Webjet Limited

Appendix 4D
Preliminary half-year financial report

Name of entity	ABN reference
Webjet Limited	68 002 013 612

1. Reporting periods

	Current period	Previous corresponding period
Financial half-year ended	30 September 2021	31 December 2020

2. Results for announcement to the market

	30 September 2021 $m	31 December 2020 $m	Change $m	Change %
Revenues from ordinary activities	55.7	22.9	32.8	143%
Loss from ordinary activities before income tax	(73.3)	(145.1)	71.8	(49%)
Net loss attributable to members of the parent company	(61.8)	(132.2)	70.4	(53%)

Refer pages 4 to 5 of the half-year Financial Report for overview of performance.

3. Dividends

	Period	Payment date	Cents per share	Franked amount per security at 30% tax
Interim	30 September 2021	n/a	n/a	n/a
Final	31 March 2021	n/a	n/a	n/a
Interim	31 December 2020	n/a	n/a	n/a

4. NTA backing

	30 September 2021 Cents	31 December 2020 Cents
Net tangible assets backing per ordinary share	(2)	(55)

Excluding intangible assets, the Group is in a net liability position. The negative net intangible assets includes value of leased assets as recognised under AASB 16 Leases.

Webjet Limited

Half Year 2022
Financial Report

Webjet Limited
ABN 68 002 013 612

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Directors' Report

The Directors of Webjet Limited (Webjet, the Company, Group) present the financial report of the Company and its controlled entities for the half-year ended 30 September 2021.

Directors

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

- Roger Sharp (Chair and Independent Non-executive Director)
- John Guscic (Managing Director)
- Don Clarke (Deputy Chair and Independent Non-executive Director)
- Brad Holman (Independent Non-executive Director)
- Denise McComish (Independent Non-executive Director)
- Shelley Roberts (Independent Non-executive Director)

Principal activities

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

B2B – Hotels distribution

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

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

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

Headquartered in Dubai, WebBeds operates across 4 regions – Europe, Middle East & Africa, Asia-Pacific and the Americas. Since launching in 2013, WebBeds is now the 2nd largest global B2B provider with 1,400 staff located in over 20 countries, selling to over 200 destination countries through a portfolio of customers in more than 145 source markets worldwide.

Webjet OTA

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

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

GoSee (formerly Online Republic)

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

Financial Results

	1H22	1H21	Change	Change
	$m	$m	$m	%
Total transaction value	663	267	396	149%
Revenue[1]	**55.4**	**22.6**	**32.8**	**145%**
Revenue margin	8.4%	8.5%		–11.6bps
Operating expenses	(71.2)	(62.7)	(8.5)	14%
EBITDA[2]	**(15.8)**	**(40.1)**	**24.3**	**(61%)**
EBITDA margin	negative	negative		n/a
Share based payment expenses	(5.0)	(2.0)	(3.0)	148%
EBITDA after share based payments[2]	**(20.8)**	**(42.1)**	**21.3**	**(51%)**
Non-operating expenses	(17.4)	(72.3)	54.9	(76%)
Depreciation and amortisation	(11.9)	(11.8)	(0.1)	1%
Acquisition amortisation[3]	(9.6)	(10.2)	0.6	(6%)
Net interest costs	(13.6)	(8.7)	(4.9)	56%
(Loss) before tax	**(73.3)**	**(145.1)**	**71.8**	**(49%)**
Income tax benefit	11.5	12.9	(1.4)	(11%)
Net (loss)/profit after tax (NPAT)	**(61.8)**	**(132.2)**	**70.4**	**(53%)**
NPAT A (before acquisition amortisation)[4]	(52.2)	(122.0)	69.8	(57%)

(1) Excludes interest income.
(2) EBITDA = Earnings before interest, tax, depreciation and amortisation. It also excludes share based payments expenses to provide a better understanding of the financial performance and allow more representative comparison between financial periods.
(3) Acquisition amortisation represents amortisation on the additional intangible values recognised under AASB 3 following a business combination.
(4) NPAT A, represents the NPAT before acquisition amortisation and provides an alternative view of the profitability of the Group.

The ongoing impact of widespread international and domestic travel restrictions imposed in response to the COVID pandemic continued to negatively impact the business; however, the re-opening of borders and resumption of travel are beginning to show signs of recovery. Total Transaction Value (TTV), revenue, and earnings before share-based payments, interest, tax, depreciation and amortisation (EBITDA) improved in the 6 months ended 30 September from the previous corresponding period (PCP).

