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Annual Report 2021

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Webjet Limited is a digital travel business spanning both wholesale markets (through B2B) and consumer (through B2C).

B2B



WebBeds

WebBeds is the world's #2 and fastest growing accommodation supplier to the wholesale travel industry.

Global coverage – through three regions:

- Europe
- Americas, Middle East & Africa (AMEA)
- Asia Pacific

B2C



webjet.com.au



Webjet is the #1 Online Travel Agency (OTA) in Australia and New Zealand.

Online Republic is a market leading specialist in the provision of rental car and motorhome bookings.

Powered for travel recovery



Sydney Airport Domestic Terminal

Like many people around the world, most of us at Webjet can't wait to travel. While we wait for global markets to open again, many of us took the opportunity this year to travel close to home.

We asked our staff to share their photos and throughout the Annual Report you will see images of our team members doing just that. We hope you enjoy them.



Roger Sharp
Chair
Webjet Limited

Dear Shareholder

The carnage wreaked by COVID-19 has been well documented. At Webjet, throughout the pandemic we have continued to operate, looking after our customers and our people as best as we can, sometimes in extremely difficult conditions. We have chosen a path that sees us streamlining and improving operations and targeting improved financial metrics and market share as conditions normalise. We are well prepared for the recovery, whenever it comes.

Our financial performance during FY21 reflected this state of affairs. Total Transaction Value (TTV) was \$453 million, Revenue was \$38.5 million and underlying operations reported an EBITDA⁽¹⁾ loss of \$56.3 million. These are not numbers that we enjoy reporting to our shareholders.

FY21 marks the first reporting cycle of our new 31 March year-end, and shows results for the 9 months from 1 July 2020 to 31 March 2021. As FY20 results are for the 12 months to 30 June 2020, it is not useful to provide a comparative discussion between the reporting periods.

The Australian and New Zealand domestic markets are starting to rebound, however the episodic lockdowns during outbreaks continue to dent traveller confidence. With Europe and other markets at various low stages of recovery, our largest business (WebBeds) remains subdued.

We are hopeful that the vaccination programs underway globally will allow travel markets to progressively reopen. We note however that the recovery has been pushed out in a number of markets by third and fourth outbreaks and mutations.

While we wait for global markets to reopen, we continue to focus on the matters we can control to ensure we can lead the way when the recovery comes. We are embracing the opportunity to reinvent our businesses across the board, whether through introducing carbon offsets and Afterpay in our OTA business, migrating to a new "8/3/5"⁽²⁾ profitability target for WebBeds, or investing in leading edge blockchain based solutions like LockTrip. The Webjet OTA continues to take market share, Online Republic continues to improve its underlying performance, and WebBeds is transforming itself with the express goal of becoming the #1 global B2B hotels provider.

Proactive capital management

Since COVID-19 struck, we have significantly reduced cash burn, mitigated B2B debtor risk and extended term debt maturity. As we anticipate the recovery phase, we are proactively managing our balance sheet so as to be able to capture the significant opportunities we believe will emerge when travel markets recover. To that end we recently issued a new low coupon \$250 million Convertible Note, converted the existing €100 million Convertible Note to equity, paid down a large portion of term debt, and extended all remaining term debt maturity to November 2023.

As a result of these initiatives, our balance sheet is in a much stronger position with significant cash balances. Webjet's strong financial position makes it a stable and valued counterparty in an industry facing highly uncertain times. Not all of our competitors enjoy such financial strength.

Despite our financial position, because the travel environment remains inherently uncertain, we have not declared a dividend for FY21 and will revisit payment of the deferred interim FY20 dividend following 1H22 results later this year.

Change of year-end

Prior to COVID-19, WebBeds was the Company's largest business unit, delivering a significant proportion of its EBITDA contribution during the northern hemisphere summer months. Moving the year-end to 31 March will allow the new 1H period to capture the strongest contribution of WebBeds to overall Group results and provide greater certainty of year-end performance at the time of reporting 1H results. This reporting window also brings Webjet in line with our northern hemisphere travel peers.

1. EBITDA excludes Share Based Payment Expense.
2. **8/3/5 – at scale:** 8% Revenue/TTV and 3% Costs/TTV will deliver 5% EBITDA/TTV.

Governance

Long-term risk management and sustainability are central to Webjet's governance. Our primary focus during the year was necessarily short term in nature, in order to survive the pandemic and ensure the safety and well-being of our staff so we can again thrive when a sense of normality returns. We understand the importance of delivering environmental and social value to our stakeholders and conducting our business with good ethics and corporate governance. We continue to expand our reporting in these areas and this year released both our inaugural Modern Slavery Statement and Sustainability Report.

Shareholders approved an equity incentive plan for the leadership team and Managing Director after balance date last year. We recognise that not all shareholders supported the terms of the issue to the Managing Director, but having reflected carefully we stand by our statement at the time that these are highly uncertain times and that the relationship between the strike price of a long-dated option and its exercise price, in pandemic conditions, is not necessarily either linear or predictable.

Thanks

I would again like to thank my fellow directors, senior management and the entire Webjet team as we navigate our way through the pandemic. I am proud to work with such a skilled and resilient team, who have not only maintained their composure in the face of very difficult circumstances, but have collectively decided to embrace the crisis and emerge much stronger.

Finally, on behalf of the Board of Directors I would like to acknowledge our shareholders. It is your support during our recapitalisation that has placed Webjet in a unique position to emerge stronger from the pandemic. Thank you.

Yours sincerely



Roger Sharp
Chair, Webjet Limited

Strong Capital Position

as at 31 March 2021

Cash

\$261 million

Pro Forma Cash*

\$431 million

Term Debt

Due November 2023

* Reflects net proceeds of \$250 million Convertible Notes offering completed April 2021.



John Guscic
Managing Director
Webjet Limited

FY21 continued to reflect the impact of the COVID-19 pandemic on the global travel industry. All businesses reported significant declines in TTV and bookings although we saw a return to profitability for the Webjet OTA driven by the Australian domestic leisure market. We continued to maintain a strong focus on managing costs and cash burn, and proactively strengthened our balance sheet with the \$250 million Convertible Note offering just after balance date.

We know there is significant pent up demand for travel, in particular leisure travel, and as we enter the recovery phase of the pandemic with vaccine rollouts underway in many parts of the world, we continue to ensure Webjet is well placed to capture the significant global B2B market opportunity and accelerate bookings growth in our B2C businesses.

WebBeds is committed to emerging as the #1 global B2B provider

WebBeds saw improved TTV towards the end of FY21 as some domestic markets reopened, however large-scale restrictions remained in place in most regions. We are committed to emerging from COVID-19 as the global B2B leader and are taking advantage of new opportunities to target \$10 billion TTV. We are increasing our market penetration in the large North American B2B market, a region where WebBeds has traditionally been under-represented. Given the growing demand for domestic leisure travel, online travel agents (OTAs) need greater access to hotel inventory and we are increasing our OTA customer base in all regions. B2C channels like OTAs are now the fastest growing B2B customer channel and we therefore expect the global B2B market opportunity will be considerably higher than \$70 billion TTV once COVID-19 passes. The various transformation initiatives underway are aimed at delivering at least 20% cost efficiency improvements when at scale, which will further cement WebBeds as the clear lowest cost global B2B provider. With a track record of improving EBITDA margins over time, we have now increased our profitability target to "8/3/5"* once the business is back at scale.

Webjet OTA returns to profitability, underscoring the strength of the brand and scalability of our business model

We were delighted to see the Webjet OTA return to profitability during FY21. We saw bookings spike as domestic borders opened, demonstrating the significant demand for travel, and our brand strength as the #1 OTA helped drive market share growth. Webjet OTA has always had a strength in servicing the domestic leisure travel market and during the year introduced a range of new features to better service our customers – including Afterpay payments, carbon offset programs and new "pay later" hotel booking options. The highly scalable cost base allowed us to significantly reduce costs while borders were closed, but then scale them up in line with demand as borders reopened. As a result, despite several disruptive State border closures and the lack of international travel opportunities, EBITDA margin returned to over 30% in 2H21.

* 8/3/5 – at scale: 8% Revenue/TTV and 3% Costs/TTV will deliver 5% EBITDA/TTV.

Online Republic continues to focus on improving underlying performance

Bookings and TTV improved in 2H21 driven by Australian and New Zealand domestic markets reopening, however key markets including the USA and Europe remained largely closed and the loss of inbound tourism into New Zealand continued to impact Motorhomes. Prior to COVID-19, a strategy to improve underlying performance was already underway and this continued during the year with a focus on expanding domestic offerings across both Cars and Motorhomes, technology platform enhancements and improving customer engagement.

Opportunity to expand blockchain technology across the whole company

We have always been strong advocates for blockchain technology having developed Rezchain, the first workable blockchain for the travel industry in 2016. Rezchain has already played a key role in reducing costs across the WebBeds platform and provided significant value through COVID-19 helping insure against costly errors in the processing of mass cancellations. In a rapidly digitising economy, we want to be able to provide trust in travel transactions and our recent investment in LockTrip provides opportunity to expand blockchain technology across the whole company

Webjet is focused on travel recovery

We believe people will want to travel as soon as they are able to and we are focused on ensuring Webjet is there to capture demand when it happens. All our businesses play a critical role in travel recovery and we are determined to emerge with greater market share and profitability. Our strong capital position places us in a strategically advantaged position in the context of a highly fragmented B2B wholesale bedbank industry, which we believe will change significantly as a result of the pandemic. WebBeds' global infrastructure and footprint remains at full strength and we are transforming the business to be more efficient in procuring and selling inventory, and servicing our customers. The Webjet OTA has already seen meaningful market share growth as Australian domestic travel markets start to return, and we have capability to further capture demand as bookings continue to shift online. The various transformation initiatives underway are expected to lower Group costs by at least 20% when back at scale.

Vaccine rollouts are underway around the world, although timing for recovery is still uncertain. However, I am confident that as soon as travel is possible, our business can rebound quickly and I am excited for the opportunities that await us as we emerge from the pandemic.

Our people remain our greatest asset

I continue to be incredibly proud of the Webjet team as we navigate our way through the impact of COVID-19 on our business, customers, supply partners and the travel industry globally. Time and again they have shown resilience, dedication and commitment, on both a personal and a professional level. Despite the many border closures and ongoing need to work from home, we never saw a dip in their passion to keep the business moving forward and serving others. Adaptability has always been a key attribute of our people and they remain open-minded in an evolving world economy – finding creative ways to deal with changing competitive landscapes, consumer behaviours and supply dynamics. Many of our staff and their families have been personally affected by COVID-19, and I have been touched by the compassion we have shown each other.

Since March 2020 we have sadly had to say goodbye to almost 750 staff as we manage our way through the crisis. To those who have left, I thank you for your contribution and wish you the best for the future. I would also again like to thank all our customers and supply partners who continue to show immense resilience, collaboration and partnership during these ongoing challenging times.



John Guscic
Managing Director, Webjet Limited

Operating Review

The Statutory Results include various non-operating expenses. Underlying Operations exclude these expenses in order to demonstrate the performance of the underlying business

	Statutory Result		Underlying Operations ⁽¹⁾	
	FY21 (9 months)	FY20 (12 months)	FY21 (9 months)	FY20 (12 months)
TTV	\$453m	\$3,021m	\$453m	\$3,021m
Revenue	\$38.5m	\$266.1m	\$38.5m	\$266.1m
Expenses	\$163.8m	\$356.2m	\$94.8m	\$238.5m
EBITDA⁽²⁾	(\$125.3m)	(\$90.1m)	(\$56.3m)	\$27.6m
EBITDA Margin	n/a	n/a	n/a	10.4%
Tax (Benefit)/Expense	(\$21.0m)	(\$15.3m)	(\$19.8m)	\$1.1m
NPAT (before AA)⁽³⁾	(\$141.5m)	(\$119.0m)	(\$73.7m)	(\$17.7m)
NPAT	(\$156.6m)	(\$143.6m)	(\$88.8m)	(\$42.3m)
EPS (before AA)	(41.8 cents)	(68.1 cents)	(21.7 cents)	(10.1 cents)
EPS	(46.2 cents)	(82.1 cents)	(26.2 cents)	(24.2 cents)
Effective Tax Rate (excluding AA)	12.9%	11.4%	21.2%	(6.6%)

FY21 results reflect the impact of COVID-19 and the new 31 March year-end

The FY21 results show the 9 month period from 1 July 2020 to 31 March 2021, reflecting the new 31 March year-end. As FY20 results are for the 12 months to 30 June 2020, it is therefore not useful to provide a comparative discussion of overall Group performance between the reporting periods. More detailed discussion on the performance of the various business units is set out on the next page.

FY21 TTV and Revenue fell significantly, reflecting the ongoing impact of COVID-19 on the global travel industry. Underlying FY21 Expenses reflect the various cost saving initiatives implemented during the year including salary reductions (Company-wide 4 day working weeks, 20% reduction in salaries for the Executive and Board, and 60% by the Managing Director), reduction in overheads, renegotiation of contracts and additional headcount reductions, mainly in the WebBeds business. Statutory FY21 Expenses include various non-operating expenses totalling \$69.0 million of which \$55.5 million relate to the €100 million Convertible Note.

Strengthened capital position

Throughout FY21, Webjet continued to have a strong focus on managing cash burn. Average cash burn for the nine months to 31 March 2021 was \$5.5 million per month. The various cost initiatives instigated during the year helped reduce cash burn while allowing staff to return to 100% from October 2020, and the Board and

Managing Director from January 2021. To mitigate B2B debtor risk, during the year all remaining debtors over 180 days were written off, reflecting the last of the debtor exposure adversely impacted by COVID-19.

The Company remains committed to maintaining a prudent capital structure that also maximises financial flexibility. As at 31 March 2021, cash was \$261 million. This was increased just after balance date to \$431 million on a proforma basis, following the completion in April 2021 of a \$250 million Convertible Notes (Notes) offering with a 0.75% coupon. Proceeds were used to repay existing term debt (\$43.3 million), and pay an incentive fee to convert the €100 million Convertible Note into equity (\$33 million), with the balance being available to fund potential acquisitions, as well as for capital management and general corporate purposes. As well as allowing Webjet to proactively derisk the refinancing of existing term debt, the Notes have a materially lower cash interest cost than previous financial arrangements. Following the Notes offering, Webjet's lenders agreed to extend the maturity of the remaining term debt to November 2023, providing significant headroom to manage the recovery.

Dividend

Given the uncertainties inherent in the current travel environment, Webjet did not declare a dividend for FY21. The Company also deferred payment of the FY20 interim dividend that was due to be paid in April 2021. This will be reviewed following 1H22 results.

All financial results are for Underlying Operations.

- Underlying Operations – excludes \$69.0 million non-operating expenses of which \$55.5 million relates to the fair value change in the €100million Convertible Notes (comprising \$22.3 million intrinsic value change due to share price movement and \$33.2 million incentive fee to convert the Notes to equity).
- EBITDA – excludes Share Based Payment (SBP) Expense.
- Acquisition Amortisation – includes charges relating to amortisation of intangibles acquired through acquisition.

	9 months ending 31 March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21 (9 mths)	31 March 2020	31 March 2021
WebBeds					
Bookings ('000s)	442	252	694	4,210	749
TTV	\$132m	\$66m	\$198m	\$2,507m	\$207m
Revenue	\$8.0m	\$4.8m	\$12.8m	\$223.2m	\$6.0m
Expenses	\$40.4m	\$19.3m	\$59.7m	\$130.0m	\$96.0m
EBITDA	(\$32.4m)	(\$14.5m)	(\$46.9m)	\$93.2m	(\$90.0m)
TTV/Revenue Margin	6.1%	7.3%	6.5%	8.9%	2.9%
EBITDA Margin	n/a	n/a	n/a	41.8%	n/a

All regions saw ongoing travel restrictions and lockdowns impact bookings and TTV. While some domestic markets reopened, large-scale restrictions remained in place in most regions, particularly throughout Europe, our largest region by TTV pre-COVID-19. Costs were down 42% compared to the prior corresponding period for the 9 months to 31 March 2021, reflecting headcount and overhead reductions. FY21 TTV margins reflect the higher portion of bookings coming through in lower margin regions, as well as the impact of cancellations due to the ongoing uncertainty. TTV margins are expected to return to pre-COVID-19 levels once border restrictions ease and cancellations normalise.

	9 months ending 31 March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21 (9 mths)	31 March 2020	31 March 2021
Webjet OTA					
Bookings ('000s)	183	164	347	1,483	370
TTV	\$119m	\$99m	\$218m	\$1,307m	\$230m
Revenue	\$11.4m	\$9.6m	\$21.0m	\$136.4m	\$15.5m
Expenses	\$10.3m	\$6.6m	\$16.9m	\$84.3m	\$21.9m
EBITDA	\$1.1m	\$3.0m	\$4.1m	\$52.1m	(\$6.3m)
TTV/Revenue Margin	9.6%	9.6%	9.6%	10.4%	6.8%
EBITDA Margin	9.7%	30.9%	19.3%	38.2%	n/a

Webjet OTA saw improved profitability during the period, driven by domestic border openings. Bookings increased as borders opened and, combined with the lower cost base, resulted in improved EBITDA in 2H21. Costs were down 74% over the prior corresponding period for the 9 months to 31 March 2021. Significant cost savings came through reduction in costs tied to TTV (such as marketing) which were then able to be scaled in line with demand. FY21 TTV margins reflect the loss of overrides and commission typically earned on international bookings.

	9 months ending 31 March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21 (9 mths)	31 March 2020	31 March 2021
Online Republic					
Bookings ('000s)	51	41	92	457	94
TTV	\$16m	\$21m	\$37m	\$272m	\$16m
Revenue	\$3.2m	\$1.5m	\$4.7m	\$28.2m	\$2.9m
Expenses	\$5.3m	\$2.5m	\$7.8m	\$18.2m	\$11.4m
EBITDA	(\$2.1m)	(\$1.0m)	(\$3.1m)	\$10.0m	(\$8.4m)
TTV/Revenue Margin	19.5%	7.0%	12.5%	10.3%	17.8%
EBITDA Margin	n/a	n/a	n/a	35.5%	n/a

Bookings and TTV improved in 2H21 as Australian and New Zealand domestic markets reopened, however ongoing lockdowns in a number of international markets impacted Cars, and Motorhomes continued to be impacted by the loss of inbound tourism into New Zealand, its largest market. Costs were down 43% compared to the prior corresponding period for the 9 months to 31 March 2021, coming primarily from headcount reductions, contract renegotiations and reduced marketing spend. FY21 TTV margins reflect the ongoing impact of refunds, with refunds starting to wind back during 2H21.

	9 months ending 31 March			12 months ending	
	1H21 (6 mths)	2H21 (3 mths)	FY21 (9 mths)	31 March 2020	31 March 2021
Corporate					
B2B EBITDA	(\$32.4m)	(\$14.5m)	(\$46.9m)	\$93.2m	(\$90.0m)
B2C EBITDA ⁽¹⁾	(\$1.0m)	\$1.9m	\$0.9m	\$62.0m	(\$14.8m)
Corporate costs ⁽²⁾	(\$6.7m)	(\$3.6m)	(\$10.3m)	(\$13.7m)	(\$13.4m)
Total EBITDA	(\$40.1m)	(\$16.2m)	(\$56.3m)	\$141.6m	(\$118.2m)

Corporate costs include Key Management Personnel (KMP), Board costs, group functions and overheads (such as Directors and Officers insurance, audit, tax, ASX, share registry etc). Savings from Board, Managing Director and Executive salary reductions during FY21 were largely offset by continued material increase in Directors and Officers insurance premiums. As a result, for the 9 months to 31 March 2021 FY21 corporate costs increased 15% compared to the prior corresponding period.

1. B2C is Webjet OTA and Online Republic.
2. FY20 EBITDA restated to exclude Share Based Payment (SBP) Expense.

Powered for travel recovery

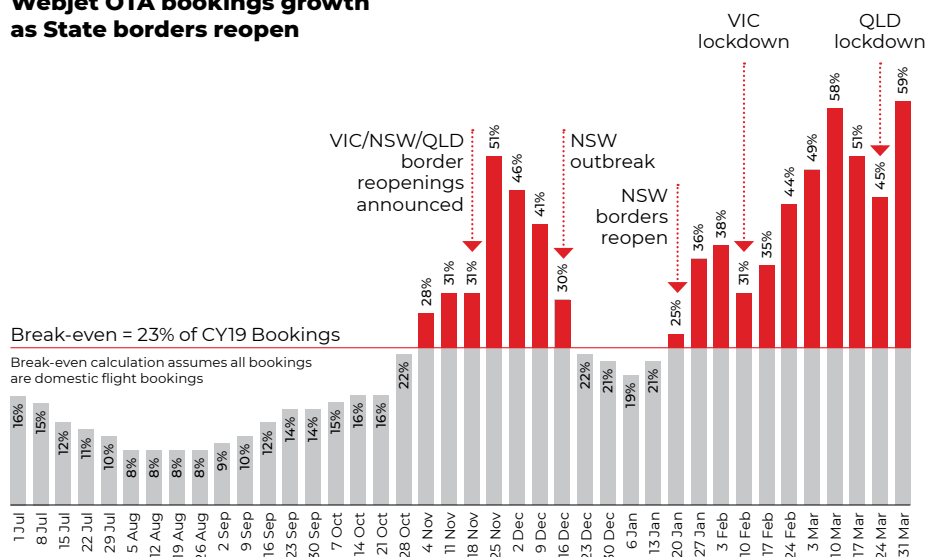
COVID-19 continued to have a devastating impact on the global travel industry during FY21, with ongoing lockdowns and travel restrictions in many parts of the world. We are hopeful the global rollout of vaccines will enable travel to return to historical levels and Webjet is well placed to capture demand when travel markets return.

The outlook for travel recovery is strong

We believe there is **substantial pent-up demand** for travel – and in particular leisure travel. Globally, bookings have surged as travel restrictions are eased and we saw this in Australia where Webjet OTA bookings jumped significantly as soon as domestic borders reopened.

We believe people will want to travel as soon as they are able to. **All our businesses – WebBeds, Webjet OTA and Online Republic – are critical distribution channels supporting travel industry recovery**, and we are ready to deliver on those travel aspirations when markets open.

Webjet OTA bookings growth as State borders reopen



Webjet is a global travel business and is well placed to benefit as domestic leisure markets open up. Leisure and domestic travel are expected to lead the recovery and all our businesses are highly leveraged to domestic and international leisure markets.

WebBeds

WebBeds is currently the 2nd largest B2B provider in the world – providing access to more than 365,000 hotels around the world, selling around 200 destination countries through customers in more than 145 markets. Travel activity around the world is expected to normalise in different regions and at different points in time. WebBeds has retained its global footprint, and its diverse customer base allows it to capture demand when and where the borders reopen. **75% of all WebBeds bookings are intra-regional** and its customer portfolio of more than 44,000 travel providers worldwide provides **strong exposure to leisure markets** – particularly through Wholesalers, Retail Travel Agent and OTAs.

Webjet OTA

As the **#1 OTA in Australia and New Zealand**, Webjet OTA is uniquely placed to benefit from domestic led tourism – **85% of Webjet OTA flight bookings are domestic and Webjet OTA predominantly services the leisure market.**

Webjet has always focused on providing convenience and choice for its customers. Our ability to allow customers to “mix and match” their flights has never been more important given the constantly changing and reduced frequency airline schedules, as well as new domestic airline offerings. Since May 2020, Webjet OTA has continued to gain market share. Strong international demand is expected once borders reopen.

Online Republic

As a market leading specialist in the provision of rental car and motorhome bookings, Online Republic has **strong exposure to global domestic leisure markets** in its key markets of Australia, New Zealand, the US and Europe.

Online Republic is primarily a leisure business – **100% of Motorhomes and more than 80% of Cars are booked for leisure purposes** – and both businesses also offer strong domestic market opportunities. Pre-COVID-19, 75% of Cars bookings were for domestic travel. Cars bookings are typically short lead time bookings, making them well-aligned with domestic travel booking patterns. Pre-COVID-19, Motorhomes bookings were 80% for international travel. The business is now targeting global travellers looking for domestic holiday alternatives.

* All data as at 31 December 2019.

The structural shift from offline to online continues to accelerate, with all businesses positioned to capture demand

Globally we continue to see a structural shift to online as consumers get more comfortable transacting online. As travel markets start to reopen, all our businesses are well positioned to capture demand.

- **Webjet OTA** has significant brand strength as the #1 OTA and offers customers a superior technology offering. Since May 2020, Webjet OTA's market share has increased significantly as domestic leisure markets reopen and the number of physical travel agency stores declines.
- **Online Republic** has global presence, broad content across Car and Motorhome rental offerings and strong online marketing capabilities. It is well positioned to capture demand as domestic leisure markets reopen around the world.

- **WebBeds** is a valued part of the global hotel supply chain. As global domestic leisure markets start to reopen, OTAs are the fastest growing customer segment for the B2B industry as they seek increased access to hotel inventory. WebBeds currently sells hotel inventory to the top five online travel companies globally and sees significant growth potential due to the expansion of the B2C channel.

Our strong capital position provides financial and strategic flexibility

We continue to focus on ensuring we are well placed to compete as travel markets reopen. Cost savings initiated across all businesses helped reduce cash burn and we continue to focus on managing costs, with initiatives underway aimed at reducing Group costs by 20% when back at scale. We also worked proactively with our banks to manage debt maturity with all remaining term debt now due to mature in November 2023.

Just after balance date, Webjet completed a \$250 million Convertible Notes offering. Proceeds were partly used to repay existing term debt, with the balance available to fund potential acquisitions as well as for capital management and general corporate purposes.

Our significant cash reserves provide considerable flexibility including the ability to consider attractive acquisition opportunities that might present themselves. The severe financial pressure on smaller players and the industry will likely see a significant change in the competitive landscape once COVID-19 passes and consolidation and rationalising within the industry is already starting to occur.

Strategies are in place to pursue leadership in all our businesses

Our focus is on ensuring we are best placed to compete once travel markets reopen and each business has strategies in place to pursue leadership.

- **WebBeds** – become the global #1 B2B provider
- **Webjet OTA** – increase market share leadership
- **Online Republic** – improve underlying performance
- **Delivering efficiencies** – transformational programs currently underway are expected to reduce Group costs by at least 20% when at scale

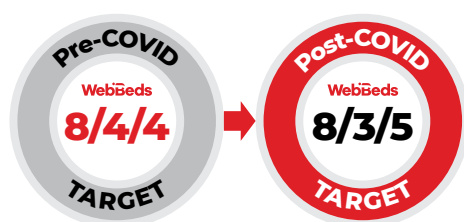
Strategies to pursue leadership in all our businesses

WebBeds

Transformation Strategy – to become the #1 global B2B provider.

