2 Operating cashflows reconciliation

Webjet considers the indirect method the more appropriate way to present cashflows for its business due to WebBeds customers and suppliers who use the Annual Report being more accustomed to the indirect method.

We have set out below cashflows from operating activities using the direct method.

Operating cashflow per the direct method

	6 months ended 30 September 2022	6 months ended 30 September 2021
	$m	$m
Receipts from customers	2,055.1	609.1
Payments to suppliers and employees	(1,884.1)	(572.7)
Net finance cost paid	(3.0)	(3.6)
Net cash inflows from operating activities	**168.0**	**32.8**

6 Change in accounting estimates

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

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

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

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase consolidated depreciation expense in the current half-year by $28 million, and for the next four financial years, by the following amounts:

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

(1) The Group has accelerated amortisation on one of its hotel platforms as it does not anticipate any significant future economic benefits from using the said platform.

Notes to the consolidated half-year financial statements.

7 Borrowings

7.1 Borrowing and related derivatives

Borrowing and related derivatives for the Group are as follows:

			30 September 2022		31 March 2022	
	Terms	Maturity	Current	Non-current	Current	Non-current
			$m	$m	$m	$m
Revolving credit facility	Interest Only	Nov 23	–	–	–	86.0
Unsecured Convertible Notes[1]	Interest Only	Apr 26	–	230.4	–	224.4
Capitalised debt costs	n/a	n/a	–	(2.0)	–	(2.6)
Convertible bond			**–**	**228.4**	**–**	**221.8**
Borrowings			**–**	**228.4**	**–**	**307.8**
Related derivatives						
Interest rate swaps			–	–	0.3	0.1
Related derivative financial instruments			**–**	**–**	**0.3**	**0.1**
Total borrowings			**–**	**228.4**	**0.3**	**307.9**

(1) Refer note 7.2 below.

7.2 Convertible Notes

2021 Convertible Notes

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

	30 September 2022
	$m
Proceeds from issue of Convertible Notes	250.0
Transaction costs	(4.6)
Net proceeds from issue of Convertible Notes	**245.4**
Equity component	(36.8)
Tax effect of equity component*	11.0
Transaction costs relating to equity component	0.7
Amount classified under equity – net of tax	**(25.1)**
Liability component at date of issue (net of transaction costs)	209.3
Convertible Notes Interest – amortisation from discount value to par using effective interest rate method	21.9
Interest paid (coupon payments)	(2.8)
Carrying amount of liability component at 30 September 2022	**228.4**

* The equity component arising on the issue of the Convertible Notes was credited to the Convertible Notes reserves in the prior period. This balance for the prior period has been restated – refer Note 8.

The interest expense for the period is calculated by applying an effective interest rate of 6.2 per cent to the liability component for the period. The liability component is measured at amortised cost over the term of the Convertible Notes. The difference between the carrying amount of the liability component at the date of issue and the amount reported at 30 September 2022 and 31 March 2022 represents the effective interest rate less interest paid to that date.

Notes to the consolidated half-year financial statements.

7.3 Movement in borrowings

	Opening Balance 31 March 2022	Drawdowns 2022	Repayments 2022	Non Cash (Fair value, FX and amortisation) 2022	Closing Balance 30 September 2022
	$m	$m	$m	$m	$m
Bank debt	86.0	–	(86.0)	–	–
Unsecured Convertible Notes	224.4	–	(0.9)	6.9	230.4
Capitalised debt costs	(2.6)	–	–	0.6	(2.0)
Total borrowings	**307.8**	**–**	**(86.9)**	**7.5**	**228.4**
Related derivatives:					
Interest rate swaps	0.4			(0.8)	(0.4)
Total borrowings and related derivatives	**308.2**	**–**	**(86.9)**	**6.7**	**228.0**

7.4 Covenant compliance

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

For financial year FY23, the Group's lenders had consented to covenants being applied on a modified basis, with tests performed at 30 June 2022, 30 September 2022 and 31 December 2022 on the basis of annualising the EBITDA for the period commencing 1 April 2022, prior to returning to an unmodified basis from 31 March 2023. The modification period was also subject to compliance with a minimum liquidity requirement of $100 million at all times until the financial covenants were again in compliance, based on unmodified testing.

On 15 November 2022, considering the improved financial performance of the Group, the lenders have consented to bring forward the financial covenant testing to be applied on an unmodified basis, and to remove the liquidity requirement.

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

8 Basis of preparation and changes to the Group's accounting policies

This general purpose consolidated interim financial report for the half-year ended 30 September 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The historical cost basis has been used, except for financial instruments that are measured at fair values. The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The consolidated interim financial report does not include notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the most recent annual financial report and any public announcements made by Webjet Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The key judgements and estimates have been consistently applied to all periods presented unless otherwise stated.