Webbeds continued to recover from lockdowns and travel restrictions, as volumes in domestic North American and European markets rebound. The ongoing focus on cost reductions resulted in a 31% reduction in costs compared to pre-COVID levels, with key savings from headcount and overhead cost efficiencies. TTV/Revenue margins were impacted by sales mix, but are expected to return to circa pre-COVID levels as travel restrictions are reduced. WebBeds' global infrastructure remains in place to capitalise on growth as travel markets continue to re-open.

Despite the negative impact of the COVID pandemic, **Webjet OTA** reported a profit as domestic leisure markets in Australia partially re-opened late in 1H21. Bookings increased as borders opened, reflecting strong pent-up demand and Webjet OTA's highly variable cost base enabled an immediate uplift in profitability. Costs were up 56% over PCP, as costs tied to TTV (i.e. transaction costs) increased as a result of the growth in TTV during the current period.

GoSee (formerly known as Online Republic) saw improved bookings as domestic borders started to reopen in Australia and New Zealand during the period. Motorhomes continued to be impacted by the loss of inbound tourism into New Zealand and a global shortage of hire cars impacted inventory in key markets. Costs have remained the same as compared to PCP.

The **Group** continued to focus on mitigation measures, principally strengthening the Group's liquidity position through a reduction of operating losses and positive turnaround in B2B working capital which contributed to a positive cash supply for the 1H.

Non-operating expenses included:

- impairment of the Online Republic brand ($14.5 million);
- expensing of the Software as a Service (SaaS) costs relating to the ERP implementation in Webbeds ($3.7 million);
- redundancy costs incurred in restructuring the Group to mitigate the impact of COVID ($0.8 million);
- fair value change on embedded derivatives relating to convertible notes ($0.2 million).

These expenses were partially offset by the Government wage subsidies received ($1.8 million).

Depreciation and amortisation expense was consistent with the PCP.

Interest expenses have increased due to the amortisation on the new Convertible Notes (refer note 6.2) which was offset by the decrease in interest costs due to partial repayment of borrowings.

Due to losses incurred for the period, the Company was in a tax benefit position for the period. Additional commentary on performance is included in the ASX release and investor presentation lodged with the ASX on 24 November 2021.

Balance Sheet

	30 September 2021	31 March 2021	Change
	$m	$m	%
Cash and cash equivalents	446.1	261.0	185.1
Trade and other receivables	97.9	43.4	54.5
Intangible assets	815.1	801.7	13.4
Other assets	78.4	73.9	4.5
Total assets	**1,437.5**	**1,180.0**	**257.5**
Trade and other payables	222.8	109.4	113.4
Other current liabilities	60.8	161.6	(100.8)
Borrowings	303.3	254.0	49.3
Other non-current liabilities	42.8	47.9	(5.1)
Total liabilities	**629.7**	**572.9**	**56.8**
Net assets	**807.8**	**607.1**	**200.7**
Issued capital	1,034.0	847.4	186.6
Retained earnings and reserves	(226.2)	(240.3)	14.1
Total equity	**807.8**	**607.1**	**200.7**

The balance sheet was strengthened by the issue of Senior Unsecured Convertible Notes (2021 Notes) in April 2021. The Group is well placed to capture demand when travel returns with adequate cash reserves and a strong capital position, which provides financial and strategic flexibility.

Cash and cash equivalents increased from March 2021, mainly attributed to $250 million proceeds from the 2021 Convertible Notes issue ($245.4 million proceeds, net of transaction costs). Of this, $46.6 million was used to repay existing borrowings. Cost management and cash preservation measures remained a key focus, coupled with resumption in travel business resulting in cash inflow from operations of $32.8 million. Cash reduced by a further $9.6 million spent on essential and strategic capital expenditure projects and initiatives. Investing activities further included a payout of $9.9 million which comprises cash consideration for the acquisition of a 25% shareholding in Locktrip (an associate) amounting to US$4.1 million and the final earn out settlement of US$3.3 million in relation to the acquisition of DOTW (a subsidiary).

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

Intangible assets increased primarily due to movement in Foreign currency exchange and current period capital expenditure of $8.7 million. This is partially offset by the impairment of the Online Republic Brand of $14.5 million and amortisation for the period.

Other current liabilties decreased primarily due to the derecognition of the embedded conversion derivative instrument related to the settlement of the €100 million Convertible Notes (Existing Notes), reducing the balance by $93.3 million.

The movement in borrowings during the period is due to the settlement of the Existing Notes and issuance of A$250 million Convertible Notes (New Notes) in April 2021. 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, 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 which was accepted by the Existing Note holders.