While we wait for global travel markets to reopen, we are taking the opportunity to materially transform the WebBeds business so as to be optimally positioned to capture demand when the rebound begins. The **WebBeds Transformation Strategy is designed to leverage our significant industry expertise, history of innovation and leaner structure to emerge from COVID-19 as the #1 global B2B provider in the global travel industry.**

The various initiatives currently underway are expected to deliver 20% greater cost efficiencies at scale. As a result, we have increased our profitability target from “8/4/4” to “8/3/5” – meaning at scale, 8% Revenue/TTV and 3% Costs/TTV will deliver 5% EBITDA/TTV.



8/4/4 – at scale: 8% Revenue/TTV and 4% Costs/TTV will deliver 4% EBITDA/TTV.
8/3/5 – at scale: 8% Revenue/TTV and 3% Costs/TTV will deliver 5% EBITDA/TTV.

Key Strategic Initiatives to emerge as the #1 global B2B provider

Rethinking How We Do Business	Looking at what we sell and how we sell it. Differentiating through innovation.
Streamlining Technology	Delivering the most robust, efficient and flexible offering
Increased Leverage of Data Analytics	A.I., robotics and data-driven decision-making
Sharpened Focus on Cost Reduction	Simplifying processes across the business
Refinement of Risk Management Processes	Tightening risk and credit processes

Some of the initiatives currently underway include:

Rethinking how we do business to take advantage of new opportunities

- Expanding into new regions** – North America is a large wholesale market that has historically been underrepresented by WebBeds. We are focused on increasing our market penetration and bolstering our presence in this market, and in December 2020 we appointed a new Chief Operating Officer, North America. A range of attractive expansion opportunities also exist in our European, Asia Pacific and Middle East & African markets.
- Enhancing service to important customer segments** – As domestic leisure travel markets reopen, combined with the ongoing shift to online services, B2C channels will need increasing access to hotel inventory. Bedbanks like WebBeds will play an important role in servicing demand and this B2C channel expansion is expected to materially increase the global B2B market opportunity. We are leveraging our strong relationships with the leading global OTAs and SuperApps, as well as key wholesalers, to better penetrate this increasingly important customer segment.

Streamlining technology

Our pre-COVID-19 technology offering was largely a reflection of our acquisition strategy. Already in the process of reducing platform complexity and consolidating connectivity, COVID-19 provided the opportunity to accelerate the move to a seamless global distribution platform. For 2022 and beyond our goal is to build a scalable, efficient and dynamic technology ecosystem to support the evolving and diverse demands of the global marketplace.

Leveraging data analytics

As a leading global wholesaler, WebBeds has a wealth of raw data ready to be mined to support our various hotel supply partners and customers. We are leveraging our access to this data to target new opportunities. Artificial Intelligence, robotics and data-driven decision-making will become increasingly important as we seek to improve customer service, competitiveness and profitability.

Cost reduction opportunities

WebBeds is already the lowest cost global B2B provider. By further streamlining and simplifying processes across the business, we expect to emerge from COVID-19 with a step change in our cost structure. The ERP unification program underway will deliver scalability and drive efficiency across the business. Other initiatives include new robotics workstreams and streamlining the customer service work process.



Webjet OTA – increasing market share leadership.

Webjet OTA is leveraging its brand strength as the #1 OTA, scalability and superior technology offering to increase market share as domestic markets reopen.

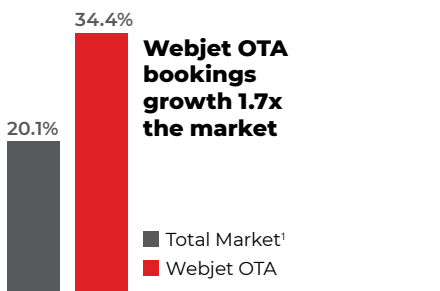
Brand strength as the #1 OTA

As domestic markets reopened, significant pent-up demand for travel during the year saw a surge in bookings. Webjet OTA's brand strength resulted in strong organic traffic coming to the Webjet OTA site with only targeted marketing spend. Webjet OTA's strength in servicing the domestic leisure market has helped it outperform the market by 1.7 times since May 2020.

Domestic bookings performance

(% of 2019 levels)

11 Month average (May-20 to Mar-21)



1. Total market shows IATA total Australian domestic RPKs.



Online Republic – improving underlying performance.

Online Republic operates the #1 global Motorhomes rental booking site and the #2 Australia/ New Zealand car rental booking site. Prior to COVID-19, the business was focused on improving TTV margins and lowering acquisition costs. As domestic leisure markets start to reopen, it continues to focus on improving underlying performance.

- **Reviewing product offering to drive growth** – domestic offerings have been enhanced to drive growth particularly in the key markets of Australia, New Zealand, the USA and Europe.
- **Streamlining processes** – a range of initiatives and technological improvements are underway including re-platforming underlying booking technology to improve automation and removing manual processes.
- **Improving customer engagement** – A new Customer Relationship Management system was introduced during FY21 to better engage customers.

Scalability

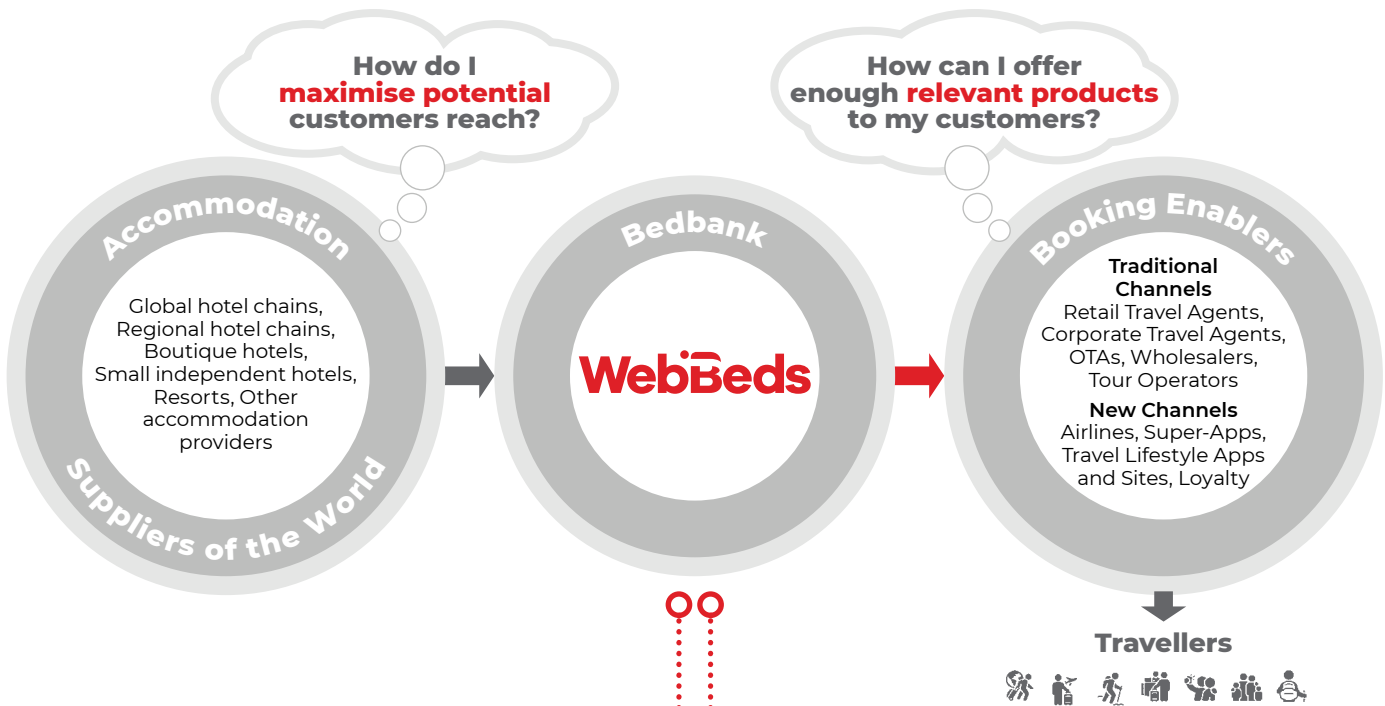
Webjet OTA has always been low cost however our highly variable cost base provided considerable flexibility to mitigate the impact of COVID-19 by allowing us to significantly reduce operating costs when required. As borders reopened, a number of key costs (such as marketing) were able to be scaled in line with demand. This allowed Webjet OTA to return to profitability during FY21, notwithstanding the numerous State border closures during the period and no access to international travel.

Superior technology offering

Webjet OTA has always been committed to offering its customers the greatest convenience and choice. COVID-19 has introduced greater complexity with travel credits, increased need for flexibility around travel dates, and real time notification of changes to travel schedules now becoming standard when booking travel. By increasing automation across the business, we are making it easier for customers to transact at Webjet. Our strong focus on delivering product innovations is also helping drive market share growth as we better service the changing needs of our customers. During the year we introduced more flexible hotel payment options, COVID-19 travel insurance coverage, carbon offsets and Afterpay payment options.

The Bedbank market

WebBeds is a B2B travel intermediary or “bedbank”, providing accommodation services to the travel industry. We source room inventory from hotels, aggregate that content and then distribute it to our clients, travel sellers, who then sell to the travelling public.



WebBeds Suppliers

WebBeds Clients

Hotels need multiple sources of distribution to ensure minimal vacancy. 80% of the global accommodation market is made up of independent hotels. These are likely to have limited direct booking capabilities and are less able or willing to invest in a global sales and distribution team. Bedbanks, like WebBeds, help hotels extend their distribution channels by complementing B2C and direct booking channels.

WebBeds Value Add

- Aggregate multiple and diverse channels through a single contract
 - Help hotels sell rooms around the world
 - Help hotels manage their occupancy rates
 - Help hotels diversify sources of demand
- In general, longer lead time, longer length of stay and lower cancellation rates than B2C bookings

Bedbank customers are businesses that offers their customers the ability to make accommodation bookings. **Booking enabler customers need** cost effective access to global inventory delivered through reliable technology and strong customer service and support.

WebBeds Value Add

- Quick, easy access to a full range of global inventory through a single pipe
- Highly competitive inventory pricing
- Market leading technology
- Award winning customer service
- Opportunity to access more attractive pricing than B2C pricing

WebBeds offers its hotel partners an important and differentiated distribution channel – helping extend their distribution to new channels in more markets.

WebBeds offers its customers access to more than 365,000 hotels around the world.

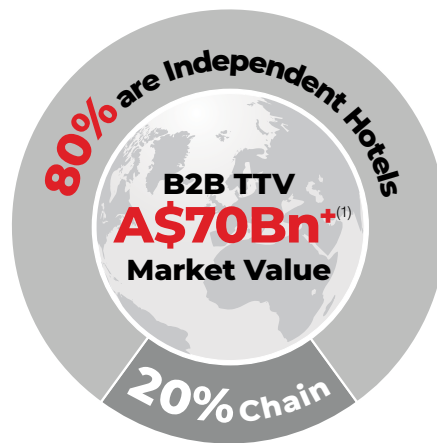
The B2B market provides a critical distribution channel for the travel industry.

The B2B market

The global accommodation market is estimated to be c A\$800 billion in TTV. Of this, the B2B market is estimated to be more than A\$70 billion in TTV.

Post-COVID, the B2B market opportunity is expected to be even larger.

Independent hotels account for 80% of the global accommodation market. These are highly suited to the bedbank distribution market.



Along with direct and B2C channels, the B2B market is an important distribution channel for both hotel accommodation suppliers and booking enablers.

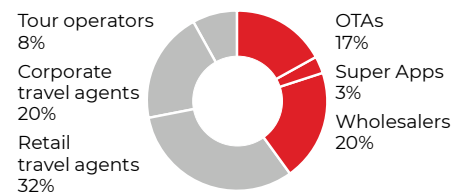
The B2B market is highly fragmented. Each region has different characteristics and the majority of participants are specialised local offerings with relatively small market shares. Prior to COVID-19, WebBeds was the #2 global provider and yet only had around 4% market share. WebBeds is one of very few genuine global providers – offering hotels the opportunity to extend their distribution into new channels and markets and providing customers access to a full range of global hotel inventory.

Post-COVID-19 opportunity

Severe financial pressure on smaller providers and the industry is likely to significantly change the competitive landscape post-COVID-19. This presents an opportunity for WebBeds to gain share as competitors come under financial strain.

As domestic leisure markets start to reopen, B2C channels like OTAs and Super Apps are relying more on the B2B market to provide them access to hotel inventory. As a result of this B2B expansion into the B2C market, we believe post-COVID-19 the B2B market opportunity will be even larger than A\$70 billion TTV.

WebBeds customer mix (pre-COVID-19)



Expanded opportunities post-COVID-19

OTAs and Super Apps

- Opportunity for WebBeds to leverage the shift to online as OTAs and Super Apps seek greater access to inventory
- WebBeds already sells to the Top 5 OTAs globally

Wholesalers

- Provide access to all newer B2C distribution models

* Management estimates.

Global reach

As one of the few truly global B2B providers, WebBeds offers 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).

Our supply partners

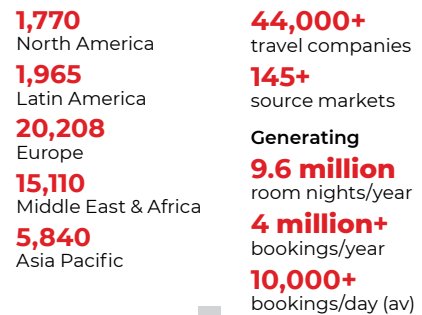
WebBeds offers more than 365,000 hotels around the world. Our supply partners include 30,000 directly contracted properties, 65 hotel chain partnerships and 77 integrated 3rd party wholesalers. WebBeds also offers a wide range of ground and transfer services.



Our global customer network and reach

We distribute our products through a global network of more than 44,000 booking enabler customers

Customers by region



1 booking every **8 seconds** (average)

The WebBeds model

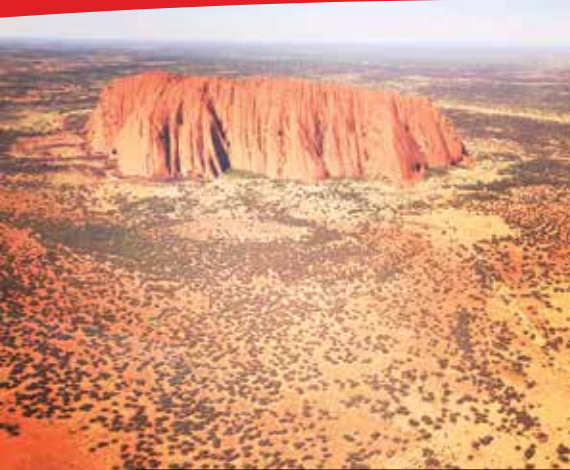
Our multi-supply aggregation strategy enables WebBeds to offer customers the greatest breadth and depth of hotel inventory at highly competitive prices.

The WebBeds multi-supply aggregation strategy allows us to offer a full suite of global inventory as we are able to draw on a wide range of supply sources to fulfil a customer's accommodation request. We often have multiples sources supplying a room price for the same hotel. We aggregate prices from all sources and only display the lowest price to our customers, **ensuring highly competitive prices.**

By only directly contracting key strategic hotels and supplementing remaining inventory with 3rd party providers, we are able to maintain a **low cost structure while providing a full global inventory offering.**



* All data as at 31 December 2019.



Brendan Sawyers
Australia



Pavlina Vaverkova
Jebel Jais mountain



Alannah Messett
Venice

WebBeds Asia Pacific

Regional Rank #2

WebBeds Asia Pacific has customers and hotel contracts in 20 markets in the region.

Pre-COVID-19, Asia Pacific was on track to be the largest WebBeds region by booking volume. The region is expected to have significant growth potential post-COVID-19 driven by growth in domestic travel markets, particularly in China, India, Japan and South Korea. Due to increased customer need to access greater volumes of domestic inventory, WebBeds Asia Pacific is focused on contracting and delivering inventory into a range of new domestic opportunities. In FY21, Asia Pacific saw increased domestic penetration in South Korea, China, Indonesia and Thailand markets. During the year Asia Pacific also increased its reach into alternative distribution channels, going live with Everfun Travel and AirAsia.com, as well as increasing distribution through the OTA channel including Staynmore (South Korea), Wego.com (Singapore) and Hotel Murah (Indonesia).

WebBeds Destination Index

Due to the massive disruption to travel caused by the COVID-19 pandemic, WebBeds has suspended the WebBeds Destination Index until there is stability of border openings for major destinations and source markets globally. In the meantime, the team is providing clients and suppliers with collated and aggregated information on COVID-19 (such as infection rates, vaccination rates, border and movement restrictions etc), providing our partners with a one-stop source for critical information, so they can focus on working out how best to implement their business strategies.

WebBeds AMEA

Regional Rank – MEA #1

WebBeds AMEA has customers in 37 markets in the Middle East & Africa (MEA) and in 18 markets across the Americas. WebBeds MEA has contracts in 34 markets in the region (Americas is contracted through WebBeds Europe).

Middle East & Africa

During the year WebBeds MEA retained its market leading position in MEA through an improved focus on product optimisation and domestic inventory.

Umrah Holidays International (UHI)

Religious tourism continues to be a significant growth opportunity for the region and UHI is expected to benefit once travel restrictions are lifted in Saudi Arabia. In FY21, we continued to build out capabilities to further enhance the UHI platform, negotiating new supply contracts, appointing distributor partners globally and developing appropriate marketing materials for post COVID-19 travel.

The Americas

During FY21, WebBeds continued to grow its footprint and share in the Americas. WebBeds has historically been underrepresented in North America compared to other regions and a new Chief Operating Officer, North America was appointed during the year to target the large North American B2B market opportunity. North America remains the largest destination within the WebBeds network and during the year we expanded directly contracted inventory in key destination markets including Las Vegas and Orlando. As domestic leisure markets start to reopen, North American OTAs are looking to partner more with bedbanks like WebBeds to gain access to hotel inventory.

WebBeds Europe

Regional Rank #2

WebBeds Europe has customers in 41 markets across Europe and hotel contracts in around 100 markets across Europe and the Americas.

WebBeds Europe is expected to continue to be an important region post-COVID-19 given the significant number of independent hotels. During the year, Europe improved its domestic inventory offerings and negotiated more attractive domestic deals. It also expanded its footprint into Eastern Europe, which is expected to become increasingly attractive to leisure tourists following the opening of new routes operated by low-cost carriers. Europe also saw above average TTV growth from Russian source markets to Dubai/Indian Ocean corridors.

WebBeds Customer Service

During FY21, WebBeds implemented a new Customer Service Transformation Program, reorganising the business to ensure a streamlined service using localised teams to meet customer needs, while managing centrally for best practice optimisation. The Transformation Program helped achieve above target performance throughout the year – maintaining average resolution service levels above 80% within 24 hours and above 85% within 48 hours.

The WebBeds Customer Service team was a **finalist in the prestigious ECCCSA Awards** for the following categories:

- Best Pan-European Contact Centre
- Contact Centre of the Year (Small)
- Responding in a Crisis – Supporting our Colleagues

Differentiation through innovation



The hotel distribution industry's first cross-platform booking verification solution allowing companies to share booking data to address mismatched information.

Rezchain is the first workable blockchain in the travel industry. It was built to address a significant industry problem given around 5% of all hotel bookings are disputed in some way due to data mismatches which increase costs and cause friction between parties. Approximately 90% of these go unnoticed until after travel has occurred, making it too late to fix the problem.

Rezchain allows for a faster and simpler solution by notifying reconciliation issues as they occur, allowing them to be resolved before travel date and resulting in a seamless experience for both the customer and end hotel. Effectively Rezchain provides insurance against future problems.

Rezchain has already played a key role in reducing WebBeds operating costs and has delivered significant value during COVID-19.

- **Rezchain insured WebBeds** against costly errors in the processing of mass cancellations
- WebBeds was quickly **alerted to any integration issues** as platform enhancements were rolled out
- A greater focus on actioning Rezchain alerts **has seen intercompany reconciliation issues become almost non-existent**
- A range of enhanced user-driven reporting features were released **enabling users to manage their processes more effectively**
- Rezchain **delivered real savings** – saving both labour costs (required to reconcile bookings) and hard financial losses.

Rezchain is currently used for the 15% of WebBeds bookings made on intercompany platforms. There is now opportunity to target the remaining 85% of bookings not currently processed using Rezchain, as well as offering Rezchain to the broader travel industry as a data reconciliation tool.



Investment in LockTrip UK Holdings Ltd provides opportunity to expand blockchain across the company.

In March 2021, Webjet made a US\$4.1 million investment in LockTrip UK Holdings Ltd, securing a 25% stake, with a further option to increase its shareholding to 51%. LockTrip UK Holdings Ltd owns 100% of LockTrip LLC ("LockTrip").

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

Webjet's interest in LockTrip is threefold:

- Accelerated development of its own blockchain expertise
- Integration of LockTrip into the Webjet OTA hotel offering
- Potential to migrate Webjet's Rezchain application onto the Hydra chain (as Hydra solves many of the issues that prevent the wholesale adoption of blockchain as a commercial platform).

In 2016, Webjet launched Rezchain via a private Ethereum blockchain platform as a means of overcoming the unpredictable transaction costs of a public Ethereum blockchain. With Rezchain operating within the WebBeds business for some time,

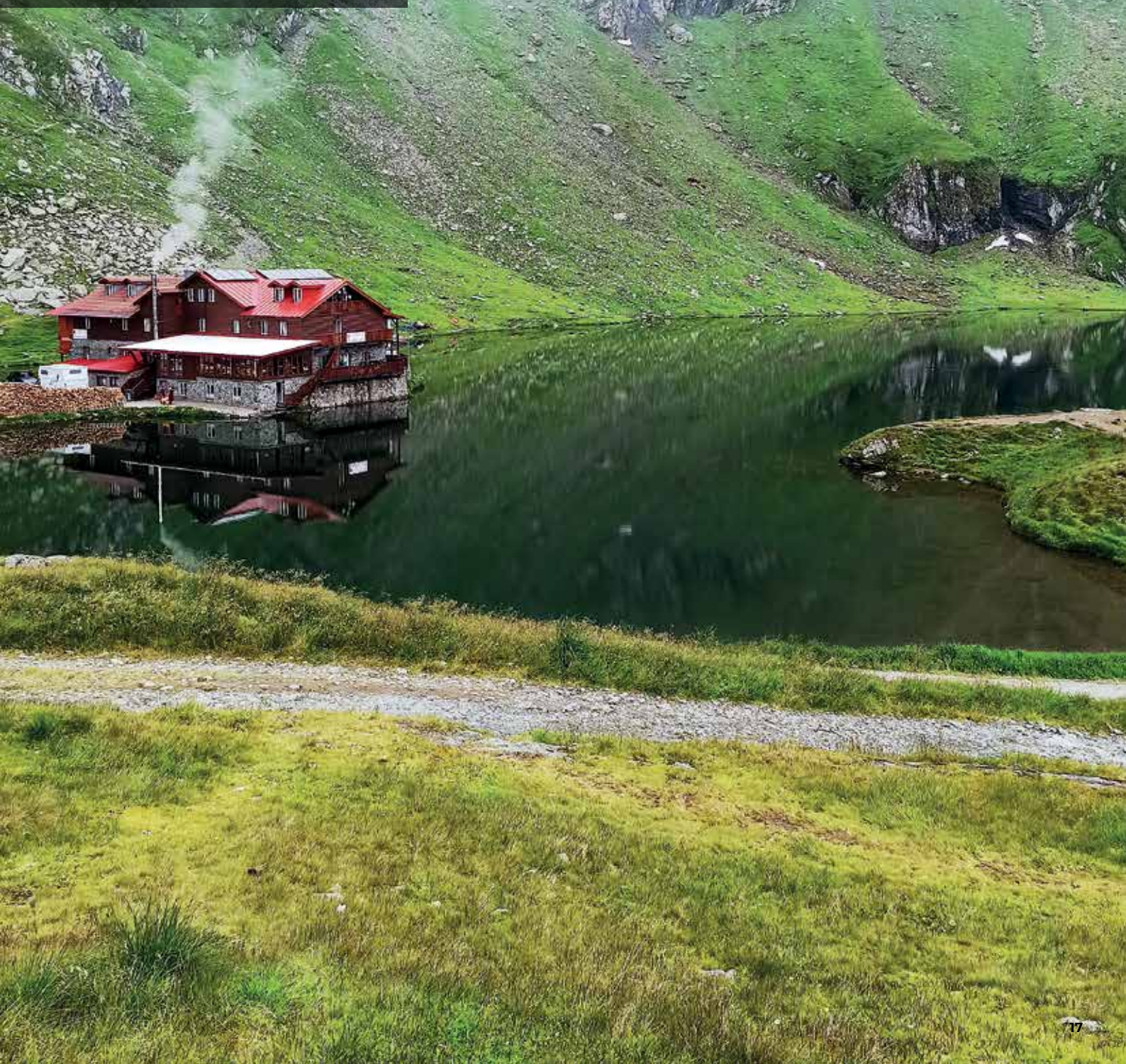
Webjet now believes the time is right to offer Rezchain to the travel industry as a data reconciliation tool, with migration to the Hydra chain further strengthening Rezchain's security, speed and efficiency.

Webjet also intends integrating the LockTrip B2C hotel marketplace into its Webjet OTA websites to deliver its B2C hotel offering.

Balea Lake

Atop the Carpathian Mountains. In the Fagaras range, Sibiu County, Romania.

Annamaria Man
Romania





Webjet is the #1 OTA in Australia and New Zealand offering customers the greatest convenience and choice when selecting their online travel needs.

Webjet offers a full range of flight options

allowing customers to select the right option for each leg of their journey

Webjet OTA also offers a broad range of ancillary products



Holiday packages – that let customers create their own packages



Travel insurance – backed by Cover-More



Over 500,000 **Hotels** worldwide



Cars – 180 global car rental partnerships with pick-ups in over 50,000 locations globally



Motorhomes – 450+ individual motorhome rental companies in 38 countries



Gift cards – Webjet eGift cards can be purchased online and Gift Cards are available from more than 1,000 retailers around Australia



Things to do – in-destination travel experiences



Unparalleled travel choice



24/7 customer support



Choice in payment options



Proudly Australian



Safe and secure transactions



Award winning OTA

Since COVID-19, Webjet OTA has continued to outperform the market, with bookings growth 1.7 times that of the market.