These consolidated financial statements are prepared on a going concern basis. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Rounding of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the half-year financial report are rounded off to the nearest one hundred thousand dollars, unless otherwise indicated.

Restatement of comparatives

On 8 April 2021, Webjet issued $250 million Convertible Notes as disclosed in Note 7.2. Paragraph 15 of AASB 112 Income taxes provides a general exemption from recognising a deferred tax liability ("DTL") on a temporary difference that arises on the initial recognition of an asset or liability that is not a business combination and at the time of the transaction, affects neither accounting income nor taxable profit/(loss). However, under paragraph 23 of the standard, there is an exception to this general exemption, which applies to a compound financial instrument (e.g. a convertible note). In that case, a DTL should be recognised on the temporary difference between the tax base (being the face value of the Convertible Notes) and the accounting carrying value of the liability component. The DTL is recognised with a corresponding reduction to the equity component. The DTL unwinds over the term of the Convertible Notes as notional interest is recognised in the income statement to bring the Convertible Note liability component to its face value amount.

For the periods ended 30 September 2021 and 31 March 2022, the DTL was not recognised and instead the notional interest was treated as a permanent non-deductible expense, which had the impact of increasing the effective income tax expense. While the notional interest was correctly treated as non-deductible (such that the restatement does not impact the underlying tax treatment or cash taxes), the balances are being restated to record the DTL and convertible note reserve of $11 million at inception, and to treat the notional interest as a temporary difference which causes the income tax expense to also be restated.

As indicated in March 2022 Annual Report, Webjet Limited and its wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset against each other in the consolidated financial statements. As a result, the said restatement has reduced the deferred tax assets of Webjet Limited by $7.6 million at 31 March 2022.

Additionally, $5.6 million of previously recognised DTL has been reclassified to deferred tax assets for the Australian entities as at 31 March 2022.

The following table summarises the impact of the aforementioned restatements on the financial statements of the Group.

Notes to the consolidated half-year financial statements.

Restatement of comparatives (continued)

The following table summarises the impact of the aforementioned restatements on the financial statements of the Group.

	Previously reported	Adjustment	Restated
	6 months ended 30 September 2021	6 months ended 30 September 2021	6 months ended 30 September 2021
	$m	$m	$m
Consolidated Statement of profit or loss and other comprehensive income			
Income tax benefit	11.5	1.8	13.3
Net loss after tax	(61.8)	1.8	(60.0)
Total comprehensive loss for the period	**(24.7)**	**1.8**	**(22.9)**

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

Adoption of new accounting standards

The following minor amendments to standards became effective and applicable to the Group from 1 April 2022:

- AASB 2020-8 Amendments to Australian Accounting Standards: Interest Rate Benchmark Reform – Phase 2;
- AASB 2021-3 Amendments to Australian Accounting Standards: COVID-19 Related Rent Concessions beyond 30 June 2021

The application of the above standards and amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated interim financial report.

Notes to the consolidated half-year financial statements.

9 Key management personnel

Remuneration arrangements of Key Management Personnel (KMP) are disclosed in the annual financial report.

During the current period, the Board granted Rights to the executive team (including the KMP and Key staff) vesting upon certain conditions being met. The Managing Director was not eligible to receive these Rights.

The performance Rights (i.e. zero exercise priced options) are subject to certain market, non-market and service conditions. Expected volatility has been formulated with reference to market observations for the Group and the comparator companies. Market-based conditions such as share price and TSR hurdles are incorporated within the valuation of the option or right. Non-market conditions such as tenure and EBITDA performance are not incorporated in the fair valuation of the instruments. Instead they are taken into account in assessing the probability of vesting and therefore the amount of share-based payment expense for the year. A total of 1,340,090 new Rights were issued.

During the half-year period, previously granted rights of 341,665 were converted to ordinary shares by KMP and Key Staff.

10 Subsequent events

On 15 November 2022, considering the improved financial performance of the Group, the lenders have consented to bring forward the financial covenant testing to be applied on an unmodified basis, and to remove the liquidity requirement.

There have not been any other matters or circumstances occurring after the end of the financial six-month period, other than the continuing impact of COVID, that have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Group in future periods.

Directors' Declaration.

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity for the half year to 30 September 2022.

Signed in accordance with a resolution of the directors made pursuant to section 303 (5) of the *Corporations Act 2001*.

On behalf of the Directors

Roger Sharp
Chair

17 November 2022

Corporate directory.

Directors

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

Company Secretaries

- Tony Ristevski
- Ella Zhao

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