As at FY21, Webjet bookings accounted for:

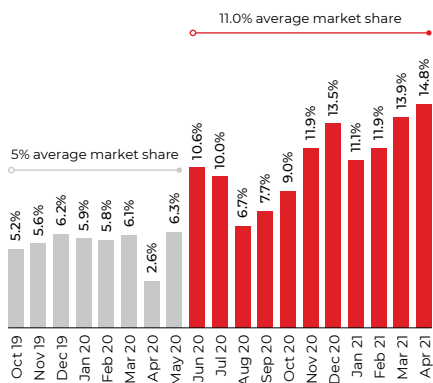
50%+

of the entire OTA flights market in Australia and New Zealand

11%

of all Global Distribution System (GDS) bookings in Australia

Webjet share across all Australian GDS bookings – Travel Agency Offline and Online¹



1. GDS bookings do not include Low Cost Carriers.

We are focused on ensuring our offering remains relevant for our customers and constantly seek to meet the changing needs of our customers. During the year we introduced a range of new features across the Webjet OTA platform:

- The introduction of **“Pay Later” hotel booking** options allowing customers to pay on check-in in order to meet demand for more flexible payment options
- Targeting the youth market through the addition of **Afterpay** as a new payment option – allowing customers to split travel costs over four equal fortnightly payments
- Launched **Sustainable Traveller Program** allowing customers to purchase carbon offsets for all flights booked through Webjet OTA
- **Partnered with Cover-More** to offer enhanced travel insurance coverage including COVID-19 specific coverage to provide greater certainty when booking domestic travel
- Capturing passenger information for **COVID-19 tracing** – implemented new systems to capture rich information to assist with contact tracing if required
- **Things to Do** – launched **partnership with Viator** offering in-destination travel experiences
- **Upsell flight bundles** – opportunity to bundle flight bookings with various add-ons

Customer Service

We have always taken pride in delivering exceptional customer service. Our team worked tirelessly throughout the year to assist our many customers whose travel plans had been impacted by COVID-19. FY21 highlights included:

- Managing nearly **385,000 customer** interactions across all channels – almost 5 times normal volumes
- Over 120,000 involuntary **flights schedule changes** were initiated by airlines – 77% were handled via robotics and the remaining processed manually by the operational teams
- Processing **refunds on behalf of customers** for more than 58,000 tickets worth more than \$56 million
- Awarded the bronze medal for **“Most Valuable Response by a Customer Service Team”** at The Stevie® Awards. The Stevie® Awards for Sales and Customer Service are the world's top honours for customer service, contact centre, business development and sales professionals. More than 2,300 nominations, across 51 nations were considered in this year's competition.
- **Continued investment** in enhancing processes and workflows to improve the customer service experience – finding ways to better manage the significant increase in interactions with both our customers and our airline and other partners due to COVID-19.



Online Republic operates the #1 global motorhome rental site and the #2 car rental site in Australia and New Zealand.

In looking to improve underlying performance, during FY21 Online Republic focused on reviewing its product offering to drive growth, streamlining technology platforms and processes, and improving customer engagement.

Enhanced domestic offerings

- Focused on maximising domestic Australia and New Zealand inventory and launched targeted campaigns to drive demand for domestic travel
- Implemented more flexible cancellation policies for COVID-19 impacted bookings
- Introduced more proactive and flexible customer-focused communications and change initiatives post-lockdown announcements

Technology and platform enhancements

- Re-platformed and consolidated contact centre and telephony systems to reduce costs, prepare for future growth and deliver superior customer service performance
- Aligned workplace and technology platforms with the Webjet Group to centralise and consolidate costs

Customer engagement

- Undertaking a comprehensive review of the service delivery model – external benchmarking underway; Quality Assurance program rolled out in 2H21; and implementation of ITIL oriented escalation process
- Increasing consistency, quality and scalability of service through investment in a new Omnichannel solution and A.I. Chatbot

Online Motorhomes

Global Rank #1

Motorhome Republic is the **#1 global motorhome rental site** offering consumers the ability to book a motorhome from any of over 200 suppliers across 45 countries. Operating in eight languages and a vast array of currencies, the business targets the global “independent traveller” segment.

Pre-COVID-19, New Zealand was the #1 destination with other key markets being Australia, the USA and the UK. During FY21, the business continued to be impacted by the loss of inbound tourism into New Zealand. New transactional-based revenue streams were introduced during the year.



Online Car Rentals


Australia and New Zealand #2

AirportRentals.com is the **#2 car rental site in Australia and New Zealand**. It also provides the car hire white label website for the Webjet OTA.

Airport Rentals has contracts with all major global suppliers with pick-ups in over 60,000 locations in more than 200 countries. The Airport Rentals website is supported in nine languages.

Pre-COVID-19, key markets included Australia, UK and Germany. During FY21, the business continued to be impacted by lockdowns in a number of markets such as the UK, Germany, the USA, Australia and New Zealand.





Rainforest

Gold Coast Hinterland
(Curtis Falls Track) Mount
Tamborine, Australia.

Nancy White
Melbourne

In 1998, Webjet began as a small start-up seeking to disrupt traditional norms in the highly competitive travel industry.

Our focus on offering customers the greatest convenience and choice in online travel has enabled Webjet to be the #1 OTA in the Australian and New Zealand market since 2010, driven by a culture based on agility, innovation and creativity. This spirit has continued into WebBeds. Beginning as a small start-up in 2013, our willingness to challenge and disrupt the industry norms enabled WebBeds to become the #2 global B2B provider in just over six years.

We have done this through a culture underpinned by key values.

Our values



Respect

Our people are our greatest asset. They bring passion, commitment, dedication and pride in what they do. We respect each other, we value collaboration, we are prepared to have robust debate and we have fun in what we do.



Integrity

We are focused on delivering superior outcomes. We always seek to do the right thing and value integrity, accountability and delivering quality in everything we do.



Delivering value

We are focused on delivering high quality products, excellence in customer service, maintaining strong relationships with our supply partners, providing an engaging and supportive work environment for our employees, and delivering value for our shareholders and the broader community.



Agility

Unafraid to disrupt traditional norms, we constantly challenge ourselves to look for new ways to win and deliver value. Our people are agile and nimble and we empower them to effect change.



Hunger to win

As we grow, we remember our humble roots and always strive to retain the spirit that comes with being the challenger brand. We constantly seek to challenge ourselves to find new growth opportunities, innovations and creative ways to deliver value across all aspects of our business. We value curiosity, being brave and having confidence to try new things.

Our approach to sustainability.

Webjet understands the importance of delivering environmental and social value to our stakeholders and conducting our business with good ethics and corporate governance principles.

We have begun a process to formalise a sustainability framework that considers the expectations of all of our stakeholders. Our first sustainability framework will include the key risks that our business units face, articulate our unique value proposition, and communicate to stakeholders an understanding of our commitment to be a trusted partner for years to come. This process will enable us to focus on delivering sustainability initiatives across all aspects of our operations and focus on the initiatives that matter most.

We realise we are well placed to support an equitable and diverse value chain, encourage the wellbeing of our employees and the communities that we work alongside, and to help reduce the environmental impact of our industry. Over the coming year we aim to set meaningful short- and medium-term targets that will enable us to enhance our sustainability initiatives.

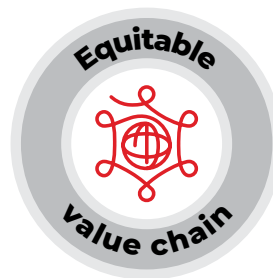
More information about our approach to sustainability and the initiatives implemented during the year are set out in our Sustainability Report. We are in the early stages of our sustainability journey and are committed to advancing this over the coming years as the pandemic subsides.

The three pillars underpinning our approach to sustainability are:

- (i) a commitment to reduce our operational impact on the environment
- (ii) ensuring we have an equitable value chain
- (iii) maintaining ethical corporate governance processes.



- Responsible travel
- Carbon neutrality
- Waste reduction
- Water efficiency
- Energy efficiency



- Supporting communities
- Modern slavery and human rights
- Workforce



- Data privacy and security
- Business ethics
- Product governance

FY21 Sustainability Highlights

Environment

- **Carbon offsets** offered for all customers booking flights through the Webjet OTA
- **WebBeds Europe working towards carbon neutrality**
- **Improving the efficiency of our offices** by implementing efficient appliances to reduce our water, waste and electricity consumption

Social

- **Zero work-related injuries**
- **55% female workforce**
- **Increased female representation across all management levels**

Governance

- **Zero incidents of non-compliance** with laws and regulations
- Released **first Modern Slavery Statement**
- **No reportable data security breaches** in any of the Webjet businesses

Adapting to the challenges of COVID-19

Like all travel companies around the world, our team has been hard hit by COVID-19.

Nearly all our staff worked from home for most of the year and have needed to adapt to the challenges that come with a new working environment. **But our people have continued to be resilient, dedicated and committed and COVID-19 has not dampened their agility, innovation or creativity.**

As a company, **we have always focused on the health and well-being of our staff and have been even more conscious of this during COVID-19 and the significant challenges it places on our people.** We have provided free access to counselling in all businesses, undertaken surveys to gauge engagement and increased one-to-one calls to support and motivate the team. The WebBeds Europe business also introduced a *Talking Champions Program* to give support to staff during the pandemic.

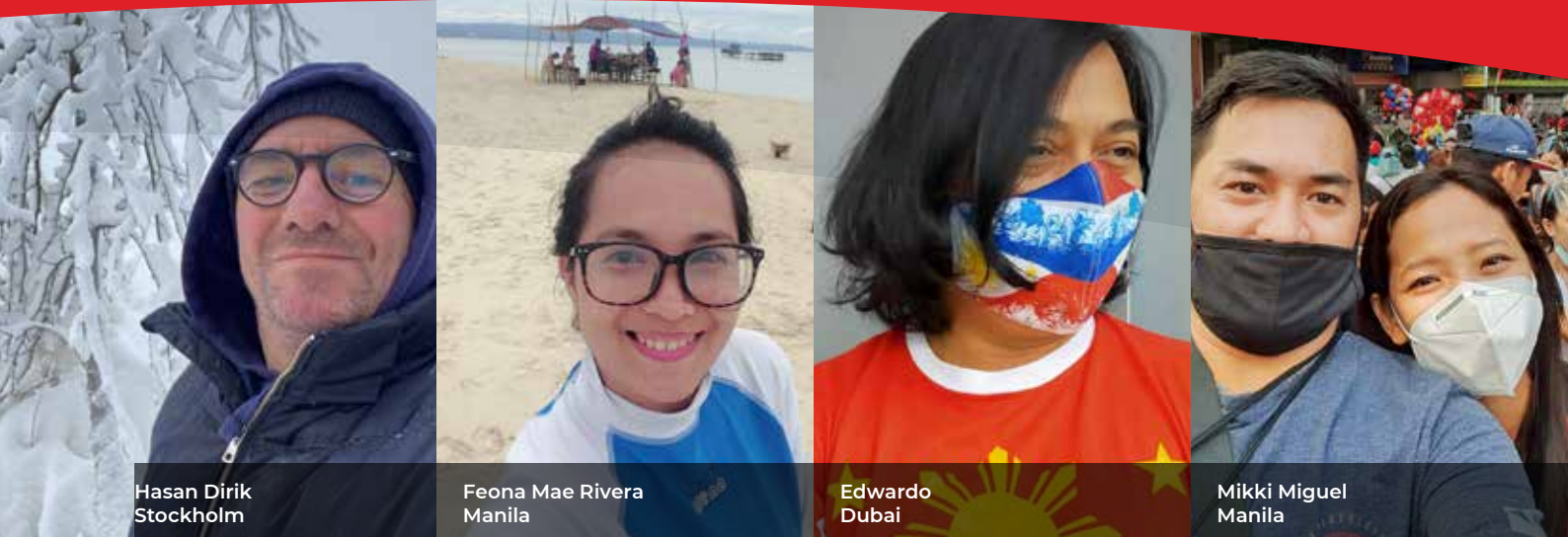
We always strive to deliver excellence in customer service. While the initial onset of COVID-19 brought challenges that impacted service delivery standards, our teams have worked tirelessly throughout the year to assist our many customers whose travel plans had been impacted. **Our Customer Service teams were recognised for their efforts during the year** – the Webjet OTA was awarded the bronze medal in the recent Stevie Awards for the “Most valuable Response by a Customer Service”, and the WebBeds Customer Services team was a finalist in the prestigious ECCCSA Awards, including for “Responding in a Crisis – Supporting our Colleagues” **reflecting the incredible achievements of our team.**

Bringing to life some of the ways our people have adapted to the challenges of COVID-19:

“What’s been amazing is the level of resilience and dedication shown by our team. From the moment the borders closed, so many things changed – from where and how our team worked, to how and when our customers and partners needed support. And all of these changes at work occurred in parallel to personal changes they were experiencing – with stay-at-home orders implemented, milestone events being cancelled, home schooling, families separated around the globe, and illness just to name a few. And yet, the team adapted and grew. They found ways to collaborate virtually, support each other and support our partners. Even when offices do reopen in due course, many of these activities will remain, as they are now being done smarter, more efficiently and more collaboratively than before.”
Shelley Beasley, Chief Commercial Officer, Webjet Limited

“We continued to see real pick-up in terms of teamwork and creativity, with people looking for new and better ways of doing things. Sometimes that’s been because they’ve had more time to think, and sometimes it’s been because they just needed to do so to be able to move forward. Another key attribute we have seen is flexibility. For example – where there was extra headcount in our sales teams, due to the lack of selling opportunities available, the teams immediately pivoted to contracting domestic product, which was a needed focus to support the recovery”
Daryl Lee, CEO, WebBeds APAC

“COVID has been an incredibly trying time for our customer service team. Customer interactions were almost five times higher than normal volumes – not unexpected given the numerous border closures, often with very little warning. While we weren’t always able to provide the level of service and speed that we normally pride ourselves on being able to deliver as a result of the massive changes that occurred in the industry, we’ve received many supportive messages from grateful customers and we’re thrilled to have been awarded the bronze medal in the recent Stevie Awards”
Dave Galt, CEO, Webjet OTA



Hasan Dirik
Stockholm

Feona Mae Rivera
Manila

Edwardo
Dubai

Mikki Miguel
Manila

“A People Innovation program saw our team driving connection through self-made virtual societies and clubs that we called “Freshers Weeks”. Every day, staff connected via virtual meetings to share activities such as Yoga, Zumba, Cooking Classes, Book Club, Photography Class and many more – led by volunteers from the Customer Service team. We launched this program as a way to build and maintain our social connection with some time out to do something fun and keep our spirits high as we dealt with the unknowns of the pandemic. Alongside this, we also delivered a qualitative learning intervention enabling our team to be coached and have the skills to coach others successfully under the “Coaching and My Performance Management” program. We did this so as to equip all our people to help each other at a time of unknown certainty in the pandemic. This program has been a great success – we increased Employee Net Promoter Score by 3% despite challenging trading conditions and increased our Agent Productivity by 7%.”
Alaa Saleh, COO, WebBeds
Customer Service

As a global digital travel business, the Company relies heavily on its technical platforms and IT teams, Webjet’s Chief Information Officer brings to life some of the achievements of the Webjet IT teams during the year:

“Our approach to IT has always focused on reaching for the stars: embracing new technologies, improving how we approach delivering solutions for our customers and increasing our velocity to deliver great products, platforms and services. Looking back at this year, with so many external factors affecting our personal as well as professional lives, it is heartening to see how we have remained true to our approach.

Through the year, we adapted to remote working and streamlined our infrastructure backbone to ensure employees have the tools they need to work day-to-day. We have underpinned the backbone with a true 24 x7 IT global service layer keeping our service interruptions, unplanned outages and issues to a minimum across all our businesses. We also needed to pivot on our security journey, adapting to remote working and getting “back to basics” with ensuring our employees are trained and embedding a more lateral awareness of the threats and risks that are becoming more prevalent in the homeworking environment.

Across our IT teams we invested in training and supporting the growth of the employees. Our inaugural IT conference, which we managed to run virtually, was a great opportunity to demonstrate the depth of talent in the team, have some fun sharing the cool technology we are working with, and building new global working relationships along the way. We are truly fortunate to have a fabulous technical team and a business that embraces technology at the heart of it to support and enable success.”
Graham Anderson, Chief Information Officer, Webjet Limited



April Seo
Jeju island, South Korea



Amelia Prise
Gisborne, New Zealand



Daryl Lee
Singapore





Geoff Ballard
Victoria, Australia



Dad & daughter catching mud crabs on the mudflats of Anderson Inlet, a shallow and dynamic estuary in South Gippsland, Victoria

Andrew Bell
Inverloch, Australia

Christophe Van Damme
Bourgogne, France

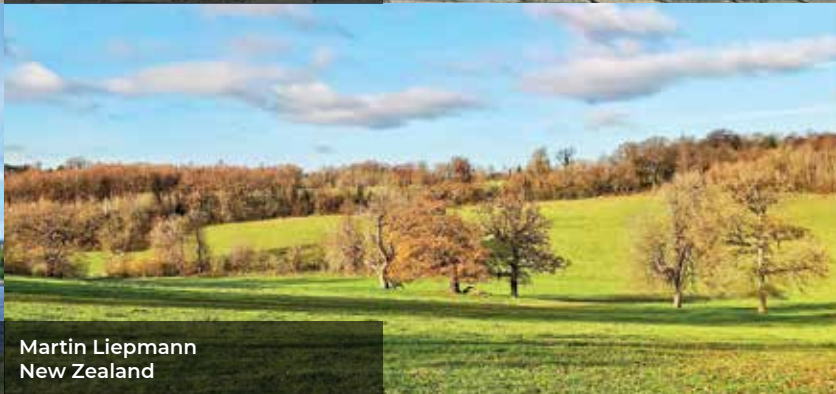




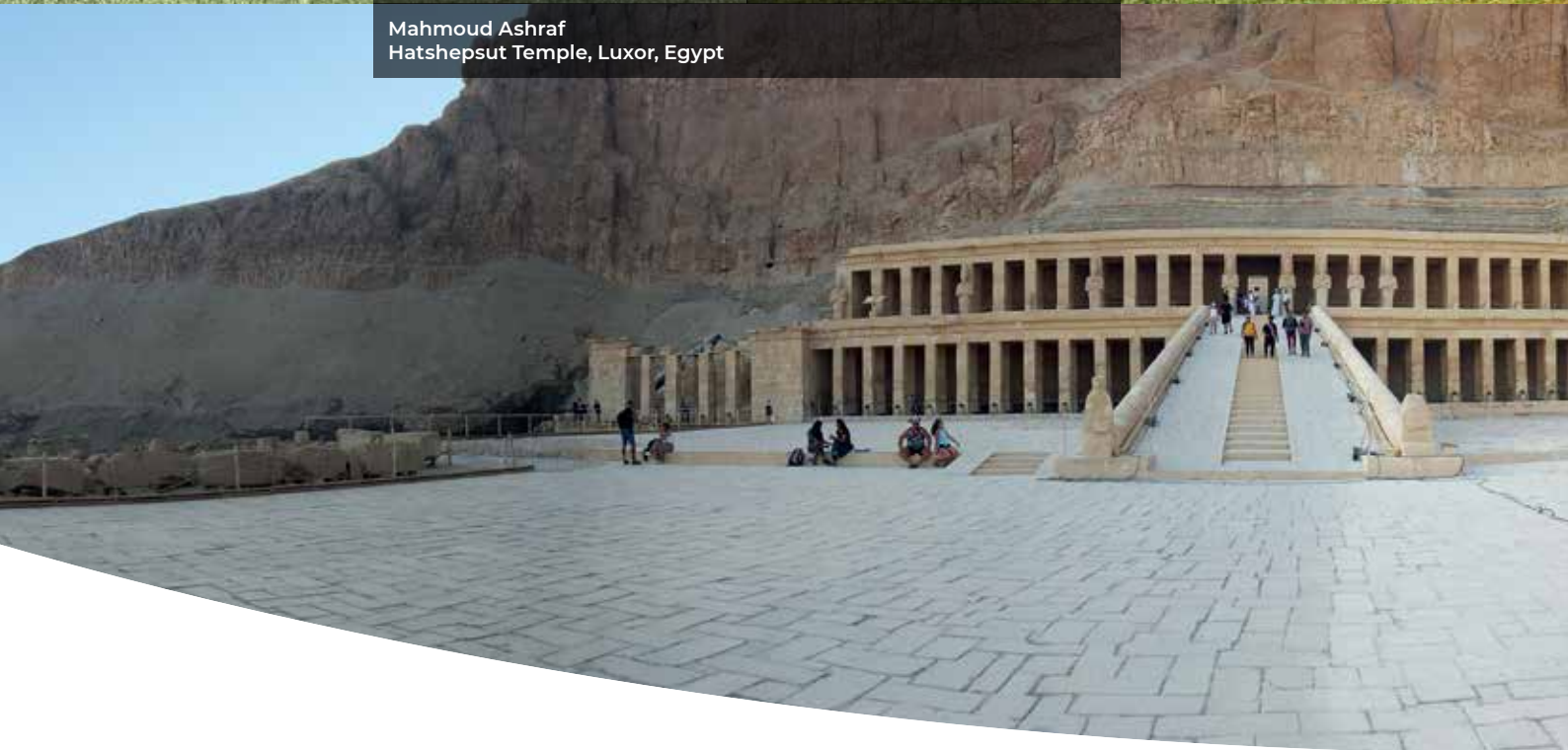
Nguyen Thi Minh Thu
Hue, Vietnam



L McKerrow
Canberra



Martin Liepmann
New Zealand



Mahmoud Ashraf
Hatshepsut Temple, Luxor, Egypt



My son Olivier and myself boating on the Markermeer in the Netherlands

Johan Janssens, Netherlands



Adriana Kirila
Targu Mures, Romania



Karen Robertson
Ben Nevis Summit, Scotland



Yun Liu
China



Directors of the Company



Roger Sharp

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

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

Roger chairs Iress Limited (ASX: IRE) and Geo Limited (NZX: GEO). Since balance date he has resigned as Chair of Geo and will transition to a Non-Executive Director role over the next six months. He also chairs The New Zealand Lotteries Commission (Lotto) and is Deputy Chair of Tourism New Zealand. Roger is reducing his Government sector governance commitments, and will reduce to a single public sector board role by calendar year end.



John Guscic

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

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



Don Clarke

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

Don is a lawyer and company director. In addition to being a consultant to the law firm, Minter Ellison (having retired on 30 June 2015 after 27 years as a corporate partner of the firm), Don is a director of a listed company, Zoono Group Limited, and two unlisted public companies. He has extensive commercial law and business experience from over 30 years advising both ASX listed and private companies.



Brad Holman

- BCom
- Appointed 19 March 2014

- Lead Independent Non-executive Director
- Chairman of Remuneration & Nomination Committee
- Member of Audit Committee

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



Shelley Roberts

- B.Bus Sci, ACA, GAICD
- Appointed 30 April 2016

- Independent Non-executive Director
- Member of Audit Committee
- Member of Remuneration & Nomination Committee

Shelley has extensive strategic, commercial, and operational experience in the travel sector and is currently employed as the Managing Director of Compass Group Australia. Previous roles have included Executive Director of Aviation Services at Sydney Airport and Managing Director of Tiger Airways Australia. Shelley also held leadership positions in organisations including Macquarie Airports, Macquarie Bank Limited and the EasyJet Airline Company Limited. Shelley's appointment in April 2016 as a Non-executive Director has enhanced the diversity and finance, accounting, and operational management experience of the Board. Shelley is an active member of Chief Executive Women.



Denise McComish

- FCA, MAICD
- Appointed 1 March 2021

- Independent Non-executive Director
- Chair of Audit Committee
- Member of Risk Committee

Denise has extensive financial, corporate and board experience across multiple sectors. She is also a Non-executive Director of Macmahon Holdings, Beyond Blue Limited and Chief Executive Women, and a member of the Takeovers Panel.

Denise was a partner with KPMG for 30 years specialising in audit and advisory services, and a member of the Board of KPMG Australia for six years. Denise is also skilled in the function, governance and performance of Audit and Risk Committees, and has chaired such committees in numerous organisations.

Your Directors present their report on the Consolidated Entity consisting of Webjet Limited and the entities it controlled at the end of, or during, the nine-month period ended 31 March 2021.

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

Directors

The Directors of the Company are as follows:

- Roger Sharp, Chairman
- John Guscic, Managing Director
- Don Clarke
- Brad Holman
- Denise McComish
- Shelley Roberts

The qualifications, experience and special responsibilities of the Directors are provided on pages 30 to 31.

Company secretary

- Tony Ristevski BCom (Hons), ACA, Executive MBA (appointed May 2018)
- Zi Mtenje ACA, CFA, GAICD (appointed January 2019).

Meetings of directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the nine-month period ended 31 March 2021, and the number of meetings attended by each Director were:

	Directors' meetings		Meetings of committees					
			Audit		Remuneration & Nomination		Risk management	
	A	B	A	B	A	B	A	B
Roger Sharp	7	7					3	3
John Guscic	7	7						
Don Clarke	7	7			4	4	3	3
Brad Holman	7	7	5	5	4	4		
Toni Korsanos ⁽¹⁾	6	6	5	5			3	3
Denise McComish ⁽²⁾	2	2	1	1				
Shelley Roberts	7	7	5	5	4	4		

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the committee during the period.

1. Toni Korsanos resigned as a Director of the Company on 24 March 2021.
2. Denise McComish was appointed as a Director of the Company on 1 March 2021.

Principal activities

The principal activity of the Consolidated Entity is the online sale of travel products, including flights and hotel rooms. The Group's business consists of a B2C division (Webjet OTA and Online Republic) and a B2B division (WebBeds). Refer pages 12 to 20 for an overview of the Group.

Key events during the period

(i) Change in year-end

In August 2020, the Group announced the change in year-end effective from 31 March 2021. WebBeds, the Company's B2B wholesale hotels business, will be the largest business unit going forward. Prior to the detrimental impact of COVID-19, WebBeds was contributing more than 60% of total Group EBITDA.

WebBeds delivers a significant proportion of its EBITDA contribution during the northern hemisphere summer months – namely June to August. A 30 June year-end places considerable burden on WebBeds' commercial resources during the peak northern summer window, as well as managing the budget process and year-end closure, reporting and audit requirements.

Moving the year-end to 31 March will mean the new 1H period (April to September) will capture the strongest contribution of WebBeds to overall Group results and provide greater certainty of year-end performance at the time of reporting 1H results.

This reporting window also aligns with the Company's northern hemisphere travel peers.

(ii) COVID-19 pandemic

The impact of the COVID-19 pandemic on the global travel industry continued to impact the Group during FY21 with all businesses reporting a significant fall in Total Transaction Value (TTV), Revenue and EBITDA. The focus continues to be on managing cash burn and cost reduction initiatives, as well as leveraging domestic leisure market opportunities. In addition, the Group strengthened its cash position through the issue of a €100 million Unsecured Convertible Notes completed in July 2020, and a further issue of \$250 million Convertible Notes completed in April 2021.

During the period, the Group wrote off all remaining debtors over 180 days, reflecting the last of debtor exposure adversely impacted by COVID-19. All other debtors are now governed by tighter credit policies introduced in 2H20.

(iii) €100 million Unsecured Convertible Note Offering

On 10 July 2020, the Group issued €100 million (or A\$163 million) Unsecured Convertible Notes ("Notes") to improve the capital position of the Company as it continued to navigate the challenging operating environment caused by COVID-19 travel restrictions. The net proceeds from the Notes offer were used in part to repay \$50 million of the Company's existing term debt, enabling the Company to extend remaining term debt maturity. The Notes have a coupon of 2.50% per annum, paid on a semi-annual basis, mature on 9 July 2027, are unsubordinated and unsecured, and are listed on the Singapore Exchange.

Initially, the Notes could be cash-settled from 1 July 2021. Following shareholder approval received on 22 October 2020, and existing Noteholder consent received in November 2020, the cash-settlement feature of the Notes was replaced with an equity settled feature, effective from 30 November 2020. All other terms of the Notes remained unchanged.

Each Note was convertible into Webjet Limited ordinary shares at a fixed conversion price of \$4.092 per share. With a fixed exchange rate of \$1.6238 = €1.00, the maximum number of shares that could be issued upon full conversion of the Notes (assuming no adjustment in the conversion price) was 39.7 million shares.

The Notes were converted to ordinary shares in April 2021 as detailed under subsequent events below.

(iv) Debt covenant waivers

During the year the Group's lenders consented to a waiver of certain financial covenants. At 31 March 2021, the Group's covenant waiver is for the period 1 June 2021 to 31 March 2022 with the ratios to be tested on 30 June 2022 (with respect to the previous three-month EBITDA (annualised)) prior to resuming 12-monthly testing on and from 31 March 2023. The waiver is subject to compliance with a minimum \$100 million liquidity requirement at all times until the financial covenants meet the unmodified threshold.

Financial performance

Financial result

The FY21 results show the 9-month period from 1 July 2020 to 31 March 2021, reflecting the new 31 March year-end. As FY20 results are for the 12 months to 30 June 2020, it is therefore not useful to provide a comparative discussion of overall Group performance between the reporting periods.

	31 March 2021 9 months \$m	30 June 2020 12 months \$m	Change \$m	Change %
Total transaction value	453.1	3,020.8	(2,567.7)	(85.0)%
Revenue	38.5	266.1	(227.6)	(85.6)%
Revenue margin	8.5%	8.8%		-34bps
Operating expenses, net of other income	(94.7)	(238.4)	143.7	(60.4)%
EBITDA before non-operating expenses and share-based payments	(56.2)	27.7	(83.9)	(303.0)%
EBITDA margin	negative	10.4%		n/a
Share based payments	(4.1)	(1.3)	(2.8)	215.4%
Non-operating expenses	(69.0)	(117.7)	48.7	(41.5)%
Depreciation and amortisation	(18.2)	(27.0)	8.8	(32.6)%
Acquisition amortisation	(15.2)	(24.6)	9.4	(38.2)%
Net interest costs	(14.9)	(15.9)	1.0	(6.3)%
Loss before tax	(177.6)	(158.8)	(18.8)	11.8%
Taxation benefit	21.0	15.3	5.7	37.4%
Net loss after tax (NPAT)	(156.6)	(143.5)	(13.1)	9.1%
NPAT A (before acquisition amortisation)	(141.4)	(118.9)	(22.5)	18.9%

FY21 TTV and Revenue fell significantly in all businesses, reflecting the ongoing impact of COVID-19 on the global travel industry.

In WebBeds, all regions saw ongoing travel restrictions and lockdowns impact bookings and TTV. Some domestic markets reopened; however large-scale restrictions remained in place in most regions, particularly throughout Europe. As most regions continued to be impacted by ongoing travel restrictions and lockdowns, WebBeds has focused on its Transformation Strategy, designed to emerge as the #1 global B2B player. Initiatives are on track to deliver at least 20% greater cost efficiencies when at scale.

Webjet OTA remained significantly impacted, though it saw improved profitability from the end of 1H21 as domestic borders opened. The increase in bookings, combined with the lower cost base, saw Webjet OTA realise an improved EBITDA in 2H21.

Online Republic bookings and TTV improved in 2H21 as Australian and New Zealand domestic markets reopened; however ongoing lockdowns in a number of international markets impacted Cars, and Motorhomes continued to be impacted by the loss of inbound tourism into New Zealand, its largest market.

The decrease in operating expenses is mainly driven by the significant cost reduction initiatives in all businesses. This will continue to create positive operating leverage when travel markets reopen.

The increase in share-based payments is due to the new Long-term Incentive Plans issued to the Managing Director and key management personnel, and the retention grants provided to key management personnel and other key staff across the business to ensure talent retention.

Refer to page 6 to 7 for further commentary on operating performance.

Non-operating expenses were \$69.0 million for the period and mainly comprise:

- redundancy costs incurred in restructuring the Group to mitigate the impact of COVID-19 (\$2.6 million)
- a further receivables written off due to the prolonged impact of the COVID-19 environment (\$9.5 million, being \$12.5 million of receivables written off, offset by \$3 million credit allowance release). This write-off represents the residual debtor exposure adversely impacted by COVID-19. All new customers and trading are now governed by the enhanced credit policy which is expected to reduce future debtor default risk.
- increase in the Earn-out provision payable in relation to the DOTW acquisition (\$6.8 million),
- fair value change on embedded derivatives relating to Convertible Notes (\$55.5 million)
- expensing of configuration and customisation costs incurred to implement SaaS arrangements (\$4.0 million)

- These expenses were partially offset by the fair value adjustment of put options relating to the acquisition of the minority interests in Umrah International Holidays (\$3.7 million), and Government wage subsidies received (\$5.3 million).

Depreciation and amortisation costs decreased due to a combination of fewer additions in FY20, certain assets coming to end of life, and depreciation of the US dollar and euro against the Australian dollar.

Net interest expenses reduced during the period. Interest expense arose from the €100 million Unsecured Convertible Note issued in July 2020, bank debt, and the premium costs on hedging derivatives which reduced substantially due to the reduction in TTV.

As a result of the losses incurred for the period, the Company was in a tax benefit position for the period.

Financial position

	31 March 2021 \$m	30 June 2020 \$m	Change \$m
Cash and cash equivalents	261.0	209.6	51.4
Trade and other receivables	43.4	74.5	(31.1)
Intangible assets	801.7	870.5	(68.8)
Other non-current assets	73.9	60.9	13.0
Total assets	1,180.0	1,215.5	(35.5)
Trade and other payables	109.4	97.0	12.4
Other current liabilities	161.6	65.9	95.7
Borrowings	254.0	186.9	67.1
Other non-current liabilities	47.9	60.6	(12.7)
Total liabilities	572.9	410.4	162.5
Net assets	607.1	805.1	(198.0)
Share capital	847.4	847.4	–
Retained earnings and reserves	(240.3)	(42.3)	(198.0)
Total equity	607.1	805.1	(198.0)

Throughout FY21, Webjet continued to have a strong focus on managing cash burn which averaged \$5.5 million per month for the 9 months. Net proceeds received from the issue of a €100 million (A\$163 million) Unsecured Convertible Notes, and debt repayments of \$53 million saw the Group end with a cash balance on 31 March 2021 of \$261 million. This has been further improved just after balance date to \$431 million on a proforma basis, after the Group completed a \$250 million Unsecured Convertible Notes offering with a 0.75% coupon. Proceeds were used to repay \$43.3 million of

existing term debt and \$33.2 million was paid as an incentive fee to convert the existing €100 million Convertible Notes into equity.

On 31 March 2021, the net debt position was \$1.6 million (excluding client funds) and available liquidity of the Group stood at approximately \$357 million (including undrawn overdraft facilities of \$96 million). On a proforma basis the net debt position was a positive \$94 million after the completion of the \$250 million Unsecured Convertible Notes and the conversion of the €100 million Unsecured Convertible Notes to equity.

Trade and other receivables and trade and other payables remain low, reflecting the low trading volumes in the period. The decrease in intangible assets is due to the amortisation for the period of \$26 million and foreign currency translation losses of \$53 million driven by appreciation of the Australian Dollar against the US dollar and euro currencies. Additions for the year were \$13 million – all related to internal booking platforms.

Other non-current assets comprise property, plant and equipment, investment in associate, deferred tax assets and related party loans. The increase in non-current assets is mainly due to recognition of deferred tax assets on current year tax losses incurred.

Other current liabilities comprise the 1H20 interim dividend (payment to be assessed following 1H22 results), gift vouchers issued to customers as compensation for tour cancellations brought about by travel restrictions due to the COVID-19 pandemic, client deposits and the embedded derivative liability which arose from the €100 million Convertible Note issuance.

Non-current liabilities mainly comprise deferred tax liabilities, cross-currency swap liabilities and lease liabilities recognised on adoption of the new leasing standard.

Dividend

No final dividend was declared for FY21.

The Company has deferred the payment of the 1H20 interim dividend of 9 cents fully franked declared in February 2020, which was due to be paid on 16 April 2021. The Company will review the payment date following 1H22 results later this year.

Material business risks

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

Economic risks

- COVID-19 pandemic
- Economic conditions
- Changes within specific markets in which we operate
- Changes in consumer preferences
- Increased competition
- Financial risks
- Impact of war, terrorism and other external events
- Changes to Government policies and regulations
- Technological disruption
- Technology/IT system failure

Business and social sustainability risks

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

There are various structures and procedures in place to manage the Company's key risks. The Risk Committee meets regularly, including with members of the senior management team, to review the material risks faced by the Webjet Group and the business practices and processes in place to minimise these risks or their impact (if a material adverse event or issue should occur). Every effort is made to identify and manage material risks; however, additional risks not currently known or listed above may also adversely affect future performance.

Commentary as to how the Company manages material economic risks impacting the business are set out below:

COVID-19 pandemic

- The COVID-19 pandemic has materially adversely affected, and continues to adversely impact, the Group's business and financial performance for the foreseeable future. To mitigate the risks that are posed by the business disruption, the Group executed cost reduction measures which resulted in a significant decrease in monthly cash burn compared to pre-COVID levels. Since March 2020, the Company strengthened its cash reserves by:
 - » undertaking a \$346 million capital raise in April 2020,
 - » issuing a €100 million (A\$163 million) Unsecured Convertible Notes in July 2020, which have now been converted to equity with the issuance of 39.7 million shares in April 2021 and a cash payment of a conversion incentive of \$33.2 million,
 - » issuing a \$250 million Unsecured Convertible Notes in April 2021, and
 - » in addition, the Company has reduced term debt from \$180 million to \$87 million and moved from three lenders down to two strategic lenders.

Following receipt of the proceeds from the \$250 million Unsecured Convertible Notes, the group's cash position is \$431 million, and is expected to sustain the Group through the pandemic as well as fund potential acquisitions, and or other capital management and/or general corporate purposes.

Economic risks

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

Further details as to how the Company seeks to manage key environmental, social and governance risks impacting its business are set out in the Company's Sustainability Report. Other steps taken by Webjet to manage its economic, business and social sustainability risks are set out in the Company's Corporate Governance Statement and Corporate Social Responsibility (CSR) Statement. All of these are available on our investor website (<https://www.webjetlimited.com/corporate-governance/>).

Subsequent events

- (i) Launch and issue of \$250 million Unsecured Convertible Notes, and repayment of bank debt of \$43.3 million

The Group launched the \$250 million Convertible Notes (the "New Notes") on 31 March 2021. These were successfully priced on 1 April 2021 and issued on 8 April 2021. The key terms of the New Notes are as follows:

Issuer	Webjet Limited
Issue Size	\$250 million
Term of Notes	5 years
Conversion period	Convertible at any time on or after the 41st day after the settlement date until 10 business days prior to the Final Maturity Date
Investor put option	On or about 12 April 2024 (3 years)
Final Maturity Date	On or about 12 April 2026 (5 years)
Coupon	0.75% per annum, payable on a semi-annual basis
Conversion Premium	22.5% over the Reference Share Price, providing for a Conversion Price of \$6.35
Reference Share Price	\$5.18, the clearing price of the Delta Placement
Physical Settlement	The Notes are convertible into fully paid ordinary shares, calculated in accordance with the terms and conditions of the Notes
Cash settlement	On exercise of investor put option or at final maturity date
Conversion Price Adjustments	Standard anti-dilutive adjustments including Conversion Price adjustment for all dividends paid by Webjet and upon a Change of Control
Status	Direct, unsubordinated, unconditional and unsecured obligations of the Issuer. The payment obligations of the Issuer under the Notes rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application
Listing	Singapore Exchange Securities Trading Limited

The net proceeds from the New Notes are expected to be approximately \$246 million, after deduction of commissions, professional fees and other administrative expenses. The net proceeds were used to repay \$43.3 million of Webjet's existing term debt; and the remainder expected to be used to fund potential acquisitions, and for capital management and/or general corporate purposes.

Following the settlement of the New Notes and part repayment of the term debt, Webjet's lenders have extended the maturity of the remaining term debt to November 2023, providing further headroom to manage the recovery.

(ii) Conversion of €100 million Unsecured Convertible Notes

In connection with the Offering of the New Notes, the Group extended a conversion invitation (the Conversion Invitation) to the holders of its existing €100 million 2.50% Convertible Notes due 2027 (the Existing Notes), comprising the conversion of the Existing Notes into fully paid ordinary shares in the Company and a Cash Incentive Price of €21,626 per €100,000 of Existing Notes.

On 31 March 2021, the Existing Notes and associated embedded derivative are recognised as current liabilities within Borrowings – Unsecured Convertible Notes (\$123.4 million) and Other Liabilities – Convertible Note embedded derivative (\$93.3 million). In April 2021, upon conversion of the Notes,

- the liabilities were extinguished on the acceptance of the Conversion Invitation by all noteholders, resulting in decrease in current liabilities
- the Group issued 39.7 million ordinary shares, increasing the issued capital
- the Group paid the conversion incentive of \$33.2 million in Cash.

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

Likely developments and expected results of operations

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

Environmental regulation

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

Insurance of officers and indemnities

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

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Indemnity of officers and auditors

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

Non-audit fees

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 40.

Rounding of amounts

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

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

On behalf of the Directors



Roger Sharp

Chairman

Melbourne, 19 May 2021

Auditor's Independence Declaration

Deloitte.

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

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

19 May 2021

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

Dear Board Members

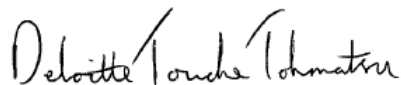
Auditor's Independence Declaration to Webjet Limited

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

As lead audit partner for the audit of the financial statements of Webjet Limited for the nine months ended 31 March 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Stephen Roche
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



Kady Khoo
Whagapapa, New Zealand



Helen Cheong



Volkan Vardar
Seychelles, United Arab Emirates

Dear Shareholder,

On behalf of the Board of Directors, I present Webjet's Remuneration Report for the financial year-ended 31 March 2021.

As a result of COVID-19, the travel sector continues to face uncertainty albeit we are starting to see confidence slowly returning as vaccine programs across the globe progress. With the move online over this period, the exponential growth in demand for talent from the technology sector has placed particular pressure on Webjet to retain key talent while addressing the immediate challenges arising from COVID-19.

The fixed pay reductions, which began in March 2020 for key executives and Non-executive Directors, continued into the period. These included a 60% reduction in base salary for the Managing Director (which extended to December 2020), a 20% reduction in base salary for other key executives (until September 2020) and a 20% reduction in base NED fees (until December 2020). For the second consecutive period, no short-term incentive payments were made.

During the period the Webjet leadership team worked hard and made personal sacrifices to stabilise the business. In recognition of the team's strong performance, the Company implemented temporary remuneration design changes for the period which are intended to act as a retention mechanism while also conserving cash. It is important that Webjet retain its key talent, who have worked incredibly hard in navigating us through what we hope is the worst of the global pandemic. Their efforts will enable Webjet to take advantage of the significant growth opportunities as travel restrictions ease.

As approved at the 2020 AGM, the Managing Director was granted options. We note that a number of our shareholders had substantial concerns with the Managing Director's option grant, resulting in 32.62% of votes cast being against the proposal. Following the significant vote against, the Board has engaged with shareholders and stakeholders to further understand and address concerns around the grant. The Board would like to highlight that the structure of the option grant reflects the unique nature of the Managing Director's contractual arrangements (i.e a 3-year contract) and the need for annual vesting to reflect remuneration of an MD/CEO role at comparable ASX and global peers, in the absence of an Short Term Incentive (STI) plan in FY21. Further, it is important to note there is no STI plan for FY21 for the Managing Director and that the option grant is the only Long Term Incentive (LTI) that will be provided to him over the next 3 years.

The structure of the FY21 equity grants for Executive KMP (excluding the Managing Director) was a response to the challenging situation the Company found itself in during the COVID-19 pandemic and the associated market volatility.

The bullet points below set out the reasoning behind the structure implemented in relation to the Company's FY21 Executive KMP equity grants (refer to pages 49 to 50 for an overview of these awards):

- For the LTI Options component, the Board considered multiple metrics and conditions during the year and concluded that given the market uncertainty of the travel industry recovery and difficulty in setting any meaningful hurdle, it was considered that a share price hurdle above the volume-weighted average price (VWAP) at the time of the setting of the hurdle represented the most appropriate measure to best align the Company's performance with shareholder value creation over the next 3 years.

The Board has implemented this structure with the best interest of shareholders in mind and we believe that share price growth of between 20% and 33% will greatly benefit our shareholders over a typical 3 year performance period. This structure has taken a number of key focus areas into consideration, particularly the uncertainty in the wider market, the ongoing challenges facing our industry and the goal of restoring our profitability to pre-COVID levels. Given the absence of performance hurdles other than share price attached to the Options grant, the quantum of the total equity grant to senior management has been maintained at a modest level in comparison to market peers with both executives being granted in FY21 only the same quantity which represents 53% and 59% of fixed annual remuneration (FAR) for Ms Beasley and Mr Ristevski respectively; and

- For the Retention Rights (Rights) component:
 - » in the absence of STI awards in FY21, and
 - » all earlier LTI awards having been forfeited (and, hence, no Executive KMP would have any opportunity to benefit from any LTI equity scheme prior to the vesting of the LTI Options in 2024),

the Board wanted to implement an incentive plan which not only aided retention but also provided a reward over the period prior to 2024 in which no equity awards will vest (hence, one third vesting over the 3-year retention period).

This grant also forms part of an initiative implemented by the Board to conserve cash and align the Executive KMP with shareholder experience. The entitlement for each Executive KMP constitutes 118% of FAR for Ms Beasley and 100% of FAR for Mr Ristevski, resulting in approximately 33% and 39% of FAR vesting annually with the shares obtained being subject to a further escrow period of 12 months after vesting.

We expect that as vaccines roll out, domestic borders remain more stable, and overseas travel becomes a possibility, Webjet will be well positioned for growth. However, the timing of our recovery remains uncertain.

We do not currently anticipate any further one-off remuneration arrangements going forward and will continue to review the remuneration arrangements to ensure they are appropriate and aligned with shareholder value creation.

We thank you for your continued support of the remuneration policies and structure adopted by Webjet.

Yours sincerely



Brad Holman

Chairman, Remuneration and
Nomination Committee

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1. Introduction

We are pleased to present the Remuneration Report for the period ending 31 March 2021.

This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (Act) and the applicable *Corporations Regulations 2001* (Cth). The report outlines the Company's overall remuneration strategy for the period 1 July 2020 to 31 March 2021 and provides detailed information on the remuneration arrangements for Key Management Personnel ("KMP"), being those people who have the authority and responsibility for planning, directing and controlling the Company's activities, either directly or indirectly, including any Director.

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

2. KMP for 2021

The tables below shows all the KMP covered by the FY21 Remuneration Report:

Non-executive Directors		Term
Roger Sharp	Chairman Risk Committee – Member	Full term
Don Clarke	Deputy Chairman Risk Committee – Chair Remuneration and Nomination Committee – Member	Full term
Brad Holman	Lead Independent Non-executive Director Remuneration and Nomination Committee – Chair Audit Committee – Member	Full term
Shelley Roberts	Non-executive Director Audit Committee – Member Remuneration and Nomination Committee – Member	Full term
Denise McComish	Non-executive Director Audit Committee – Member Risk Committee – Member	Part term Appointed 1 March 2021
Toni Korsanos	Non-executive Director Audit Committee – Chair Risk Committee – Member	Part term Resigned 24 March 2021
Executive Director		Term
John Guscic	Managing Director	Full term
Executives		Term
Shelley Beasley	Group Chief Commercial Officer	Full term
Tony Ristevski	Chief Financial Officer & Company Secretary	Full term

3. Executive KMP remuneration philosophy, principles and components

a. Philosophy

Remuneration has an important role to play in driving the culture within Webjet, supporting the implementation and achievement of Webjet's strategy for the growth of its business and aligning the interests of shareholders with that of all our employees.

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

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

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

b. Principles

The following summarises the key principles which underpin the structure and quantum of Executive KMP remuneration arrangements across the Group.



c. Remuneration components

How was remuneration structured for FY21?

Webjet's FY21 remuneration structure was designed with four distinct purposes in mind

First, it has to support the implementation and achievement of the Company's overall strategy.	Second, the remuneration structure has to attract, motivate and retain the talent required to drive the long-term success of the Company's business.	Third, remuneration must be reasonable and align the interests of management and shareholders.	Fourth, the remuneration structure has to promote the desired behaviours, culture and ethics across the Company, particularly in the context of excellence and customer service.
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Remuneration Component	Fixed Annual Remuneration (FAR)	Long-term Incentive (LTI)	Retention Rights (Rights)
Objective	Attract and retain the best talent	Reward tied to achievement of longer-term strategic goals and out-performance	Retain and motivate
Purpose	<p>Base salary is broadly aligned with:</p> <ul style="list-style-type: none"> the salaries for comparable roles in both Australian and global companies of similar global complexity, size, reach and industry each Executive KMP's responsibilities, location, skills, performance, qualifications and experience. 	The purpose of the LTI is to focus the efforts of the Executive KMP on the achievement of sustainable long-term value creation for the Group and the shareholders.	The purpose of the Rights is to motivate and retain senior management during the company's recovery period in the absence of STI awards and forfeited LTI awards.
Weighting⁽¹⁾ (at maximum)	<ul style="list-style-type: none"> MD: 33% CCO: 37% CFO & CoSec: 39% 	<ul style="list-style-type: none"> MD: 67% (over 3 years) CCO: 20% CFO & CoSec: 22% 	<ul style="list-style-type: none"> MD: N/A CCO: 43% CFO & CoSec: 39%

(1) Weighting is calculated based on the total value of the grant during the year.

d. Share ownership

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

4. FY21 Executive KMP remuneration details

a. Summary

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

Many of the facets of the remuneration arrangements in the period were on going from changes introduced in the prior reporting period, including pay cuts to the Managing Director, senior executives and the Board. Key details include:

- the 60% cut to fixed annual remuneration (FAR) for the Managing Director from March 2020 until December 2020
- Board base fee reduction of 20% from March 2020 until December 2020
- cuts of 20% to FAR for the Executive KMP until September 2020.

In addition, as was the case in FY20, no STI payments were made in FY21 in order to conserve cash and to align management to the shareholder experience. All outstanding LTI grants were also forfeited during FY20. In order to retain staff and institutional knowledge during this period, arrangements were put in place to award Options to the Managing Director, and Options and Retention Rights to the senior leadership team. The Option grant made to the Managing Director was disclosed and approved by shareholders at the 2020 AGM.

b. Executive KMP remuneration components

Fixed Annual Remuneration ("FAR")

Base salaries	Base salaries are reviewed annually (with effect from 1 July each year). Reviews are informed, but not led, by benchmarking to comparable roles, changes in responsibility and general economic conditions. Other than the Managing Director, there were no fixed pay increases in FY21. The Managing Director's previous pay review was conducted in FY20. This included an increase of FAR from \$1.5 million to \$1.6 million which was effective in FY21.
COVID-19 adjustment	The Managing Director agreed to a 60% reduction in FAR from March 2020 until December 2020. The Executive KMP also agreed to a 20% reduction in FAR for the period of March to September 2020 (due to the continued impact of COVID-19).

Short-term Incentive ("STI")

Description	There were no STI awards granted for FY21. This reflected the impact of COVID-19 on Webjet and the impact that border closures had on international and interstate travel (and, hence, the overall financial performance of the Company). Given the financial impact of the COVID-19 pandemic on the Company, and to preserve cash, Webjet did not award any STI during the period.
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Managing Director's Long-term Incentive ("LTI") – Options

Description	<p>In light of all equity incentives and STIs being cancelled in FY20 and to protect talent in the long-term, Webjet introduced the new LTI plan.</p> <p>Shareholder approval was sought on 22 October 2020 for the grant of 4,500,000 long-term incentive options to the Managing Director. The Options align with the 3-year term of the Managing Director's contract and were calculated as having a value of 66% of the Managing Director's FAR for each of the next 3 years. No other LTI is intended to be granted to the Managing Director in the next 3 years as it was not considered appropriate to make ongoing annual grants of LTI vesting over a 3-year period given the Managing Director's contract term. The Managing Director needs to fund the exercise price of any Options and hold the shares for a further 12-month period following vesting.</p>
Exercise price	<p>\$3.08 (which was the VWAP of the Company's shares traded on ASX in the 30 days up to the date of release of the Company's 2020 Financial Report on 19 August 2020).</p> <p>The Options expire 3 years after vesting.</p>
Vesting conditions	<p>The Managing Director must remain a Webjet employee over the 3-year vesting period. Subject to satisfaction of the vesting conditions below, the Options granted to the Managing Director will vest in three equal tranches of 1,500,000 options each as detailed below:</p> <ul style="list-style-type: none"> ■ Tranche 1 – 1,500,000 Options vest on 19 August 2021 if the VWAP of the Company's shares traded on ASX in the 30-day period prior to 19 August 2021 is greater than or equal to \$3.39 per share ■ Tranche 2 – 1,500,000 Options vest on 19 August 2022, if the VWAP of the Company's shares traded on ASX in the 30-day period prior to 19 August 2022 is greater than or equal to \$3.73 per share ■ Tranche 3 – 1,500,000 Options will vest on 19 August 2023, if the VWAP of the Company's shares traded on ASX in the 30-day period prior to 18 August 2023 is greater than or equal to \$4.10 per share.
Board discretion	<p>The Company reserves the right to adjust the outcome where appropriate for acquisitions and/or disposals or other events/circumstances which may unreasonably skew the outcome.</p>
Cessation of employment	<p>If the Managing Director ceases to be employed by the Company prior to the Options vesting by reason of death, total and permanent disablement, retirement, or redundancy, the Board may, in its discretion:</p> <ul style="list-style-type: none"> ■ waive the vesting conditions and determine that some or all of the Options have vested ■ allow the Managing Director to continue to hold some of his unvested Options subject to the same vesting conditions (except for continuity of service). <p>Otherwise, if the Managing Director ceases to be employed by the Company for any other reason before the Options have vested, the Options will lapse.</p>
Clawback	<p>If, in the opinion of the Board, Options vest or may vest as a result of certain activities such as fraud, dishonesty or gross misconduct, or breach of duties or obligations, the Board may determine that the Options (or resulting shares) held by the Managing Director will lapse or be forfeited, and/or that the Managing Director must pay or repay as a debt the proceeds from the sale of shares allocated under the plan.</p> <p>This also applies to manifest error, where the Managing Director acts in a manner that adversely impacts the reputation and/or standing of Webjet, breaches his employment agreement or an event occurs which would otherwise entitle Webjet to immediately terminate the Managing Director's employment.</p>
Change of control	<p>Subject to the Board's overriding discretion, unvested Options granted to the Managing Director will, subject to the vesting conditions remaining capable of being satisfied at that time, vest in full on the occurrence of a change of control event (e.g. a takeover or scheme of arrangement) in respect of the shares of Webjet.</p>

Executive KMP Long-term Incentive ("LTI")

Description	<p>The Executive KMP qualified in FY21 for grants under the Company's LTI Plan which were designed to provide a long-term element to each participant's overall remuneration package.</p> <p>In FY21, the Executive KMP were granted Options (to subscribe for ordinary shares). The Options have an exercise price of \$3.08 per option (which is the VWAP of the Company's shares traded on ASX in the 30 days up to the date of release of the Company's 2020 Financial Report on 19 August 2020).</p> <p>Options were granted under the LTI as options act in such a way that there are intrinsic Company growth hurdles i.e. the Options have a higher value as the Company share price increases. This aligns the executive management team with the long-term sustainable growth of the Company and with the creation of shareholder value.</p> <p>The grant was calculated as having a value of 53% and 59% of FAR for the Global Chief Commercial Officer and Chief Financial Officer & Company Secretary respectively.</p>								
Performance period	3 years (19 August 2020 to 19 August 2023)								
Exercise price	<ul style="list-style-type: none"> ■ \$3.08 ■ The Options expire 2 years after vesting. 								
Vesting conditions	<p>Vesting Condition 1 – Recipients must remain Webjet employees at all times to and including the vesting date (see below).</p> <p>Vesting Condition 2 – share price (refer to the table below).</p> <p>If the vesting conditions are satisfied, the Options will vest (in one tranche) on 18 August 2023 (vesting date).</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">30-day VWAP of the Company's ordinary shares to the vesting date (vesting assessment price)</th> <th style="text-align: left;">Vesting schedule</th> </tr> </thead> <tbody> <tr> <td>Threshold = \$3.69</td> <td>50% of the Options vest (positioned at 90% of the stretch share price performance) at a 20% share price growth from the exercise price</td> </tr> <tr> <td>Between \$3.69 and \$4.10</td> <td>5% of the available Options will vest for each 1% of the vesting assessment price between 90% and 100% of the share price target.</td> </tr> <tr> <td>Stretch = \$4.10</td> <td>100% of the Options vest at a 33% share price growth from the exercise price</td> </tr> </tbody> </table>	30-day VWAP of the Company's ordinary shares to the vesting date (vesting assessment price)	Vesting schedule	Threshold = \$3.69	50% of the Options vest (positioned at 90% of the stretch share price performance) at a 20% share price growth from the exercise price	Between \$3.69 and \$4.10	5% of the available Options will vest for each 1% of the vesting assessment price between 90% and 100% of the share price target.	Stretch = \$4.10	100% of the Options vest at a 33% share price growth from the exercise price
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Between \$3.69 and \$4.10	5% of the available Options will vest for each 1% of the vesting assessment price between 90% and 100% of the share price target.								
Stretch = \$4.10	100% of the Options vest at a 33% share price growth from the exercise price								
Board discretion, cessation of employment, change of control and clawback	As outlined above in the LTI grants for the Managing Director.								

Executive KMP Long-term Incentive (“Rights”)

Description	The Board determined to grant Rights to the executive team (including the Executive KMP) with an attaching service condition in order to act as a retention mechanism for the executives. The Rights were determined as necessary due to the uncertainty brought by the COVID-19 pandemic and in recognition of foregone fixed remuneration, cancelled LTI incentives, as well as cancelled STIs in FY20 and FY21. It was also an incentive for those with technical skills which were in high demand (with the move to on-line) to remain with the Company. The Managing Director was not eligible to receive these Rights.
Valuation	The Rights were allocated using the 30-day VWAP of the Company’s shares traded on the ASX up to the date of release of the Company’s 2020 Financial Report on 19 August 2020, being \$3.08 per Right. The grant was calculated as having a value of 118% and 100% FAR for the Global Chief Commercial Officer and Chief Financial Officer & Company Secretary respectively.
Vesting conditions	Vesting Condition – Recipients must remain Webjet employees over the measurement period. The Rights vest in three equal tranches on an annual basis, 1/3 of the award vesting after Years 1, 2 and 3. The shares obtained after the automatic conversion of the Rights to shares for KMP are subject to a further escrow period of 12 months after vesting.
Board discretion, cessation of employment, change of control and clawback	As outlined above in the LTI grants for the Managing Director.

5. Outcomes in FY21

a. Company performance

The following table provides details of important performance metrics, including TTV (which drives revenue), EBITDA performance (which captures operational earnings), asset growth and TSR (which reflects how shareholders have fared) over the previous five financial years.

During our 2021 period of 9 months, management has taken measures to ensure there have been cost savings in order to preserve shareholder value in an environment which has been difficult for the travel and tourism industry.

Table 1: Company Performance FY17 – FY21

The performance in FY20 and FY21 was substantially impacted by COVID-19 pandemic.

	Growth v 2020	Five-year CAGR	FY21 (9 months)	FY20	FY19	FY18	FY17
Financial Metrics (\$m)							
Total Transaction Value	(85%)	26%	453	3,021	3,831	3,012	2,043
EBITDA	(303%)	(195%)	(56.2)	27.7	125.8	88.3	71.1
NPAT	9%	(224%)	(156.6)	(143.5)	60.3	41.5	52.4
Assets	(3%)	19%	1,180	1,216	1,522	1,084	493
Market capitalisation	68%	10%	1,892	1,125	1,847	1,593	1,195
Share price (\$) – Unadjusted	68%	(14%)	5.58	3.32	13.62	13.45	12.18
Share price (\$) – Adjusted*	65%	(9%)	5.58	3.38	9.87	9.66	8.85
Dividend per share (cents)							
Interim	n.m	n.m	–	9.00	8.50	8.00	7.50
Final	n.m	n.m	–	–	14.00	12.00	10.00
TSR (%)	n.m	n.m	n.m	n.m	3%	12%	77%
Directors' Remuneration (\$m)	(29%)	(3%)	0.49	0.69	0.79	0.57	0.56
Executive KMP Remuneration (\$m)	3%	(1%)	3.94	3.87	4.63	4.26	4.19

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

b. Remuneration outcomes

Given the continuing impact of COVID-19 on the business and shareholder value, across FY21, the following remuneration measures were carried forward from the prior year relating to remuneration:

- Decrease in Managing Director salary by 60% from 1 March 2020 to at least 31 December 2020
- Decrease in Directors salaries from 1 March 2020 to 31 December 2020; and
- Decrease in KMP salaries from 1 March 2020 to 30 September 2020.

Fixed remuneration levels have since returned to normal.

Due to the uncertainty surrounding international travel and reflecting the shareholder experience, Webjet did not award any STI in FY21. No STI was paid in FY20.

All legacy LTI awards were forfeited in FY20. The LTI and Retention Rights awards in FY21 were granted in order to retain key talent, in an environment where the demand for talent in the technology sector is higher than ever. The details of the Managing Director Option grant were included in the 2020 AGM and constitute that this is the only LTI that will be provided to the Managing Director over the next 3 years. The 3-year term aligns with the fixed term of the Managing Director's updated employment contract. We would like to thank our shareholders who understood the importance of implementing a long-term retention mechanism for our Managing Director, who has worked tirelessly while sacrificing a large portion of his fixed pay and having forgone his STI for the previous two financial years.

The LTI awards were effective in achieving retention to date, as all the KMP have remain employed at Webjet. Webjet is confident that as international borders open and its operations return to normal, it will once again lead the way in online travel tools and technology and be the unparalleled travel choice.

There is no intention to make additional one-off awards in the future.

c. Remuneration for FY21

The table has been prepared in accordance with relevant accounting standards. Where applicable, remuneration for Executive KMP has been pro-rated for the period they served as a member of the KMP. With the change in the Group's year-end to 31 March, the FY21 remuneration is for nine months. The FY20 remuneration is for 12 months.

Table 2: KMP remuneration – FY21 and FY20

	Year	Short term incentive					Other ⁽²⁾	Total	Cancellation of LTIs ⁽³⁾	Total
		Salary and fees	Financial KPI	Non-financial KPI	Share-based payments	Post-employment benefits				
		\$	\$	\$	\$	\$	\$	\$	\$	
John Guscic ⁽¹⁾	2021	719,800	–	–	1,618,253	–	107,057	2,445,110	–	2,445,110
	2020	1,245,574	–	–	108,408	20,417	133,785	1,508,184	–	1,508,184
Shelley Beasley	2021	373,786	–	–	382,288	11,214	35,719	803,007	–	803,007
	2020	533,980	–	–	170,484	21,409	44,318	770,191	476,736	1,246,927
Tony Ristevski	2021	333,415	–	–	314,839	18,750	30,545	697,549	–	697,549
	2020	452,165	–	–	185,646	25,000	21,008	683,819	433,396	1,117,215
Total	2021	1,427,001	–	–	2,315,380	29,964	173,321	3,945,666	–	3,945,666
	2020	2,231,719	–	–	464,538	66,826	199,111	2,962,194	910,132	3,872,326

(1) Mr Guscic received a previously announced pay increase in FY20 prior to COVID-19. Due to the pressures that COVID-19 put on the travel industry, Mr Guscic agreed to a 60% pay cut up until 1 December 2020. At the 2020 AGM, shareholders approved the LTI grants to Mr Guscic, consisting of 4.5 million options, a third of which vest each year over his 3-year contract. For accounting purposes, the LTI expense is disproportionately weighted to year 1, with 61% of the expense recognised in year 1, 28% in year 2 and 11% in year 3. As a consequence, the FY21 LTI accounting expense is disproportionately higher, resulting in his total FY21 remuneration increasing over FY20, despite the voluntary pay-cut received resulting in a lower take-home pay during the period.

(2) Includes annual leave and long service leave expenses.

(3) The Board resolved to cancel all LTI awards that were unvested and not exercised at 30 June 2020. AASB 2 *share-based payments* requires the future expense that would have been incurred on these LTIs to be fully recognised upon cancellation.

6. NED fees

a. Remuneration policy and payment to Non-executive Directors

No changes were made to the Non-executive Directors fees for FY21. However, for the period to 31 December 2020, the base fee paid to the Non-executive Directors was reduced by 20% (which mirrored the reduction of 20% in the FAR paid to the members of the senior management team).

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

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

The Non-executive Directors fees (prior to the COVID-19 reductions) are as follows:

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

All fees paid to the Non-executive Directors are reviewed annually, with any changes being effective from 1 July. It is not proposed there will be any change in Board fees in FY22.

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

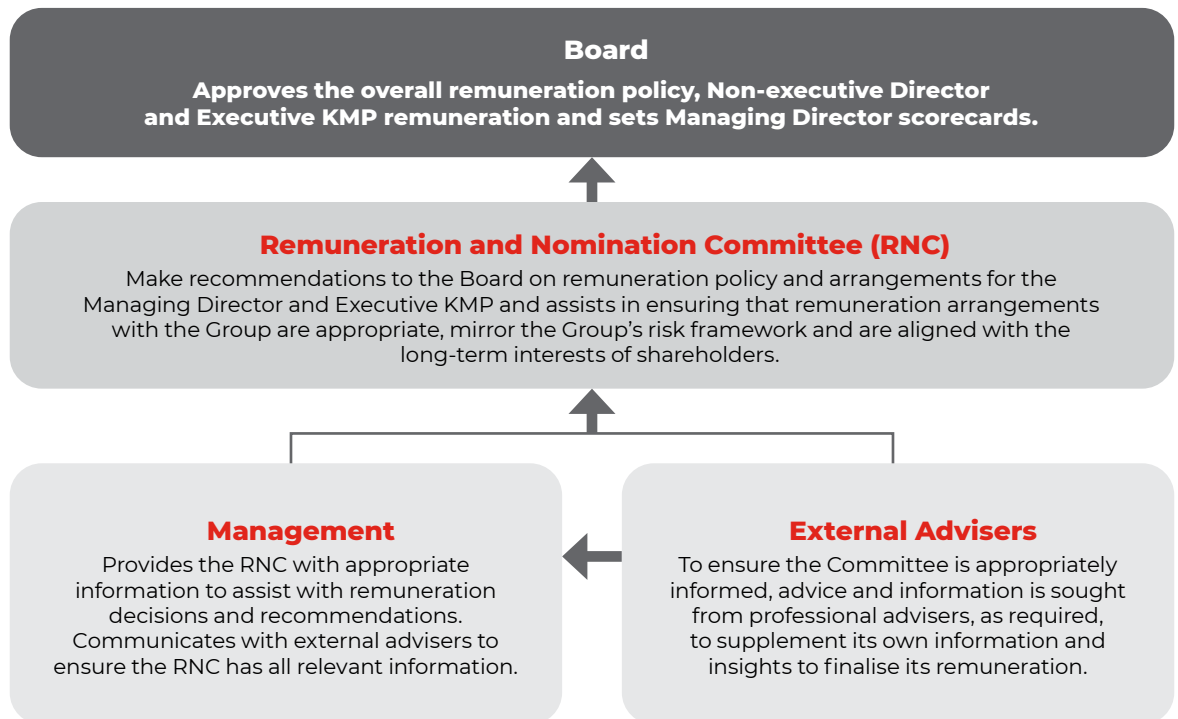
Table 3: Total Non-executive Director Remuneration

Non-executive Director	Year	Salary and fees	Post-employment benefits	Total
		\$	\$	\$
Roger Sharp	2021	145,138	4,354	149,492
	2020	208,410	6,252	214,662
Don Clarke	2021	75,756	7,197	82,953
	2020	119,329	11,336	130,665
Brad Holman	2021	78,577	7,465	86,042
	2020	102,282	9,717	111,999
Denise McComish ⁽¹⁾	2021	9,132	868	10,000
	2020	–	–	–
Shelley Roberts	2021	71,231	6,767	77,998
	2020	102,282	9,717	111,999
Toni Korsanos ⁽²⁾	2021	75,016	7,127	82,143
	2020	110,805	10,526	121,331
Total	2021	454,850	33,778	488,628
	2020	643,108	47,548	690,656

(1) Appointed effective 1 March 2021.

(2) Resigned effective 24 March 2021.

7. Remuneration governance



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

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

The Board and Remuneration and Nomination Committee engaged KPMG as its independent remuneration adviser for FY21. No remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by remuneration advisers.

8. Executive service agreement summary

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

Table 4: Employment contracts

Name	Duration of service agreement	Notice period		Restraint period ⁽¹⁾
		By executive	By company	
Executive KMP				
John Guscic	Until 30 June 2023	6 months	12 months	12 months
Shelley Beasley	Ongoing	12 months	12 months	12 months
Tony Ristevski	Ongoing	12 months ⁽²⁾	12 months ⁽²⁾	12 months

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

(2) This was 6 months in the previous period.

Table 5: Other relevant components of employment contracts

Clause	Description
Termination without cause	<p>By Webjet:</p> <ul style="list-style-type: none"> ■ the Board has discretion to make a payment in lieu of notice ■ if Executive KMP work out their notice period, payment of FAR and part STI as determined (by reference to the performance of the Webjet Group in the notice period), or ■ if Webjet elects to make a payment in lieu of notice, payment of FAR for the notice period plus 33.3% or 66.7% of STI is applicable for that year (depending on whether the Executive KMP's employment is terminated before or after 6 months from commencement of the financial year), and ■ retention of all options which have vested plus a pro-rata proportion (based on the portion of the relevant year which has elapsed) of the number of unvested options which, if the performance conditions were satisfied in that year, would vest at year-end (all other unvested options will lapse). <p>By Executive KMP:</p> <ul style="list-style-type: none"> ■ payment of FAR for the notice period (but not the STI), and ■ retention of all options which have vested prior to termination (all unvested options will lapse).
Termination with cause	<ul style="list-style-type: none"> ■ Webjet may terminate an Executive KMP's contract with immediate effect in the following circumstances: breach of a material provision of the agreement, serious misconduct, and/or unsatisfactory performance. ■ On termination by Webjet for cause, an Executive KMP will be entitled to be paid the FAR up to and including the date of termination. No STI will be payable for the year of termination and all options held not then exercised, whether vested or unvested, will lapse. ■ Only the Managing Director is entitled to terminate his employment contract (on 4 weeks' notice) in certain circumstances, including breach by Webjet of a material provision of the agreement and/or on Webjet making any change to the agreement, without the Managing Director's consent, which materially diminishes his status, duties, authority or terms and conditions of employment. ■ If the Managing Director terminates his employment contract for cause, the Managing Director will be entitled to payment of an amount equal to the amount that he would have been entitled to be paid if the agreement had been terminated on that date without cause by Webjet. ■ There is no contractual right of termination by an Executive KMP in the event that Webjet makes a change to the employment agreement, without the Executive KMP's consent, which materially diminishes the Executive KMP's status, duties, authority, or terms and conditions of employment. ■ Where the Executive Director's employment contract terminates as a result of redundancy, death, serious illness or disability, the Webjet Board retains a residual discretion to permit retention and/or exercise of unvested equity incentives.

9. Other disclosures

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

a. LTI and other equity awards information

Table 6: Executive KMP LTI options in FY21

			Balance as at 1 July	Granted	Forfeited	Cancelled	Balance as at 31 March	Unvested at 31 March
John Guscic	2021	FY21 options – Tranche 1	–	1,500,000	–	–	1,500,000	1,500,000
	2021	FY21 options – Tranche 2	–	1,500,000	–	–	1,500,000	1,500,000
	2021	FY21 options – Tranche 3	–	1,500,000	–	–	1,500,000	1,500,000
	2020	FY18 grant	2,787,362	–	(232,217)	(2,555,145)	–	–
Shelley Beasley	2021	FY21 option grant	–	370,000	–	–	370,000	370,000
	2020	FY20 grant	–	154,932	–	(154,932)	–	–
	2020	FY19 grant	163,935	–	–	(163,935)	–	–
	2020	One-off	166,667	–	–	(166,667)	–	–
Tony Ristevski	2021	FY21 option grant	–	370,000	–	–	370,000	370,000
	2020	FY20 grant	–	140,858	–	(140,858)	–	–
	2020	FY19 grant	149,032	–	–	(149,032)	–	–
	2020	One-off	151,515	–	–	(151,515)	–	–

There were no options that were exercised or vested during the period. There were no options vested at the end of the period.

Table 7: Executive KMP Rights

			Balance as at 1 July	Granted	Cancelled	Balance as at 31 March
Shelley Beasley	2021	FY21 Retention Rights grant	–	225,000	–	225,000
	2020	FY18 Performance Rights grant	22,980	–	(22,980)	–
Tony Ristevski	2021	FY21 Retention Rights grant	–	175,000	–	175,000

There were no rights that were forfeited or vested during the period. There were no options vested at the end of the period.

Table 8: LTI and other equity awards key assumptions

	MD – LTI Options			Executive KMP	
	Tranche 1	Tranche 2	Tranche 3	FY21 LTI Options	FY21 Retention Rights
Vesting basis:					
– Tenure	Yes	Yes	Yes	Yes	Yes
– Performance	Yes	Yes	Yes	Yes	No
Performance hurdle	Share price > \$3.39	Share price > \$3.73	Share price > \$4.10	3 year share price target of \$4.10	n/a
Performance hurdle vesting assumption	Met/not met	Met/not met	Met/not met	Met/not met and vesting scale	Met/not met
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Black Scholes
Exercise price (\$)	3.08	3.08	3.08	3.08	nil
Dividend yield (%)	2.54	2.54	2.54	2.54	2.54
Risk-free interest rate (%)	0.10	0.12	0.14	0.14	0.10 to 0.14
Expected volatility (%)	50	50	50	50	50
Expected life (years)	1.08	2.08	3.08	3.07	0.69 to 2.69
Fair value per share (\$)	1.08	1.24	1.34	1.37	3.87 to 3.68
Vesting dates	19 August 2021	19 August 2022	19 August 2023	19 August 2023	30 June 2021 to 30 June 2023
Expiry date	3 years after vesting date	3 years after vesting date	3 years after vesting date	2 years after vesting date	n/a

b. Shareholdings of KMP

The number of ordinary shares/options in Webjet held directly, indirectly or beneficially by each individual (including shares held in the name of the spouse, superannuation fund, nominee and/or other controlled entities) as at 31 March 2021 are shown in Table 9 below.

Table 9: Shares

		Year	Balance as at 1 July No.	Received on exercise of LTI No.	Other movements No.	Balance at 31 March No.	
Non-executive Directors	Roger Sharp	2021	303,645	–	(64,000)	239,645	
		2020	156,587	–	147,058	303,645	
	Don Clarke	2021	75,038	–	–	75,038	
		2020	34,519	–	40,519	75,038	
	Denise McComish ⁽¹⁾	2021	–	–	–	–	
		2020	–	–	–	–	
	Brad Holman	2021	125,128	–	1,112	126,240	
		2020	54,008	–	71,120	125,128	
	Shelley Roberts	2021	33,884	–	–	33,884	
		2020	16,942	–	16,942	33,884	
	Toni Korsanos ⁽²⁾	2021	10,000	n/a	n/a	n/a	
		2020	5,000	–	5,000	10,000	
	Executive Director	John Guscic	2021	10,375,235	–	(5,521,468)	4,853,767
			2020	6,999,545	–	3,375,690	10,375,235
Executive KMP	Shelley Beasley	2021	187,107	–	(173,756)	13,351	
		2020	115,418	–	71,689	187,107	
	Tony Ristevski	2021	101,687	–	(100,000)	1,687	
		2020	5,000	–	96,687	101,687	

(1) Appointed effective 1 March 2021.

(2) Resigned effective 24 March 2021.

c. Prohibition on hedging of Webjet shares and options

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

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

All arrangements that the Managing Director has in place received clearance from the Chairman in accordance with the Company's Share Trading and Conflicts Policy.

d. KMP Transactions

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

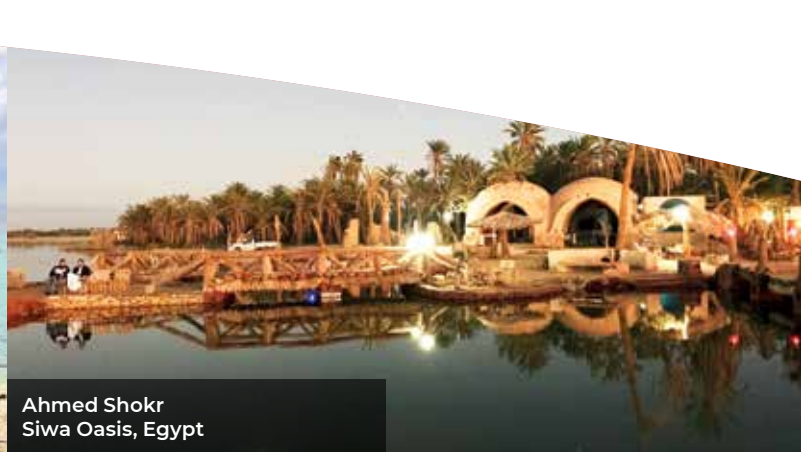
As at 31 March 2021, the Managing Director has a loan owing to the Company of \$1,760,489. The loan is at commercial interest rates and secured against the shares exercised under the option funded by the loan. Full repayment is not due until the Managing Director ceases employment.

During the year, there were no repayments or advances and interest of \$54,801 was charged on the outstanding balance by the Company.

This Remuneration Report was approved by the Board on 19 May 2021 and has been signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001* (Cth).



Feona Mae Rivera
Manila



Ahmed Shokr
Siwa Oasis, Egypt



Tiny Home
Upper Beaconsfield
Victoria, Australia

Unique secluded bush style property we spent a night in. The sounds and atmosphere that nature provides will give you the feeling of being a million miles away with the stresses of life left behind.

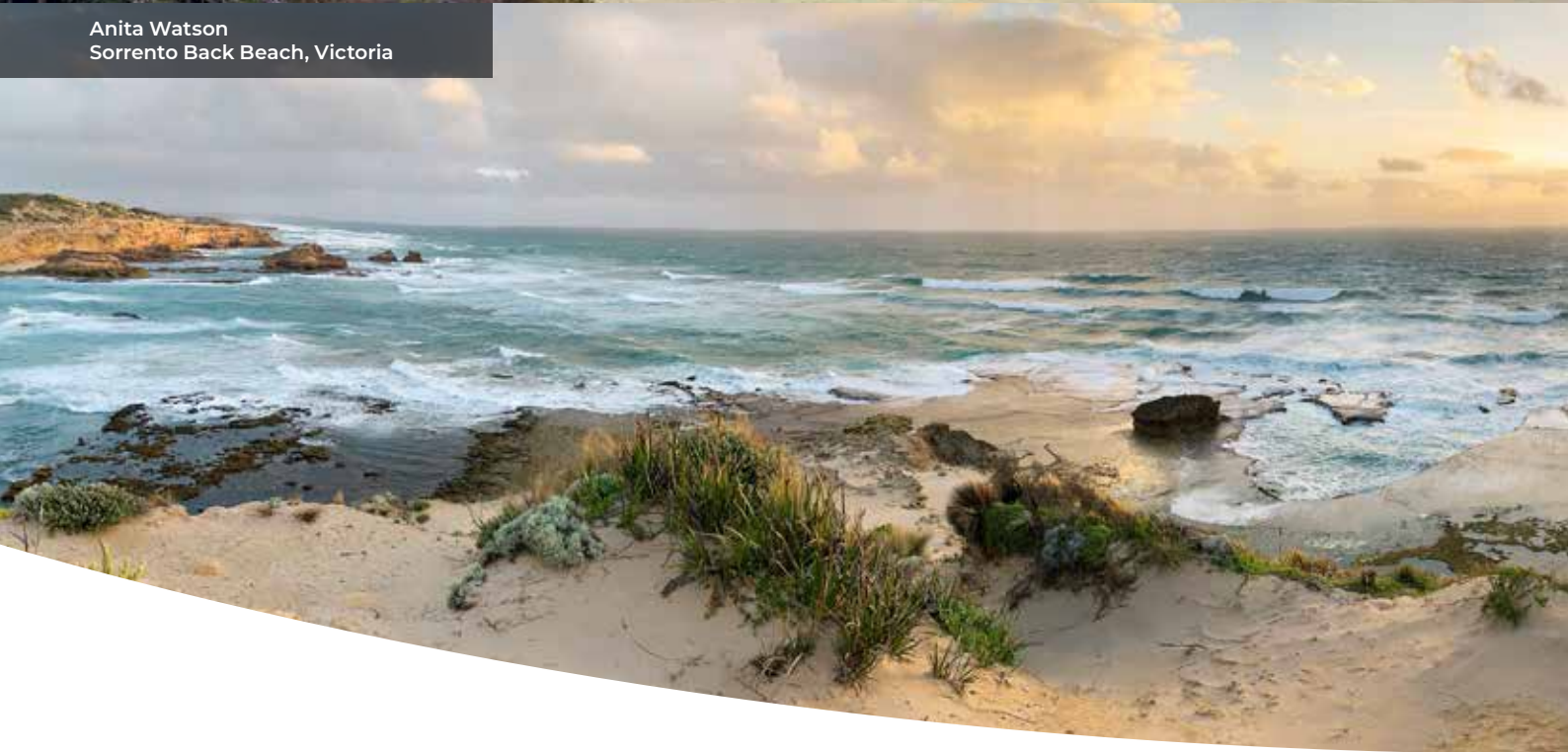
L. Mckerrow



Kady Khoo
Whagapapa, New Zealand



Anita Watson
Sorrento Back Beach, Victoria





Joe Kendall
Isle of Canna, Scotland



Joe Kendall
Fife, Scotland



Geoff Ballard
Victoria, Australia





Christophe Van Damme
Sancerre, France

Helen Cheong



Financial Report

For the nine months ended 31 March 2021

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Note: The Group changed the year-end from 30 June to 31 March during the year. As a result, the Consolidated Statement of Profit and Loss and Other Comprehensive Income and the Consolidated Statement of Cashflow for the period ended 31 March 2021 is for nine months, and the comparative period ended 30 June 2020 is for 12 months.

Consolidated statement of profit or loss and other comprehensive income

For the nine months ended 31 March 2021

		9 months ended 31 March 2021	12 months ended 30 June 2020
	Notes	\$m	\$m
Revenue from customers	1.2	38.5	266.1
Other income		0.2	0.8
		38.7	266.9
Employee benefit expenses	1.3	(63.4)	(111.6)
Operating expenses	1.4 (i)	(35.4)	(128.1)
Other non-operating expenses	1.4 (ii)	(69.0)	(117.7)
Loss before interest, tax, depreciation and amortisation		(129.1)	(90.5)
Finance costs	2.3	(15.1)	(16.7)
Depreciation and amortisation	3.1, 3.2	(33.4)	(51.6)
Loss before income tax		(177.6)	(158.8)
Income tax benefit	4.4	21.0	15.3
Net loss after tax		(156.6)	(143.5)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
– Exchange difference on translating foreign operations		(50.8)	(5.9)
– Changes in the fair value of hedging instruments		2.3	(0.7)
		(48.5)	(6.6)
Items that have been subsequently reclassified to profit or loss			
– Cash flow hedges recycled to profit or loss		3.0	1.9
Other comprehensive loss for the period, net of income tax		(45.5)	(4.7)
Total comprehensive loss for the period		(202.1)	(148.2)
		Cents per share	Cents per share
Loss per share:			
Basic (cents per share)	1.6	(46.2)	(82.1)
Diluted (cents per share)	1.6	(46.2)	(82.1)

Notes to the consolidated financial statements are included on pages 68 to 105.

Consolidated statement of financial position

As at 31 March 2021

	Notes	As at 31 March 2021 \$m	As at 30 June 2020 \$m
Current assets			
Cash and cash equivalents		261.0	209.6
Trade receivables and other assets	2.1	43.4	74.5
Total current assets		304.4	284.1
Non-current assets			
Intangible assets	3.1	801.7	870.5
Property, plant and equipment	3.2	23.2	31.8
Deferred tax assets	4.4	43.3	26.0
Investment in associate	3.4	5.4	–
Other non-current assets	2.1	2.0	3.1
Total non-current assets		875.6	931.4
Total assets		1,180.0	1,215.5
Current liabilities			
Trade payables and other liabilities	2.2	109.4	97.0
Borrowings	2.3	124.0	6.9
Convertible Note embedded derivative	2.3	93.3	–
Other current liabilities	2.4	68.3	65.9
Total current liabilities		395.0	169.8
Non-current liabilities			
Borrowings	2.3	130.0	180.0
Deferred tax liabilities	4.4	32.2	31.1
Other non-current liabilities	2.4	15.7	29.5
Total non-current liabilities		177.9	240.6
Total liabilities		572.9	410.4
Net assets		607.1	805.1
Equity			
Issued capital	4.1	847.4	847.4
Reserves		(51.9)	(10.5)
Retained losses		(188.4)	(31.8)
Total equity		607.1	805.1

Notes to the consolidated financial statements are included on pages 68 to 105.

Consolidated statement of changes in equity

For the nine months ended 31 March 2021

	Issued capital ⁽¹⁾	Share-based payments reserve	Other reserves ⁽²⁾	Foreign currency translation reserve	Retained losses	Total equity
	\$m	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2019	510.8	3.1	(25.8)	20.0	136.1	644.2
Adoption of new accounting standards ⁽³⁾	–	–	–	–	(1.0)	(1.0)
Loss for the period	–	–	–	–	(143.5)	(143.5)
Amounts in reserves recycled to the income statement	–	–	1.9	–	–	1.9
Other comprehensive loss for the period, net of income tax	–	–	(0.7)	(5.9)	–	(6.6)
Total comprehensive (loss)/income for the period	–	–	1.2	(5.9)	(143.5)	(148.2)
Transactions with owners in their capacity as owners						
Contributions of equity, net of transaction costs and tax	336.2	–	–	–	–	336.2
Share-based payment expense recognised for the period ⁽⁴⁾	–	4.4	–	–	–	4.4
Transfer from share-based payment reserve	0.4	(7.5)	–	–	7.1	–
Dividends declared/paid	–	–	–	–	(30.5)	(30.5)
Balance at 30 June 2020	847.4	–	(24.6)	14.1	(31.8)	805.1
Loss for the period	–	–	–	–	(156.6)	(156.6)
Amounts in reserves recycled to the income statement	–	–	3.0	–	–	3.0
Other comprehensive loss for the period, net of income tax	–	–	2.3	(50.8)	–	(48.5)
Total comprehensive (loss)/income for the period	–	–	5.3	(50.8)	(156.6)	(202.1)
Transactions with owners in their capacity as owners						
Share-based payment expense recognised for the period	–	4.1	–	–	–	4.1
Balance at 31 March 2021	847.4	4.1	(19.3)	(36.7)	(188.4)	607.1

(1) Refer to note 4.1 for details on issued capital movements.

(2) Made up of cashflow hedge reserve of \$1.0 million (2020: (\$4.2) million), available for sale reserve of \$0.1 million (2020: \$0.1 million) and a business combination reserve of (\$20.4) million.

In FY19, the Group established Umrah Holidays, a joint venture in which the Group holds a 51% equity interest. The Group has an option to acquire the other 49% held by outside shareholders in tranches at a price to be determined between 2020 and 2024. Under accounting standards, the value of the put has been recognized as a liability to reflect the estimated present value of outflows to acquire the minority share, with the corresponding debit recognised in equity in the business combination reserve. The Group's accounting policy is to recognise the subsequent changes in the fair value of the put option to the income statement – refer note 1.4 (ii).

(3) The Group adopted AASB 16 Leases on 1 July 2019.

(4) Includes impact of the FY20 LTI cancellation expenses of \$3.1 million.

Notes to the consolidated financial statements are included on pages 68 to 105.

Consolidated statement of cashflow

For the nine months ended 31 March 2021

		9 months ended 31 March 2021	12 months ended 30 June 2020
	Notes	\$m	\$m
Net loss after tax		(156.6)	(143.5)
<i>Add back:</i>			
– Depreciation and amortisation	3.1, 3.2	33.4	51.6
– Finance cost, net of interest income		14.9	15.9
– Income tax benefit	4.4	(21.0)	(15.3)
Earnings before interest, tax, depreciation, amortisation		(129.3)	(91.3)
Adjusted for changes in working capital:			
– Decrease in trade debtors and other receivables		24.2	155.8
– Increase/(decrease) in trade payables and other liabilities		5.6	(400.2)
Non-cash items ⁽¹⁾		73.5	111.9
Cash flow from operating activities before interest and tax paid		(26.0)	(223.8)
Net finance cost paid		(6.1)	(15.3)
Income tax expense paid		(0.2)	(11.7)
Net cash flows from operating activities	1.8	(32.3)	(250.8)
Purchase of property, plant and equipment	3.2	(1.2)	(3.7)
Purchase of intangible assets	3.1	(13.2)	(26.7)
Proceeds from sale of property, plant and equipment		–	0.8
Proceeds from sale of intangible assets	3.1	–	1.0
Purchase of subsidiary net of overdraft assumed/cash acquired ⁽²⁾		–	(5.5)
Dividends received		0.2	0.2
Net cash outflows from investing activities		(14.2)	(33.9)
Payment of dividends	1.7	–	(18.3)
Proceeds from issue of share capital, net of share issue costs ⁽³⁾	4.1	(1.9)	333.9
Proceeds from borrowings	2.3 (c)	160.5	–
Repayments of borrowings	2.3 (c)	(53.4)	(19.1)
Payments of lease liabilities	3.1	(3.3)	(4.5)
Net cash inflows from financing activities		101.9	292.0
Net increase in cash and cash equivalents		55.4	7.3
Cash and cash equivalents at the beginning of period		209.6	211.4
Effects of foreign exchange translation on cash and cash equivalents		(4.0)	(9.1)
Cash and cash equivalents at end of period		261.0	209.6

(1) Comprises share-based payment expenses of \$4.1 million (2020: \$1.3 million) per note 1.3 and non-cash items of \$69.4 million (2020: \$110.6 million) per note 1.4(ii).

(2) Relates to final working capital payment on the 2018 Destinations of the World acquisition.

(3) A portion of share issue costs were paid in the current period.

1 Performance

1.1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. 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 period ended 31 March 2021 is set out in the tables below.

	9 months ended 31 March 2021	12 months ended 30 June 2020	9 months ended 31 March 2021	12 months ended 30 June 2020	9 months ended 31 March 2021	12 months ended 30 June 2020	9 months ended 31 March 2021	12 months ended 30 June 2020
	B2C		B2B		Corporate		Total	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Total transaction value ⁽¹⁾	255.4	1,156.2	197.7	1,864.6	–	–	453.1	3,020.8
Revenue ⁽²⁾	25.7	112.2	12.8	153.9	–	–	38.5	266.1
Operating costs	(24.8)	(87.9)	(59.7)	(138.6)	(10.2)	(11.9)	(94.7)	(238.4)
EBITDA⁽³⁾	0.9	24.3	(46.9)	15.3	(10.2)	(11.9)	(56.2)	27.7
Share-based payment expense							(4.1)	(1.3)
EBITDA after share-based payment expense and before other non-operating expenses							(60.3)	26.4
Other non-operating expenses							(69.0)	(117.7)
Net interest ⁽⁴⁾							(14.9)	(15.9)
Depreciation and amortisation							(33.4)	(51.6)
Loss before tax							(177.6)	(158.8)
Income tax benefit							21.0	15.3
Net loss after tax							(156.6)	(143.5)

(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.

1.1 Segment information (continued)

Split of segment revenue and non-current assets by geography based on domicile of legal entity and does not reflect actual destination or source market. Non-current assets excludes deferred taxes and investment in associates.

	Revenue		Non-current assets ⁽¹⁾	
	9 months ended 31 March 2021	12 months ended 30 June 2020	As at 31 March 2021	As at 30 June 2020
	\$m	\$m	\$m	\$m
Australia	20.4	91.7	43.9	41.8
New Zealand	5.3	20.5	71.6	72.5
Total B2C	25.7	112.2	115.5	114.3
United Arab Emirates	7.5	120.1	460.2	513.4
United Kingdom	0.1	13.8	230.1	246.7
Others	5.2	20.0	21.1	31.0
Total B2B	12.8	153.9	711.4	791.1
Total	38.5	266.1	826.9	905.4

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

1.2 Revenue from customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under AASB 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

(a) Revenue streams

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

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

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

1.2 Revenue from customers (continued)

Variable consideration

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

Significant financing component

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

Cancellations

Revenue is recognised when the booking is non-cancellable or to the extent that the amount received is non-refundable under the cancellation policy related to the travel booking.

(b) Disaggregation of revenue

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

	Revenue recognition	B2C	B2B	Total
		\$m	\$m	\$m
9 months ended 31 March 2021				
Booking commission revenue	Point in time	18.4	11.7	30.1
Supplier rebates	Over time	3.8	0.2	4.0
Other ancillary revenue	Over time	2.5	0.9	3.4
	Point in time	1.0	–	1.0
Total revenue from contracts with customers⁽¹⁾		25.7	12.8	38.5
12 months ended 30 June 2020				
		\$m	\$m	\$m
Booking commission revenue	Point in time	86.9	137.5	224.4
Supplier rebates	Over time	14.8	2.2	17.0
Other ancillary revenue	Over time	6.5	14.0	20.5
	Point in time	4.0	0.2	4.2
Total revenue from contracts with customers⁽¹⁾		112.2	153.9	266.1

(1) Excludes interest income.

1.2 Revenue from customers (continued)

(c) Contract assets and contract liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'. The Group has adopted the terminology used in AASB 15 to describe such balances.

These balances are included in trade receivables and other assets and other liabilities in the balance sheet.

	B2C	B2B	Total
As at 31 March 2021	\$m	\$m	\$m
Contract assets	1.5	2.1	3.6
Contract liabilities	(25.4)	(0.5)	(25.9)

	B2C	B2B	Total
As at 30 June 2020	\$m	\$m	\$m
Contract assets	1.2	2.6	3.8
Contract liabilities	(27.0)	(0.5)	(27.5)

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

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

(d) Significant judgements – the Group is an agent

The Group has concluded that it acts as an agent in providing online travel booking services. Webjet's performance obligation is to arrange for the provision of flights, hotel rooms or other ancillary travel related products by another party (being the airline, hotel or car hire company). For this service, Webjet recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging a booking. Webjet's commission can either be based on a booking fee, or the residual amount received from the customer after paying the associated cost to the supplier of the travel service.

1.3 Employee benefit expenses

Employee benefits comprise salaries (basic pay and benefits), on costs (retirement contributions, payroll taxes), share-based payments, incentives and other employee-related expenses. Basic pay and benefits do not include government subsidies received during the period which have been recognised separately. Refer to note 1.4(ii).

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

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Salaries	50.9	94.8
Salary on costs (post-employment contribution and payroll taxes)	6.3	10.0
Share-based payment expense	(b) 4.1	1.3
Other employee benefits	2.1	5.5
Total employee benefit expense	63.4	111.6

(b) Share-based payment expense

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

The following is a summary of the share-based payment arrangements of the Group:

Managing Director Options	<p>In light of all equity incentives and STIs being cancelled in FY20 and to protect talent in the long-term, Webjet introduced the new LTI plan.</p> <p>Shareholder approval was sought on 22 October 2020 for the grant of 4,500,000 long-term incentive options to the Managing Director (MD). The Options align with the 3-year term of the MD's contract and were calculated as having a value of 66% of the MD's Fixed Annual Remuneration (FAR) for each of the next 3 years. No other LTI is intended to be granted to the MD in the next 3 years as it was not considered appropriate to make ongoing annual grants of LTI vesting over a 3 year period given the Managing Director's contract term. The MD needs to fund the exercise price of any Options and hold the shares for a further 12 month period following vesting.</p>
Executive Options	<p>The Executive KMP qualified in FY21 for grants under the Company's LTI Plan which were designed to provide a long-term element to each participant's overall remuneration package.</p> <p>In FY21, the Executive KMP were granted Options.</p> <p>Options were granted under the LTI because options act in such a way that there are intrinsic Company growth hurdles i.e. the Options have a higher value as the Company share price increases. This aligns the executive management team with the long-term sustainable growth of the Company and with the creation of shareholder value.</p>
Executive and Key Staff Performance Rights	<p>The Board granted Rights to the executive team (including the Executive KMP) with an attaching service condition in order to act as a retention mechanism for the executives and key staff. The Rights were determined as necessary due to the uncertainty brought by the COVID-19 pandemic and in recognition of foregone fixed remuneration, cancelled LTI incentives, as well as cancelled STIs in FY20 and FY21. It was also an incentive for those with technical skills which were in high demand (with the move to on-line) to remain with the Company.</p> <p>The Managing Director was not eligible to receive these Rights..</p>

1.3 Employee benefit expenses (continued)

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

	Type	Grants	Balance at start of the period	Granted	Forfeited	Cancelled	Balance at the end of the period	Unvested at the end of the period
Managing Director								
FY21	Options	FY21 Grant	–	4,500,000	–	–	4,500,000	4,500,000
FY20	Options	FY18 Grant	2,787,362	–	(232,217)	(2,555,145)	–	–
Executive KMP and other senior executives								
FY21	Options	FY21 Grant	–	3,530,000	–	–	3,530,000	3,530,000
	Rights	FY21 Grant	–	1,075,000	–	–	1,075,000	1,075,000
FY20	Options	FY20 Grant	–	1,323,799	–	(1,323,799)	–	–
	Options	FY19 Grant	1,108,204	–	–	(1,108,204)	–	–
	Options	One-off	1,038,788	–	–	(1,038,788)	–	–
	Rights	FY18 Grant	150,334	–	–	(150,334)	–	–
Key Staff								
FY21	Rights	FY21 Grant	–	2,581,000	–	–	2,581,000	2,581,000

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

	MD options			Executive KMP and other senior executives		Other key staff
	Tranche 1	Tranche 2	Tranche 3	FY21 LTI options	FY21 Retention rights	FY21 rights
<i>Vesting basis:</i>						
– Tenure	Yes	Yes	Yes	Yes	Yes	Yes
– Performance	Yes	Yes	Yes	Yes	No	No
Performance hurdle	Share price > \$3.39	Share price > \$3.73	Share price > \$4.10	3-year share price target of \$4.10	n/a	3-year share price target of \$4.10
Performance hurdle vesting assumption	Met/not met	Met/not met	Met/not met	Met/not met and vesting scale	Met/not met	Met/not met and vesting scale
Pricing model	Monte Carlo	Monte Carlo	Monte Carlo	Monte Carlo	Black Scholes	Monte Carlo
Exercise price (\$)	3.08	3.08	3.08	3.08	nil	nil
Dividend yield (%)	2.54	2.54	2.54	2.54	2.54	2.54
Risk-free interest rate (%)	0.10	0.12	0.14	0.14	0.10 to 0.14	0.10 to 0.14
Expected volatility (%)	50	50	50	50	50	50
Expected life (years)	1.08	2.08	3.08	3.07	0.69 to 2.69	3.07
Fair value per share (\$)	1.08	1.24	1.34	1.37	3.87 to 3.68	2.38
Vesting dates	19 August 2021	19 August 2022	19 August 2023	19 August 2023	30 June 2021 to 30 June 2023	19 August 2023
Expiry date	3 years after vesting date	3 years after vesting date	3 years after vesting date	2 years after vesting date	n/a	n/a

1.3 Employee benefit expenses (continued)

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

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

(c) Key management personnel compensation

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

Remuneration paid to the KMPs is shown below:

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Short-term employee benefits	2.1	3.1
Post-employment benefits	0.1	0.1
Share-based payments ⁽¹⁾	2.3	1.3
Key management personnel compensation	4.5	4.5

(1) Prior period includes \$0.9 million arising from accelerated share-based payment expense on cancellation of long-term incentive schemes.

Detailed remuneration disclosures are provided in the Remuneration Report.

1.4 Other expenses

(i) Operating expenses comprise:

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Marketing expenses	3.9	32.4
Operating expenses	5.6	48.0
Technology expense	11.5	24.4
Administrative expenses	8.9	15.1
Other expenses	5.5	8.2
Total operating expenses	35.4	128.1

(ii) Other non-operating expenses comprise:

		9 months ended 31 March 2021	12 months ended 30 June 2020
	Footnotes	\$m	\$m
Change in put option liability	1	(3.7)	(11.0)
Loss/(gain) arising from increase/decrease of earn-out provision	2	6.8	(14.5)
Expense recognised from increase in consideration paid for DOTW outside the measurement period	3	–	14.5
SaaS implementation cost expensed	4(i)	2.3	–
Write-off of SaaS implementation costs previously capitalised	4(ii)	1.7	–
Write-off of trade receivables	5	9.5	83.9
Closure of Exclusives business	6	–	14.6
Restructure costs	7	2.5	7.2
Government subsidies received	8	(5.3)	(2.6)
Gain on disposal of office building	9	(0.4)	–
Cancellation of long-term incentive plans	10	–	3.1
Online Republic Cruise business closure costs	11	–	0.7
Impairment of intangible assets arising from business closures	12	–	20.0
Business acquisition and integration costs	13	0.1	1.8
Fair value changes of embedded derivatives			
– loss on intrinsic value of embedded derivatives	14	22.3	–
– loss on recognition of the conversion incentive	14	33.2	–
Total other non-operating expenses		69.0	117.7
Comprising			
– Cash (items 4(i), 7, 8, 11, 13)		(0.4)	7.1
– Non-cash		69.4	110.6

Footnotes on page 76.

1.4 Other expenses (continued)

- (1) The Group holds options to acquire the remaining 49% held by outside shareholders in Umrah Holidays International. These options can be exercised between 2020 and 2024. Under accounting standards, the value of the put option liability is reassessed at each reporting period to reflect the estimated present value of outflows to acquire the minority share.
- (2) In 2019, following a review of our contractual obligations and mechanism to determine the earn-out payable to the seller of Destinations of the World ("DOTW"), and due advice received from advisers, the Group determined no earn-out would be payable to the sellers of DOTW as the required earnings was not achieved. This was disputed by the seller and has now been settled, resulting in the expense of \$6.8 million.
- (3) The final consideration to be paid on the acquisition of DOTW was determined after negotiations with the seller regarding the final working capital. This involved the use of an expert, who determined the final working capital adjustment on 24 December 2019. Given this was outside the measurement period per the accounting standards which ended 21 November 2019, the adjustment to the consideration payable has been recognised in profit or loss.
- (4) In March 2021, the IFRIC clarified the treatment for accounting for SaaS software arrangements, and confirmed that certain configuration and customisation costs incurred to implement SaaS arrangements be expensed as incurred. Consequently, the Group has assessed its capitalised costs relating to SaaS arrangements, which all relate to the current ERP implementation. Work is still underway to re-assess the nature of the costs incurred, which may result in a portion being eligible for capitalisation. At 31 March 2021, as the review has not been concluded, all costs relating to the ERP implementation have been expensed. Refer to Note 4.7 for more detail.
- (5) In 2021, receivables write-off comprises the residual risk of customers adversely impacted by COVID-19. At June 2020, attempts to recover these amounts were still underway; however, due to the extended adverse impacts on trading of COVID-19 which resulted in a further deterioration of these customers viability, amounts owing from these customers have been written off in December 2020. This represents the residual receivables risk attributable to COVID-19. Measures to further enhance the Group's credit management have been put in place and involve minimising credit risk exposure using deposits, guarantees and other credit enhancement measures.
In 2020, \$44 million of the write-off arose from Thomas Cook which entered compulsory liquidation in September 2019. \$39.9 million of the write-off arose from increased credit losses realised due to the disruption of travel brought about by the COVID-19 pandemic.
- (6) The closure of the Exclusives business in May 2020 resulted in the write-off of amounts owing from customers (receivables) and suppliers (prepayments) to the amount of \$14.6 million which were considered irrecoverable.
- (7) Restructure costs primarily consists of redundancy costs incurred on the restructure of the global workforce necessitated by the adverse impacts of COVID-19 pandemic.
- (8) As a result of the economic impact on economies of the COVID-19 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.
- (9) In March 2021, the Group disposed of an office building floor in Dubai that was no longer required due to an earlier restructure and reduction in number of employees in that region.
- (10) Relates to the accelerated future costs of share-based payments that were cancelled during the previous year.
- (11) In 2020, closure of the Online Republic Cruise business resulted in costs of \$0.7 million relating to redundancies, office closure costs and commission cancellations.
- (12) Closure of the Online Republic Cruise and Webjet Exclusives business resulted in an impairment of \$20 million across goodwill, trademarks and other intangibles.
- (13) Business acquisition and integration costs mainly comprise additional consultancy fees for legal and advisory services on acquisitions, integrations and incremental compliance costs arising from acquiring and subsequently integrating businesses.
- (14) The Group has recognised the conversion feature in Unsecured Convertible Notes as an embedded derivative financial instrument carried at fair value. Refer note 2.3. For the period, the derivative liability has increased resulting in a fair value loss. The fair value loss comprises the impact of the increase in share price compared to conversion price, and the conversion incentive fee given the conversion offer had been made on 31 March 2021.

1.5 Remuneration of auditors

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Audit and review of financial statements	1,345	1,525
Tax-related services	397	699
Other non-audit services	100	11
Total remuneration	1,842	2,235

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

1.6 Loss per share

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

The weighted average number of shares used as the denominator is as follows:

	9 months ended 31 March 2021	12 months ended 30 June 2020
	No of shares (m)	No of shares (m)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	345.8	174.8

1.7 Dividends

No dividends were declared or paid during the period. In FY20, an interim dividend of 9.0 cents per share was declared.

	9 months ended 31 March 2021	12 months ended 30 June 2020	9 months ended 31 March 2021	12 months ended 30 June 2020
	cps	cps	\$m	\$m
Final dividend for the prior period	–	13.5	–	18.3
Interim dividend to the current period	–	9.0	–	12.2

The payment of the FY20 interim dividend has been further deferred to at least 21 July 2022 due to continued uncertainty in the travel industry. The provision for dividend is classified as a current liability – refer to note 2.4.

Franking credit account

	31 March 2021	30 June 2020
	\$m	\$m
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2020: 30%)⁽¹⁾	(0.7)	(0.8)

(1) The balance of the adjusted franking account includes:

- (a) franking credits that will arise from the payment of the amount of the provision of income tax
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

At 31 March 2021, the Company has a franking account deficit for accounting purposes. This arose from the use of previously available franking credits by the 1H20 deferred interim dividend, without any additional franking credits arising from tax payments during the year as the Company has incurred tax losses.

For tax purposes, a franking deficit tax liability will only arise when the 1H20 deferred dividend is actually paid, which will be assessed after the release of the 1H22 results.

1.8 Operating cashflows reconciliation

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

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

Operating cashflow per the direct method

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Receipts from customers	468.5	3,260.3
Payments to suppliers and employees	(494.5)	(3,484.1)
Net finance cost paid	(6.1)	(15.3)
Income tax expense paid	(0.2)	(11.7)
Net cash flows used in operating activities	(32.3)	(250.8)

2 Working capital and borrowings

2.1 Trade receivables and other assets

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

	31 March 2021	30 June 2020
	\$m	\$m
Trade receivables	24.9	51.9
Contract assets	3.6	3.8
Credit loss allowance	(2.6)	(8.1)
Trade receivables	25.9	47.6
Prepayments	5.3	8.2
Term deposit	1.0	0.8
Other current assets ⁽¹⁾	11.2	17.9
Total trade receivables and other assets	43.4	74.5
Other non-current assets		
Loans to related parties ⁽²⁾	1.8	1.7
Other financial assets	0.2	1.4
Total other non-current assets	2.0	3.1

(1) Other current assets predominantly include paid supplier deposits and indirect tax receivables.

(2) In 2016, the Board approved to provide John Guscic with a limited recourse loan of \$1.5 million, at a commercial interest rate. As part of the loan terms, the loan was used to exercise vested options, and secured against the resulting shares. The loan is classified as other non-current assets in the consolidated statement of financial position. During the year, no further amounts were advanced (2020: nil). Interest (charged at market interest rates) was \$0.1 million for the period (2020: \$0.1 million).

Receivables ageing, contract assets and credit risk allowance

	B2C	B2B	Total
31 March 2021	\$m	\$m	\$m
Current	2.2	16.5	18.7
30 to 90 days	0.1	4.5	4.6
90 to 180 days	0.1	1.5	1.6
over 180 days	–	–	–
	2.4	22.5	24.9
Contract assets	1.5	2.1	3.6
Gross trade and other receivables			28.5
Allowance based on historic credit losses			(0.1)
Adjustment for respective changes in credit risk			(2.5)
Total trade and other receivables			25.9

In 2021, \$9.5m (2020: \$84 million) of the decrease in receivables, net of credit loss allowance, arose from the write-off of receivables during the period as noted in note 1.4(ii).

2.1 Trade receivables and other assets (continued)

	B2C	B2B	Total
	\$m	\$m	\$m
30 June 2020			
Current	7.8	3.6	11.4
30 to 90 days	–	8.8	8.8
90 to 180 days	0.1	31.6	31.7
over 180 days	–	–	–
	7.9	44.0	51.9
Contract assets	1.2	2.6	3.8
Gross trade and other receivables			55.7
Allowance based on historic credit losses			(0.5)
Adjustment for respective changes in credit risk			(7.6)
Total trade and other receivables			47.6

Impairment of trade receivables

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

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

The expected loss rates are based on the payment profiles of total transaction value (TTV) over a period of 24 months before 31 March 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables such as GDP, and the unemployment rate of the regions in which the customer operates, and accordingly adjusts the historical loss rates if there are material deteriorations to these macroeconomic indicators identified.

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

The credit loss allowance is calculated by applying the Group credit matrix to the ageing of trade receivables as above.

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

The movement in the credit loss allowance was as follows:

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Opening credit loss allowance	(8.1)	(24.6)
Increase in credit allowance recognised in profit or loss	–	(1.4)
Utilisation of provision	4.0	18.6
Impact of FX translation	1.5	(0.7)
Closing credit loss allowance	(2.6)	(8.1)

During the period, \$9.5 million (2020: \$83.9 million) were written off (refer note 1.4(ii)). These amounts were not previously provided for as they related to one-off events that are deemed not to reflect the credit quality of the portfolio of customers

2.1 Trade receivables and other assets (continued)

Credit risk

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

The Group has adopted a policy of only dealing with parties considered to be creditworthy. The Group has in place strong credit management policies to minimise credit risk exposure. This includes strict credit approval process, delegation of authorities with respect to increases in limits requested, continuous monitoring of the financial health of customers, and use of cash deposits, bank guarantees and other credit enhancement measures.

Due to the adverse impact of COVID-19 on customers, an assessment of the debtor book resulted in further write-offs of certain aged debtors, as the probability of recoverability was assessed as very low. Refer to note 1.4(ii) for details around debtor write-offs recognised.

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

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

2.2 Trade payables and other liabilities

	31 March 2021			30 June 2020		
	B2C	B2B	Total	B2C	B2B	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Trade payables	21.5	63.8	85.3	21.3	41.9	63.2
Accrued expenses	9.7	14.4	24.1	11.0	22.8	33.8
Total trade and other payables	31.2	78.2	109.4	32.3	64.7	97.0

2.3 Borrowings and finance costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

(a) Unsecured Convertible Notes

On 10 July 2020, the Group issued €100 million (or A\$163 million) Unsecured Convertible Notes ("Notes") to improve the capital position of the Company as it continued to navigate the challenging operating environment caused by COVID-19 travel restrictions. The net proceeds from the offer of the Notes were used in part to repay \$50 million of the Company's existing term debt, enabling the Company to extend remaining term debt maturity. The Notes have a coupon of 2.50% per annum, paid on a semi-annual basis, mature on 9 July 2027, are unsubordinated and unsecured, and are listed on the Singapore Exchange.

Initially, the Notes could be cash-settled from 1 July 2021. Following shareholder approval received on 22 October 2020, and existing Noteholder consent in November 2020, the cash-settlement feature of the Notes was replaced with an equity-settled feature, effective from 30 November 2020. All other terms of the Notes remained unchanged.

Each Note is convertible into Webjet Limited shares at a fixed conversion price of \$4.092 per share from the issue date until 60 business days prior to the final maturity date of 9 July 2027. With a fixed exchange rate of \$1.6238 = €1.00, the maximum number of shares that could be issued on full conversion of the Notes (assuming no adjustment in the conversion price) is 39.7 million shares.

In April 2021, the Unsecured Convertible Notes were fully settled by issuing 39.7 million shares and paying a conversion incentive fee of \$33.2 million. Refer note 4.9(ii) for details.

2.3 Borrowings and Finance Costs (continued)

Debt component

The conversion feature of the Notes is required to be separated from the Notes and is accounted for separately as a derivative financial liability. As a result, the Notes are initially recognised at a discounted amount of €76.9 million (A\$125.9 million). The discount is amortised as interest expense using the effective interest method over the terms of the Notes.

Embedded derivative – Conversion feature

The conversion feature in the Notes represents the embedded derivative financial instrument in the host debt contract. The conversion feature represents the Group's obligation to issue Webjet Limited shares at a fixed price should noteholders exercise their conversion option.

The initial value of the embedded derivative was €23.1 million (A\$37.8 million). The embedded derivatives are carried in the Statement of Financial Position at their estimated fair value taking market participant assumptions into consideration, with any changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income, refer note 1.4.

Settlement of Convertible Notes

Where Convertible Notes are settled by issue of shares, the related financial liabilities are derecognised at their carrying value with the corresponding increase to share capital. Any costs incurred are recognised in profit or loss.

Where Convertible Notes are settled by payment of cash, the related financial liabilities are derecognised at their carrying value and the difference between total cash consideration paid and the carrying value of the financial liabilities derecognised is recognised in profit or loss.

Capitalised transaction costs

Webjet Limited incurred transaction costs upon the issuance of the Convertible Notes. Transaction costs relating to the Convertible Notes have been allocated between the debt component and the conversion derivatives using the relating proportions of these on initial measurement of the instruments. Costs attributed to the debt component are amortised to finance expense over the term of the Convertible Notes using the effective interest method. Costs allocated to the conversion derivatives are immediately recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Breakdown of borrowings

	Terms	Maturity	31 March 2021		30 June 2020	
			Current	Non-current	Current	Non-current
			\$m	\$m	\$m	\$m
Bank debt on acquisition of:						
– Thomas Cook ⁽¹⁾	Principal & Interest	Jun 21	3.2	–	6.9	–
– JacTravel ⁽²⁾	Interest Only	Nov 22	–	80.0	–	80.0
– DOTW ⁽²⁾	Interest Only	Nov 22	–	50.0	–	50.0
– DOTW	Interest Only	Nov 23	–	–	–	50.0
Bank debt			3.2	130.0	6.9	180.0
Unsecured Convertible Notes ⁽⁴⁾	Interest Only	Jul 27	123.4	–	–	–
Capitalised debt costs	n.a.	n.a.	(2.6)	–	–	–
Total Borrowings			124.0	130.0	6.9	180.0
Related derivatives						
Cross-currency interest rate swaps			–	3.1	–	12.6
Convertible Note embedded derivative ⁽³⁾⁽⁴⁾			93.3	–	–	–
			93.3	3.1	–	12.6

(1) During April 2021, a portion of the bank debt related to the Thomas Cook acquisition was repaid.

(2) On 30 June 2020, the loans related to the JacTravel (previously maturing August 2022) and the Destinations of the World acquisition (previously maturing November 2021) had their maturities extended to November 2022, and then to November 2023 in April 2021, after the repayment of term debt of \$26.6 million of JacTravel and \$16.6 million of DOTW were repaid in full during April 2021 from a portion of the proceeds received from the issue of \$250 million Convertible Notes. Refer note 4.9(i).

(3) The fair value of the embedded derivative comprises an intrinsic value of \$60.1 million and the value of the conversion incentive of \$33.2 million.

2.3 Borrowings and Finance Costs (continued)

(4) In April 2021, the liabilities associated with the unsecured Convertible Notes and embedded derivative were extinguished following acceptance by Noteholders of the Conversion Invitation. Refer 4.9(ii).

(c) Movement in borrowings

	Opening Balance 1 July 2020	Drawdowns 2021	Repayments 2021	Non Cash (Fair value, FX) 2021	Closing Balance 31 March 2021
	\$m	\$m	\$m	\$m	\$m
Bank debt	186.9	–	(53.4)	(0.3)	133.2
Unsecured Convertible Notes	–	125.9	–	(2.5)	123.4
Capitalised debt costs	–	(3.2)	–	0.6	(2.6)
Related derivatives					
– Cross-currency interest rate swaps	12.6	–	–	(9.5)	3.1
– Convertible Note embedded derivative	–	37.8	–	55.5	93.3
Total borrowings	199.5	160.5	(53.4)	43.8	350.4

(d) Covenant compliance

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

At 31 March 2021, the Group's lenders had consented to a waiver of certain financial covenants for the period 1 June 2021 to 31 March 2022 with the ratios to be tested on 30 June 2022 (with respect to the previous three-month EBITDA (annualised)) prior to resuming 12-monthly testing on and from 31 March 2023.

The waiver is subject to compliance with a minimum liquidity requirement of \$100 million at all times until the financial covenants are again in compliance, based on an unmodified testing.

Webjet Limited has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting periods.

(e) Finance costs

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Bank interest and borrowing costs	6.0	8.8
Convertible Notes interest – coupon	2.8	–
Convertible Notes interest – amortisation from discount value to par using effective interest rate method	5.6	–
Option premium expenses on hedging instruments	0.5	7.6
Lease interest	0.2	0.3
Total	15.1	16.7

2.4 Other liabilities

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

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

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

		31 March 2021	30 June 2020
	Notes	\$m	\$m
Current liabilities			
Contract liabilities ⁽¹⁾		25.9	27.5
Provision for dividend		12.2	12.2
Current tax liabilities		2.1	2.4
Client deposits		10.3	10.6
Provisions ⁽²⁾		3.9	7.3
Derivative financial instruments		0.1	0.9
Earn-out provision ⁽³⁾		6.8	–
Lease liabilities ⁽⁴⁾	3.3	1.6	4.2
Other current liabilities ⁽⁵⁾		5.4	0.8
		68.3	65.9
Non-current liabilities			
Provisions ⁽²⁾		1.2	0.5
Derivative financial instruments		3.1	12.6
Lease liabilities ⁽⁴⁾	3.3	6.3	7.1
Put option liability ⁽⁶⁾		5.1	9.3
		15.7	29.5

(1) Contract liabilities primarily consist of gift vouchers of \$25.2 million (2020: \$27 million) and deferred revenue of \$0.7 million (2020: \$0.5 million). Refer to note 1.2(c) for details on contract liabilities.

(2) Mainly comprises employee entitlements such as annual leave, long service leave and end of contract gratuities payable.

(3) Relates to the earn-out on the DOTW acquisition. Subsequent to initial recognition of the earn-out at acquisition, the amount payable has been reassessed and changes recognised in the statement of profit or loss (refer to note 1.4). The amount was paid in April 2021.

(4) Recognition of lease liabilities from adoption of AASB 16 Leases on 1 July 2019 (refer to note 3.3).

(5) FY21 mainly comprises \$5.4 million payable on acquisition of a 25% stake in LockTrip which was made in February 2021. Refer to note 3.4.

(6) Comprises the value of the put option contract on the establishment of Umrah Holidays. Webjet has the option to acquire the remaining 49% interest in Umrah Holidays held by external shareholders. As required by accounting standards, the option has been recognised in non-current liabilities. The liability is calculated as the present value of future payments to acquire the minority interest.

3 Non-current assets

3.1 Intangible assets

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

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

3.1 Intangible assets (continued)

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

	Goodwill	Trademarks	Capitalised development	Other	Total
Consolidated Entity	\$m	\$m	\$m	\$m	\$m
At 1 July 2020					
Cost or fair value	553.8	37.4	178.0	218.7	987.9
Accumulated amortisation and impairment	–	(17.3)	(60.9)	(39.2)	(117.4)
Net book amount	553.8	20.1	117.1	179.5	870.5
Additions	–	–	10.0	3.2	13.2
Write-off	–	–	–	(1.7)	(1.7)
Amortisation charge	–	(3.3)	(11.2)	(12.0)	(26.5)
Exchange differences	(34.1)	(1.1)	(5.6)	(13.0)	(53.8)
Closing net book amount	519.7	15.7	110.3	156.0	801.7
At 31 March 2021					
Cost or fair value	519.7	35.3	178.4	202.5	935.9
Accumulated amortisation	–	(19.6)	(68.1)	(46.5)	(134.2)
Net book amount	519.7	15.7	110.3	156.0	801.7

	Goodwill	Trademarks	Capitalised development	Other	Total
Consolidated Entity	\$m	\$m	\$m	\$m	\$m
At 1 July 2019					
Cost or fair value	567.4	40.9	154.5	219.6	982.3
Accumulated amortisation and impairment	–	(8.9)	(44.1)	(22.0)	(74.9)
Net book amount	567.4	32.0	110.4	197.6	907.4
Additions	–	–	23.2	3.5	26.7
Disposals	(1.0)	–	–	–	(1.0)
Impairment ⁽¹⁾	(12.4)	(3.6)	(1.5)	(2.5)	(20.0)
Write off	–	–	–	–	–
Amortisation charge	–	(7.7)	(15.2)	(19.8)	(42.8)
Exchange differences	(0.2)	(0.6)	0.3	0.7	0.2
Closing net book amount	553.8	20.1	117.1	179.5	870.5
At 30 June 2020					
Cost or fair value	553.8	37.4	178.0	218.7	987.9
Accumulated amortisation	–	(17.3)	(60.9)	(39.2)	(117.4)
Net book amount	553.8	20.1	117.1	179.5	870.5

(1) A total impairment of \$20 million across goodwill, trademarks and other intangibles resulted from the closure of the Online Republic Cruise business and Webjet Exclusives business.

3.1 Intangible assets (continued)

Impairment tests for intangible assets

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

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

During the year, as a result of the disruption in the travel industry due to COVID-19, the Group has tested the intangible assets inclusive of goodwill for impairment. Other intangible assets, such as trademarks, customer contracts and supplier agreements have been tested for impairment at the CGU level as they do not generate separately identifiable independent cashflows.

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

	B2C Travel	B2B Travel	Total
	\$m	\$m	\$m
31 March 2021			
Carrying amount of goodwill	45.6	474.1	519.7
Carrying amount of other intangible assets	61.2	220.8	282.0
	106.8	694.9	801.7
30 June 2020			
Carrying amount of goodwill	45.5	508.3	553.8
Carrying amount of other intangible assets	58.5	258.2	316.7
	104.0	766.5	870.5

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

Detailed monthly projections were performed for the next year-ending 31 March 2022 and are derived from board approved budgets. This takes into account the current depressed travel market mainly due to government restrictions and assumptions on resumption of domestic and international travel as shown below. Years 2 to 5 are based on gradual increase in travel, with return to normality based on pre-COVID-19 levels by 2023 (year 2), and double digit growth in the later years supported by similar growth prior to the COVID-19 pandemic in FY18 and FY19 (adjusted for impact of acquisitions). Compound annual growth rates (CAGR) are based on pre-COVID-19 profitability (based on FY19 profitability adjusted for acquisitions) since use of the FY21 year as a base would not be meaningful in analysing CAGR over the forecast period.

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

Key assumptions used for value-in-use calculations

	B2C Travel	B2B Travel
Resumption of domestic travel	Q2 2021	Q2 2021
Resumption of international travel ⁽¹⁾	2022	Q3 2021
Vaccine available, rollout and herd immunity achieved	Q4 2021	Q4 2021
Year expected to reach pre-COVID-19 profitability levels	2023	2023
5 year CAGR based on pre-COVID-19 profitability levels	9%	8%
Terminal growth rate	2%	2%
Tax rate	30%	10%
Post-tax discount rate	12%	11%

(1) Resumption of international travel for B2C assumes international travel in and out of Australia and New Zealand which are the primary markets for B2C. This has been aligned with the recent federal budget assumption. The resumption of international travel in the B2B segment assumes when international travel in major B2B markets such as Europe, Middle East and Asia will resume. The contribution of Australia and New Zealand revenues and EBITDA to B2B is negligible.

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

3.1 Intangible assets (continued)

B2B sensitivities

The recoverable amount is sensitive to changes in discount rates, assumptions on when recovery to pre-COVID-19 trading occurs and decrease in cashflows over the forecast period. The sensitivity from reasonably possible changes in discount rates of plus 100 bps and decrease in revenue/EBITDA forecast of minus 5% will not result in impairment as shown below.

In addition, the decrease in discount rates and decrease in revenue and EBITDA required to reach breakeven are disclosed below.

B2B Travel	31 March 2021
Base case – headroom	\$190 million
Sensitivity	
– Headroom – Revenue and EBITDA forecasts reduced by 5%	\$130 million
– Headroom – Increase in discount rate by 100bps	\$40 million
Breakeven points	
– Increase in discount rates to breakeven	200 bps
– Permanent decrease in revenue and EBITDA	15%
– Y5 Revenue/EBITDA as % of pre-COVID-19	95%/127%

B2C sensitivities

Changes in assumptions such as +/- 10% change in discount rate, or a permanent decrease in EBITDA of 20% over the forecast period, would not result in an impairment of the B2C carrying amount.

3.2 Property, plant and equipment

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

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

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

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

3.2 Property, plant and equipment (continued)

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

	Land & building	IT hardware & software	Right of Use Asset	Other PPE	Total
Consolidated Entity	\$m	\$m	\$m	\$m	\$m
At 1 July 2020					
Cost or fair value	9.8	22.7	14.3	13.5	60.3
Accumulated depreciation	(1.0)	(16.7)	(3.9)	(6.9)	(28.5)
Net book amount	8.8	6.0	10.4	6.6	31.8
Additions	–	1.2	–	–	1.2
Transfers	–	(0.4)	–	0.4	–
Depreciation charge	(0.2)	(2.7)	(2.3)	(1.7)	(6.9)
Disposals	(1.9)	–	–	(0.2)	(2.1)
Exchange differences	(0.6)	0.2	(0.9)	0.5	(0.8)
Closing net book amount	6.1	4.3	7.2	5.6	23.2
At 31 March 2021					
Cost or fair value	7.4	23.1	13.4	14.8	58.7
Accumulated depreciation	(1.3)	(18.8)	(6.2)	(9.2)	(35.5)
Net book amount	6.1	4.3	7.2	5.6	23.2

	Land & building	IT hardware & software	Right of Use Asset	Other PPE	Total
Consolidated Entity	\$m	\$m	\$m	\$m	\$m
At 1 July 2019					
Cost or fair value	11.5	18.9	–	12.6	43.0
Accumulated depreciation	(0.8)	(14.2)	–	(4.7)	(19.7)
Net book amount	10.7	4.7	–	7.9	23.3
Initial adoption of accounting standard ⁽¹⁾	–	–	14.2	–	14.2
Additions	–	2.1	0.4	1.6	4.1
Transfers	–	1.7	–	(1.7)	–
Depreciation charge	(0.3)	(2.5)	(3.9)	(2.1)	(8.8)
Disposals	(1.0)	–	–	–	(1.0)
Exchange differences	(0.6)	–	(0.3)	0.9	–
Closing net book amount	8.8	6.0	10.4	6.6	31.8
At 30 June 2020					
Cost or fair value	9.8	22.7	14.3	13.5	60.3
Accumulated depreciation	(1.0)	(16.7)	(3.9)	(6.9)	(28.5)
Net book amount	8.8	6.0	10.4	6.6	31.8

(1) The Group adopted AASB 16 Leases on 1 July 2019 and recognised right-of-use asset (refer to note 3.3).

3.3 Leases

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

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options, with optionality used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

Right-of-use lease assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

	31 March 2021	30 June 2020
	\$m	\$m
Right-of-use lease assets	7.2	10.4
Lease liabilities		
– Current	1.6	4.2
– Non-current	6.3	7.1

3.3 Leases (continued)

(a) Reconciliation of financing cashflows

	Opening Balance	Interest	Payments	Reclass to current	Non Cash (FX)	Closing Balance
31 March 2021	\$m	\$m	\$m	\$m	\$m	\$m
Current lease liabilities	4.2	0.2	(3.3)	0.5	–	1.6
Non-current lease liabilities	7.1	–	–	(0.5)	(0.3)	6.3
Total lease liabilities	11.3	0.2	(3.3)	–	(0.3)	7.9

	Opening Balance	Interest	Payments	Reclass to current	Non Cash (FX)	Closing Balance
30 June 2020	\$m	\$m	\$m	\$m	\$m	\$m
Current lease liabilities	4.1	0.3	(4.5)	4.2	0.1	4.2
Non-current lease liabilities	11.1	–	–	(4.2)	0.2	7.1
Total lease liabilities	15.2	0.3	(4.5)	–	0.3	11.3

3.4 Investment in associate

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

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

At 31 March 2021, LockTrip had negligible identifiable net assets. Due to the proximity of the acquisition to reporting date, the purchase price allocation remains provisional, therefore \$5.4 million has been provisionally allocated to goodwill. This goodwill is not separated but is recognised as part of the carrying value of the investment in associate. The goodwill amount is subject to impairment testing. If the current disruption to the travel industry due to the COVID-19 pandemic continues for a protracted period, leading to LockTrip failing to execute on the business model and strategy or failing to realise the expected growth and market share, an impairment of the goodwill may result in the future.

From acquisition date to 31 March 2021, the net profit for LockTrip was immaterial. Had the investment been made at the beginning of the period, the net loss for the period would be have been less than \$0.1 million.

4 Other disclosures

4.1 Issued Capital

	31 March 2021	30 June 2020	31 March 2021	30 June 2020
	No of shares (m)	No of shares (m)	\$m	\$m
Ordinary shares – fully paid	339.0	339.0	847.4	847.4
Total issued capital	339.0	339.0	847.4	847.4

(a) Movements in issued capital

	31 March 2021	30 June 2020	31 March 2021	30 June 2020
	No of shares (m)	No of shares (m)	\$m	\$m
Opening balance	339.0	135.5	847.4	510.8
Placement and rights issue ⁽¹⁾	–	203.4	–	336.2
Issue of shares – Employee Share Plan Trust	–	0.1	–	0.4
Closing Balance	339.0	339.0	847.4	847.4

(1) On 1 April 2020, the Company invited its shareholders to participate in the placement issue of 67.8 million shares, and rights issue of 135.6 million ordinary shares at an issue price of \$1.70 per share on the basis of one share for every one fully or partly paid ordinary shares held, with such shares to be issued on, and rank for dividends after 14 April 2020 for institutional investors and 28 April 2020 for retail investors. The issue was fully subscribed.

The total number of ordinary shares outstanding at the end of the period was 339,002,523 (2020: 339,002,523), inclusive of treasury shares of 167,882 (2020: 167,882).

4.2 Subsidiaries

The Group's subsidiaries as at 31 March 2021 are set out below. Unless otherwise stated, they are 100% owned, have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Australia

- Webjet Marketing Pty Ltd⁽¹⁾
- Rez Group Pty Ltd⁽¹⁾
- Online Republic Pty Ltd⁽¹⁾

United Arab Emirates

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

United Kingdom

- WebBeds Limited
- Destinations of the World Limited (UK)
- Fyrkant Ltd
- Online Republic Group Limited (UK)
- SunHotels Ltd
- TotalStay Limited
- JAC Travel Group Acquisitions Limited
- JAC Group (Holdings) Limited
- JAC Travel Limited
- JAC Travel Group Financing Limited
- JAC Travel Group Investments Limited
- JAC Travel Group (Holdings) Limited

Other countries

- Webjet International Limited
- Webjet Marketing NZ Pty Limited
- WebBeds Holding Co Limited
- WebBeds LLC
- Bico T. S. HK Co Ltd
- Bico Trip Co. Limited
- Bico Trip Co. Ltd (Japan)
- Busy Bee S.L
- Destinations of the World Holding Establishment
- Destinations of the World (Malaysia) Sendirian Berhad
- Destinations of the World Istanbul Sehayat Ve Turizm Anonim Sirketi
- Destinations of the World Saudi Arabia for Tourism LLC
- Destinations of the World (Subcontinent) Private Limited
- Destinations of the World (Thailand) Co., Limited
- Dominica de Turismo (Domitur) SRL
- DOTW Holdings Limited
- DOTW Kuwait for Hotels, Real Estate and Healthcare Centres Reservations WLL
- DOTW KSA Limited
- DOTW Shared Services Inc.
- Earlybird (Shenzen) Limited
- FitRuums Pte Ltd
- Flame S.R.L.
- JAC Travel Inc
- JAC Travel Information Consulting (Beijing) Co Ltd
- Online Republic Group Limited
- Search Republic Limited⁽²⁾
- Shanghai Mei. Gao Information and Technologies Co., Ltd
- SunHotels France
- SunHotels Mundo
- Travel Tech S. R. L.

(1) Member of the Australian tax-consolidated group.

(2) Only 51% interest held. The value of non-controlling interest is not material.

4.3 Parent entity financial information

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

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

	31 March 2021	30 June 2020
	\$m	\$m
Balance sheet		
Current assets	132.2	276.9
Non-current assets	1,017.3	729.4
Total assets	1,149.5	1,006.3
Current liabilities	108.6	24.2
Non-current liabilities	239.0	132.0
Total liabilities	347.6	156.2
Net assets	801.9	850.1
Equity		
Issued capital	847.5	847.4
Reserves	4.7	(10.7)
Retained earnings	(50.3)	13.4
Total equity	801.9	850.1
Loss for the period	67.9	1.5
Total comprehensive loss	67.9	1.5

Guarantees entered into by the parent entity

The parent entity, along with other associated subsidiaries, have collectively given financial guarantees for unsecured banking facilities granted to the Group as disclosed in note 4.8.

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 March 2021 or 30 June 2020.

4.4 Taxation

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

The current income tax charge or credit is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Webjet Limited and its wholly-owned Australian controlled 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 set off in the consolidated financial statements.

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

(a) Income tax benefit

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Current tax		
Current year tax (benefit)/expense	(0.3)	0.9
Adjustment for current tax of prior periods	0.2	1.6
Total current tax (benefit)/expense	(0.1)	2.5
Deferred tax		
Current year deferred tax benefit	(18.4)	(17.2)
Adjustments for deferred tax of prior periods	(2.5)	(0.6)
Total deferred tax benefit	(20.9)	(17.8)
Income tax benefit	(21.0)	(15.3)

4.4 Taxation (continued)

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

	9 months ended 31 March 2021	12 months ended 30 June 2020
	\$m	\$m
Loss from continuing operations before income tax benefit	(177.6)	(158.8)
Tax at the Australian tax rate of 30.0% (2020: 30.0%)	(53.3)	(47.6)
Effect of income/expenses that are not assessable/deductible in determining taxable profit	19.0	5.5
Difference in overseas tax rates	15.0	24.6
Prior periods adjustments	(2.3)	1.0
Other	0.6	1.2
Income tax benefit	(21.0)	(15.3)

(c) Movements in deferred tax assets

	Tax losses	Derivatives	Employee benefits	Conversion incentive fee on Bond	Other	Total
	\$m	\$m	\$m	\$m	\$m	\$m
At 1 July 2019	1.0	4.6	3.1	–	0.9	9.6
(Charged)/credited						
– to profit or loss	13.7	–	(2.2)	–	1.9	13.4
– directly to equity	–	(0.4)	–	–	3.2	2.8
– under/over provision	0.6	(0.4)	–	–	–	0.2
At 30 June 2020	15.3	3.8	0.9	–	6.0	26.0
(Charged)/credited						
– to profit or loss	13.9	(0.4)	0.1	5.0	(1.5)	17.1
– directly to equity	–	(2.3)	–	–	–	(2.3)
– under/over provision	2.5	–	–	–	–	2.5
At 31 March 2021	31.7	1.1	1.0	5.0	4.5	43.3

In applying judgement in recognising deferred tax assets, all available information has been assessed, including five-year future business profit projections. As at 31 March 2021, the group has recognised a deferred tax asset of \$31.7 million related to unused tax losses of which \$13.9 million losses were incurred during the current year.

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

4.4 Taxation (continued)

(d) Movements in deferred tax liabilities

	Intangible assets	Derivatives	Interest receivable	Other	Total
	\$m	\$m	\$m	\$m	\$m
At 1 July 2019	34.9	–	(0.1)	-	34.8
Charged/(credited)					
– to profit or loss	(4.5)	–	0.1	0.6	(3.8)
– to other comprehensive income	–	–	–	0.5	0.5
– under/over provision	–	–	–	(0.4)	(0.4)
At 30 June 2020	30.4	–	–	0.7	31.1
Charged/(credited)					
– to profit or loss	(1.7)	0.6	–	(0.2)	(1.3)
– directly to equity	–	–	–	2.4	2.4
At 31 March 2021	28.7	0.6	–	2.9	32.2

(e) Relevance of tax consolidation to the Group

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

Tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

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

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

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

4.5 Financial risk management

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

(a) Capital risk management

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

With the challenging operating environment caused by COVID-19, the Group took steps to strengthen the capital position by the issue of €100 million (\$163 million) Convertible Notes in July 2020. The proceeds were used to repay \$50 million bank debt and extend the maturity of the remaining term debt.

4.5 Financial risk management (continued)

In April 2021, the Group took advantage of the market conditions to issue \$250 million Convertible Notes. The Convertible Notes were issued on 8 April 2021, and the net proceeds received were used to further repay \$43.3 million of bank debt. This also allowed the Group to extend the remaining debt maturity, reduce liquidity requirements and thereby maximise the Group's financial flexibility while maintaining a prudent capital structure. In April 2021, the €100 million Convertible Notes were settled by issue of ordinary shares and payment of a conversion incentive. Refer to note 4.9 for details.

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

(b) Classification of financial instruments

	As at 31 March 2021	As at 30 June 2020
	\$m	\$m
Financial assets		
Loan and receivable	39.8	67.8
Cash and cash equivalents	261.0	209.6
Financial liabilities		
Debt at Amortised cost	254.0	186.9
Other financial liabilities ⁽¹⁾	13.3	11.3
Financial liabilities – at fair value through profit and loss		
Derivatives	96.5	13.5
Other financial liabilities ⁽²⁾	5.1	9.3

(1) Comprises lease liabilities and earn-out provision.

(2) Comprises Put option liability.

(c) Derivatives

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

	As at 31 March 2021	As at 30 June 2020
	\$m	\$m
Current liabilities		
Forward foreign exchange contracts – cash flow hedges	0.1	0.9
Convertible Note embedded derivative	93.3	–
Non-current liabilities		
Cross-currency interest rate swap – part cashflow hedge, part net investment hedge	3.1	12.6

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

(i) Cross-currency interest rate swap contract

Webjet Limited entered into various cross-currency interest rate swaps to hedge against variable floating borrowings in AUD as well as its net investment in foreign operations. Cross-currency interest rate swaps are carried at their fair values in the consolidated financial statements of Webjet Limited with gains and losses recognised in equity through the foreign currency translation reserve or cashflow hedge reserves to the extent the hedge is effective. Any hedge ineffectiveness is recognised in profit and loss.

4.5 Financial risk management (continued)

(ii) Forward exchange contracts

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

(iii) Convertible Note embedded derivative

This is the conversion feature in the Convertible Notes which is separated and recognised separately as an embedded derivative, separate to the host debt contract. The conversion feature represents the Group's obligation to issue Webjet Limited shares at a fixed price should noteholders exercise their conversion option. Refer note 2.3(a).

(d) Market risk

(i) Foreign exchange risk

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

At the end of the period, the Group's exposure to foreign currency risk has been effectively mitigated as the Group uses FX forwards to mitigate any currency exposure that is not naturally hedged.

10% increase or decrease in any material currency, will have an immaterial impact on the Group's profit or loss or equity.

(ii) Interest rate risk

The Group's interest rate risk arises mainly from its borrowings at floating interest rates and cash and cash equivalents. The Group manages interest rate risk from borrowings at floating interest rates by entering into cross-currency swaps to convert floating Australian dollar interest rates into fixed euro rates. The resulting fixed rate euro is then used to hedge currency translation risk on the net assets of the Group's foreign subsidiaries.

As at 31 March 2021, the Group had cash and cash equivalents of \$261.0 million (2020: \$209.6 million). The average interest rate on all deposits was 0.07% (2020: 0.4%). Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. If interest rates were to increase or decrease by 0.07%, the impact to profit and loss would be an increase or decrease to interest revenue of \$0.2 million.

4.5 Financial risk management (continued)

(e) Liquidity risk

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

On 10 July 2020, the Group issued €100 million (or \$163 million) Unsecured Convertible Notes ("Notes"). The net proceeds from the offer of the Notes were used in part to repay \$50 million of the Company's existing term debt, enabling the Company to extend remaining term debt maturity.

In April 2021, the Group issued \$250 million Unsecured Convertible Notes ("New Notes") and extended an offer to noteholders of the existing Notes an early conversion which included a cash conversion incentive payment of \$33.2 million. The net proceeds were used to repay \$43.3 million of bank debt, and successfully extend further a portion of the remaining debt to November 2023. The existing Notes were fully settled in April 2021 with the issue of 39.7 million ordinary shares and payment of the conversion incentive. Refer note 4.9.

(i) Financing arrangements

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

	31 March 2021	30 June 2020
	\$m	\$m
Undrawn revolving credit facility ⁽¹⁾	96.3	140.0

(1) On 1 April 2021, the revolving credit facility will reduce by \$56 million to \$41 million (comprising an AUD facility of \$25 million and an EURO facility of €10 million).

(f) Maturities of financial liabilities

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

	Less than 1 year	1 to 2 years	2 to 5 years	Total contractual cash flows	Carrying amount
	\$m	\$m	\$m	\$m	\$m
31 March 2021					
Trade payables	109.4	–	–	109.4	109.4
Client deposits	10.3	–	–	10.3	10.3
Lease liabilities	3.7	3.0	1.2	7.9	7.9
Borrowings ⁽¹⁾	10.0	136.0	6.0	152.0	254.0
Total non-derivatives	133.4	139.0	7.2	279.6	381.6
Trading derivatives ⁽²⁾	0.1	4.0	–	4.1	96.5
Total financial liabilities	133.5	143.0	7.2	283.7	478.1

(1) Includes the €100 million Notes. Assumption is that the Notes would be settled into shares as the share price is higher than the conversion price, therefore only the coupon payments are included as contractual cash outflows. The Notes were settled in April 2021 by the issue of shares and a cash conversion incentive payment of \$33.2 million.

(2) The carrying amount includes the Convertible Note embed derivative which has no contractual cash outflows.

4.5 Financial risk management (continued)

	Less than 1 year	1 to 2 years	2 to 5 years	Total contractual cash flows	Carrying amount
	\$m	\$m	\$m	\$m	\$m
30 June 2020					
Trade payables	97.0	–	–	97.0	97.0
Client deposits	10.6	–	–	10.6	10.6
Lease liabilities	4.4	3.7	3.5	11.6	11.3
Borrowings	9.6	52.3	131.3	193.2	186.9
Total non-derivatives	121.6	56.0	134.8	312.4	305.8
Derivatives	0.9	-	-	0.9	0.9
Total financial liabilities	122.5	56.0	134.8	313.3	306.7

(g) Client funds held

As at 31 March 2021, Webjet had \$9.8 million of cash received from customers which is due to be paid to airlines in accordance with International Air Transport Association (IATA) requirements (2020: \$4.1 million).

4.6 Summary of other key accounting policies

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

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* (Cth). Webjet Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Webjet Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

There were no new or amended standards that came into effect during the period that had an impact on the current period or any prior period, or are not likely to affect future periods.

(iii) Presentation currency

The presentation currency of the Group is Australian Dollars (AUD or A\$). The following exchange rates have been applied in translating foreign currency balances and transactions to the presentation currency:

	31 March 2021	30 June 2020	9 months ended 31 March 2021	12 months ended 30 June 2020
	Spot rates		Average rates	
Australian Dollar to United States Dollar	1.3161	1.4552	1.3467	1.4813
Australian Dollar to Euro	1.5424	1.6535	1.6096	1.6367
Australian Dollar to British Pound	1.8084	1.7913	1.8021	1.8242
Australian Dollar to United Arab Emirates Dirham	0.3583	0.3962	0.3667	0.4033

4.6 Summary of other key accounting policies (continued)

(b) Rounding of amounts accounting policy

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

(c) Going concern

The consolidated financial statements are prepared on a going concern basis. For the nine months period ended 31 March 2021, the Group recorded a loss after tax of \$156.6 million and operating cash outflows of \$32.3 million, the subdued trading attributable to the continued impact of COVID-19 experienced within the travel industry that the Group operates in.

The continued unpredictability of the COVID-19 pandemic on resumption of travel has the potential to impact the going concern basis of preparation. Latest management forecasts over the next five years anticipate a recovery to pre-COVID-19 EBITDA levels in 2023, however this is predicated on the successful rollout of the COVID-19 vaccine in 2021 and resumption of domestic and international travel as global border restrictions are lifted. The timing on when these events occur may potentially impact the Group's ability to continue as a going concern.

Noting the detrimental impact of COVID-19 and the uncertainties it presents, the directors believe there are reasonable grounds to conclude that the Group will continue as a going concern based on the following:

- In April 2021,
 - » the Group successfully issued \$250 million of Unsecured Convertible Notes, with the net proceeds used to repay \$43.3 million of Bank debt
 - » the group settled the €100 million Convertible Notes by issuing 39.7 million shares and payment of a cash conversion incentive of \$33.2 million
 - » Minimum bank covenant liquidity requirement reduced from \$125 million to \$100 million
 - » A portion of the remaining bank term debt expiry was extended from November 2022 to November 2023
- Following the new bond issue, the pro-forma cash balance of the group is approximately \$431 million, and the Bank debt was \$83 million;
- The Group has access to an additional \$41 million in unused revolving facilities;
- Covenant waivers are in place for the period 1 June 2021 to 31 March 2022 with the ratios to be tested on 30 June 2022 (with respect to the previous three month EBITDA (annualised)) prior to resuming 12 monthly testing on and from 31 March 2023.

As a result of the factors noted above, the directors believe the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the presentation of the consolidated financial report.

(d) Foreign currency translation accounting policy

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (\$), which is Webjet Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

4.6 Summary of other key accounting policies (continued)

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. As a result of COVID-19, the Group received government assistance in the form of wage subsidies across various jurisdictions including Australia, New Zealand, Singapore, United Kingdom, Spain and Hong Kong. The Group received the subsidies from Q4 FY20 and is expected to end by Q1 of FY22.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. In the current period, government subsidies are recognised as part of non-operating expenses. Refer to note 1.4.

4.7 Adoption of new accounting standards

(i) The following minor amendments to standards became effective 1 July 2020:

- Conceptual Framework – Amendments to References to the Conceptual Framework in AASB Standards
- Amendments to AASB 101 and AASB 18 – Definition of material
- Amendments to AASB 3 – Definition of a business
- Interest Rate Benchmark Reform (Amendments to AASB 9, AASB 139 and AASB 7)
- Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia (Amendments to AASB 1054)
- COVID-19-Related Rent Concessions (Amendment to AASB 16).

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

(ii) IFRIC implementation guidance on SaaS arrangements

In March 2021, the IFRS Interpretations Committee issued an agenda discussion to clarify the IFRIC's interpretation of how current accounting standards apply to Software-as-a-Service (SaaS) arrangements including the accounting for the implementation costs of such arrangements. The Group has commenced an ERP implementation using SaaS arrangements and to date has incurred \$4.0 million of upfront implementation costs.

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over a period of time. The IFRIC clarified that costs incurred to configure or customise, and the ongoing fees to obtain access to, the cloud provider's application software, are recognised as operating expenses as incurred.

However, costs incurred in relation to the development of bridging modules to existing on-premise systems or bespoke additional capability which the Company controls, are capitalised as intangible software assets, and amortised over the useful life of the software on a straight-line basis.

The company is still in the process of obtaining the required information to analyse the costs incurred and identify which costs can be separated and capitalised. Work is still underway to re-assess the nature of the costs incurred, which may result to a portion being eligible for capitalisation. At 31 March 2021, as the review has not been concluded, all costs relating to the ERP implementation have been expensed.

(iii) Standards in issue but not yet effective

The following standards are in issue but not yet effective:

Amendments	Effective date on or after	Applicable effective date for the Group
Interest Rate Benchmark Reform – Phase 2 (Amendments to AASB 9, AASB 139, AASB 7, AASB 4 and AASB 16)	1 January 2021	1 April 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to AASB 137)	1 January 2022	1 April 2022
Annual Improvements to AASB Standards 2018–2020	1 January 2022	1 April 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to AASB 116)	1 January 2022	1 April 2022
Reference to the Conceptual Framework (Amendments to AASB 3)	1 January 2022	1 April 2022
Classification of Liabilities as Current or Non-current (Amendments to AASB 101)	1 January 2023	1 April 2023

Other than the amendment to AASB 101 relating to classification of liabilities as current or non-current, the amendments listed above are not expected to have a material impact when adopted by the Group.

Amendments to AASB 101

The AASB 101 may impact the classification of bank debt, where the terms of the bank debt as at the reporting date have not been met irrespective of any waivers obtained, in that they may be classified under current liabilities where the Group does not have an unconditional right to defer settlement. The classification of Convertible Notes where the conversion feature is accounted for as liability may be classified as current.

4.8 Contingent liabilities

At 31 March 2021, the Group had drawn bank guarantee facilities amounting to \$38.5 million (30 June 2020: \$35.3 million). There are no other contingent assets or liabilities requiring disclosure as at the date of this report.

4.9 Subsequent events

(i) **Launch and issue of \$250 million Unsecured Convertible Notes, and repayment of bank debt of \$43.3 million**
The Group launched the issue of \$250 million 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 key terms of the New Notes are as follows:

Issuer	Webjet Limited
Issue Size	A\$250 million
Term of Notes	5 years
Conversion period	Convertible at any time on or after the 41st day after the settlement date until 10 business days prior to the Final Maturity Date
Investor put option	On or about 12 April 2024 (3 years)
Final Maturity Date	On or about 12 April 2026 (5 years)
Coupon	0.75% per annum, payable on a semi-annual basis
Conversion Premium	22.5% over the Reference Share Price, providing for a Conversion Price of \$6.35
Reference Share Price	A\$5.18, the clearing price of the Delta Placement
Physical Settlement	The Notes are convertible into fully paid ordinary shares, calculated in accordance with the terms and conditions of the Notes
Cash settlement	On exercise of investor put option or at final maturity date
Conversion Price Adjustments	Standard anti-dilutive adjustments including Conversion Price adjustment for all dividends paid by Webjet and upon a Change of Control
Status	Direct, unsubordinated, unconditional and unsecured obligations of the Issuer. The payment obligations of the Issuer under the Notes rank equally with all its other existing and future unsecured and unsubordinated obligations, save for such obligations that may be preferred by provisions of law that are mandatory and of general application
Listing	Singapore Exchange Securities Trading Limited

The net proceeds from the Convertible Notes are expected to be approximately \$246 million, after deduction of commissions, professional fees and other administrative expenses. The net proceeds were used to repay \$43.3 million of Webjet’s existing term debt; and the remainder expected to be used to fund potential acquisitions, and for capital management and/or general corporate purposes.

Following the settlement of the Notes and part repayment of the term debt, Webjet’s lenders have extended the maturity of the remaining term debt of \$86.7 million to November 2023, providing further headroom to manage the recovery.

(ii) Conversion of €100 million Unsecured Convertible Notes

In connection with the Offering of the \$250 million New Notes, the Group extended a conversion invitation (the Conversion Invitation) to the holders of its existing €100 million 2.50% Convertible Notes due 2027 (the Existing Notes), comprising the conversion of the Notes into fully paid ordinary shares in the company and a Cash Incentive Price of €21,626 per €100,000 of Existing Notes.

On 31 March 2021, the Existing Notes and associated embedded derivative are disclosed as current liabilities within Borrowings – Unsecured Convertible Notes (\$123.4 million) and Other Liabilities – Convertible Note embedded derivative (\$93.3 million). In April 2021, upon conversion of the Notes,

- the liabilities were extinguished on the acceptance of the Conversion Invitation by all Existing Note holders, resulting in decrease in current liabilities
- the Group issued 39.7 million ordinary shares, increasing the issued capital, and
- the Group paid the Cash Incentive Price amounting to \$33.2 million.

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

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 64 to 105 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the year-ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

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

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

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

On behalf of the Directors



Roger Sharp
Chairman
Melbourne, 19 May 2021

Independent Auditor's Report to the Members of Webjet Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Webjet Limited (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Webjet Limited, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 March 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<p>Carrying value of goodwill and intangibles in relation to the B2B and B2C businesses</p> <p>As at 31 March 2021 the Group’s goodwill and other intangible assets balance totalled \$801.7 million which represents 68% of total assets as disclosed in Note 3.1.</p> <p>Goodwill and other intangible assets are required to be assessed for impairment annually or where there is an indicator of impairment.</p> <p>The recoverable amount of the B2B and B2C cash generating units (CGUs) have been determined using a value in use model (VIU), which incorporates significant judgement related to the estimation of future cash flows, short term growth rates, long term growth rates and discount rates.</p> <p>Trading conditions and forecast cashflows have been significantly impacted by the COVID-19 pandemic and consequently the level of risk associated with the carrying value of goodwill and intangibles in relation to the B2B and B2C businesses has increased. This is as a result of the inherent challenges in forecasting results due to COVID-19 as well as existing macro-economic uncertainty in global travel demand.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of the process that management undertook to perform their impairment assessment; and • evaluating the level at which goodwill is monitored, including the identification of CGUs. <p>In conjunction with our valuation specialists, we:</p> <ul style="list-style-type: none"> • evaluated the VIU models prepared by management and validated the reasonableness of the assumptions used to calculate the discount rate, long-term growth rates, terminal values, working capital levels and allocation of corporate costs compared to historical performance and industry benchmarks to ensure compliance with the relevant accounting standards; • assessed the projected cash flows for both the B2B and B2C businesses, including the assumptions relating to EBITDA growth rates and the impact of COVID-19 by considering third party evidence and economic and industry forecasts; • agreed the forecasted cashflows for FY22 to the latest Board approved budget; • assessed historical forecasting accuracy; • compared the market capitalisation of the Entity to the Group’s net assets; • subjected the key assumptions to sensitivity analyses by applying delays in the timing of recovery in the travel and hotel industry to assess the impact of COVID-19; • assessed management’s consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for goodwill and intangibles to be impaired and assessed the likelihood of such movement in those key assumptions arising; and • assessed the appropriateness of the disclosures included in Note 3.1 to the financial statements.

Key Audit Matter	How the Key Audit Matter was addressed in the audit
<p>Convertible notes</p> <p>The Group issued EUR100 million (A\$163 million) senior unsecured Convertible Notes (Notes) during the financial period. Initially the Notes could be cash settled from 1 July 2020 until 30 November 2020 when the Notes were replaced with an equity settled feature.</p> <p>On 31 March 2021, the Group extended a conversion invitation to the holders of the Notes to receive Webjet shares under the terms of the notes and a cash payment of up to EUR21,626 per EUR100,000 Notes converted.</p> <p>At 31 March 2021 the Notes consisted of the debt host of A\$123.4 million, excluding capitalised debt cost of A\$2.6 million, and an embedded derivative of A\$93.3 million, including incentive cash payment of A\$33.2 million as disclosed in Note 2.3.</p> <p>The Group also announced on 31 March 2021 the offering of A\$250 million unsecured Convertible Notes (New Notes) and on 1 April 2021, the Group announced the pricing of the New Notes, which settled on 12 April 2021. The New Notes had a conversion period from 1 April 2021 and mature on 12 April 2026 which has been disclosed as a subsequent event in Note 4.9.</p> <p>The net proceeds from the New Notes have been used to repay \$43.3 million of the Group's existing term debt.</p>	<p>Our procedures in conjunction with our financial instrument valuation and accounting technical specialists include, but were not limited to:</p> <ul style="list-style-type: none"> • developing an understanding of the terms and conditions of the Notes agreements and the requisite conditions to be met for conversion; • assessing the Group's considerations of the accounting classification of the embedded derivative; • confirming the funding received for the Notes and the cost associated with the Notes to supporting documentation; • assessing the appropriateness of the disclosures included in Note 2.3 to the financial statements; and • assessing the adequacy of subsequent event disclosures included in Note 4.9 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the nine months ended 31 March 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 42 to 58 of the Directors' Report for the nine months ended 31 March 2021.

In our opinion, the Remuneration Report of Webjet Limited for the nine months ended 31 March 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Entity are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


DELOITTE TOUCHE TOHMATSU



Stephen Roche
Partner
Chartered Accountants
Melbourne, 19 May 2021

Shareholder Information

The shareholder information set out below was applicable as at 30 April 2021.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

Holding	Ordinary Shares	
	Shares	Options
1 – 1,000	44,005	–
1,001 – 5,000	19,590	–
5,001 – 10,000	3,728	–
10,001 – 100,000	2,616	–
100,001 and over	126	–
	70,065	–

B. Voting rights

378,684,821 fully paid ordinary shares are held by 70,065 individual shareholders. All issued ordinary shares carry one vote per share.

C. Equity security holders

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

Name	Ordinary Shares	
	Number held	Percentages of shares issued
CITICORP NOMINEES PTY LIMITED	47,423,273	12.52
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	39,980,076	10.56
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	33,538,609	8.86
NATIONAL NOMINEES LIMITED	17,596,800	4.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	13,060,996	3.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	6,010,521	1.59
BNP PARIBAS NOMS PTY LTD <DRP>	5,109,243	1.35
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	4,759,931	1.26
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,393,238	1.16
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	4,151,984	1.10
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	3,392,614	0.90
MR STEVEN SCHEUER <NO 1 ACCOUNT>	3,358,105	0.89
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	2,293,270	0.61
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,214,511	0.58
MR JOHN LEMISH	2,200,000	0.58
SANDHURST TRUSTEES LTD <HARPER BERNAYS LTD A/C>	2,149,492	0.57
JAYELLE SUPER PTY LTD <JOHN LEMISH SUPER FUND A/C>	2,000,000	0.53
GLENN HARGRAVES INVESTMENTS PTY LTD	1,590,000	0.42
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA>	1,422,772	0.38
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	1,189,229	0.31
	197,834,664	52.24

D. Substantial holders

Substantial holders in the company are set out below:

Holding	Number held	Percentage
Ausbil Investment Mgt	28,319,000	7.48
First Sentier Investors – Growth Australian Equities	18,604,891	4.91
Halen Issuer Designated & Activity	12,222,150	3.23
First Sentier Investors – Australian Small Companies	10,781,980	2.85
L1 Capital	8,228,920	2.17
Remaining	300,527,880	79.36

Webjet Limited Corporate directory

Directors

- Roger Sharp
Independent Non-executive Director
and Chairman
- John Guscic
Managing Director
- Don Clarke
Independent Non-executive Director
- Brad Holman
Lead Independent Non-executive Director
- Shelley Roberts
Independent Non-executive Director
- Denise McComish
Independent Non-executive Director

Company Secretary

- Tony Ristevski
- Zi Mtenje

Principal registered office in Australia

Level 2, 509 St Kilda Road
Melbourne Victoria 3004
Australia
Phone: +61 3 9820 9214

Investor website

www.webjetlimited.com

Share register

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide South Australia 5000
Phone: +61 8 8236 2300

Auditor

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne Victoria 3000

Solicitors

Minter Ellison
525 Collins Street
Melbourne Victoria 3000

DLA Piper

140 Williams Street
Melbourne VIC 3000

Bankers

National Australia Bank
Level 30, 500 Bourke Street
Melbourne Victoria 3000

HSBC

Level 10, 333 Collins Street
Melbourne Victoria 3000

Glossary

- AMEA Americas, Middle East & Africa
- APAC Asia Pacific
- B2B Business to Business
- B2C Business to Consumer
- CAGR Compound Annual Growth Rates
- Company Webjet Limited
- FAR Fixed Annual Remuneration
- GDS Global Distribution System
- KMP Key Management Personnel
- LTI Long-term Incentive
- MEA Middle East & Africa
- OTA Online Travel Agent
- Rezchain Webjet's blockchain solution currently used within the WebBeds business
- RPKs Revenue Passenger Kilometres
- STI Short-term Incentive
- TTV Total Transaction Value
- VWAP Volume-weighted average price

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



Consumer



Wholesale



www.webjetlimited.com