The decrease in other non-current liabilities is mainly due to the unwinding of deferred tax liabilities relating to the impairment of the Online Republic brand (refer note 3.3).

Dividends

Given uncertainties inherent in the current travel environment, no interim dividend has been declared by the Directors.

The 2020 interim dividend payment of $12.2 million (9.0 cents per share fully franked for the six-month period ended 31 December 2019) has been deferred to 23 December 2021. In addition, given the impact of COVID on our operations and the financial position, the dividend will be franked at 80%.

Likely developments and expected results of operations

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

Subsequent events

In November 2021, the Company and one of its primary lenders have agreed to convert the Term Debt facility of $43.3 million (out of total $86.7 million term debt) to a Revolving Credit Facility.

In November 2021, the Company agreed in principle, to acquire 100% of the shareholdings of Trip Ninja Inc., a Canadian travel technology company.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 8.

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 Directors.

On behalf of the Directors

Roger Sharp
Chair

Melbourne, 24 November 2021

Deloitte.

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

24 November 2021

Dear Board Members

Auditor’s independence declaration to Webjet Limited

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

As lead audit partner for the review of the financial statements of Webjet Limited for the half-year ended 30 September 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

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

Conclusion

We have reviewed the half-year financial report of Webjet Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 September 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of cashflows and the consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 11 to 24.

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

(a) giving a true and fair view of the Group's financial position as at 30 September 2021 and of its performance for the half-year ended on that date; and

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

Basis for Conclusion

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

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

Directors' Responsibilities for the Half-year Financial Report

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

Deloitte.

Auditor’s Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 30 September 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Roche
Partner
Chartered Accountants
Melbourne, 24 November 2021

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 30 September 2021

	Notes	6 months ended 30 September 2021 $m	6 months ended 31 December 2020 $m
Revenue from customers	2.1	55.4	22.6
Other income		0.3	0.3
		55.7	**22.9**
Employee benefit expenses	3.1	(47.3)	(41.5)
Operating expenses	3.2	(28.9)	(23.2)
Other non-operating expenses	3.3	(17.4)	(72.3)
Loss before interest, tax, depreciation and amortisation		**(37.9)**	**(114.1)**
Finance costs	3.4	(13.9)	(9.0)
Depreciation and amortisation		(21.5)	(22.0)
Loss before income tax		**(73.3)**	**(145.1)**
Income tax benefit		11.5	12.9
Net loss after tax		**(61.8)**	**(132.2)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
– Exchange difference on translating foreign operations		34.1	(34.1)
– Changes in the fair value of hedging instruments		–	–
		34.1	**(34.1)**
Items that have been subsequently reclassified to profit or loss			
– Cash flow hedges recycled to profit or loss		3.0	(4.6)
		3.0	**(4.6)**
Other comprehensive loss for the period, net of income tax		**37.1**	**(38.7)**
Total comprehensive loss for the period		**(24.7)**	**(170.9)**

	Cents per share	Cents per share
Loss per share:		
Basic (cents per share)	(16.4)	(39.0)
Diluted (cents per share)	(16.4)	(39.0)

Notes to the consolidated half year financial statements are included on pages 15 to 23.

Consolidated statement of financial position

As at 30 September 2021

	Notes	As at 30 September 2021 $m	As at 31 March 2021 $m
Current assets			
Cash and cash equivalents		446.1	261.0
Trade receivables and other assets	4.1	97.9	43.4
Total current assets		**544.0**	**304.4**
Non-current assets			
Intangible assets		815.1	801.7
Property, plant and equipment		21.0	23.2
Deferred tax assets		49.6	43.3
Investment in associate		5.7	5.4
Other non-current assets		2.1	2.0
Total non-current assets		**893.5**	**875.6**
Total assets		**1,437.5**	**1,180.0**
Current liabilities			
Trade payables and other liabilities	4.2	222.8	109.4
Borrowings	6.1	–	124.0
Convertible Note embedded derivative		–	93.3
Other current liabilities		60.8	68.3
Total current liabilities		**283.6**	**395.0**
Non-current liabilities			
Borrowings	6.1	303.3	130.0
Deferred tax liabilities		25.8	32.2
Other non-current liabilities		17.0	15.7
Total non-current liabilities		**346.1**	**177.9**
Total liabilities		**629.7**	**572.9**
Net assets		**807.8**	**607.1**
Equity			
Issued capital		1,034.0	847.4
Reserves		24.0	(51.9)
Retained losses		(250.2)	(188.4)
Total equity		**807.8**	**607.1**

Notes to the consolidated half year financial statements are included on pages 15 to 23.

Consolidated statement of cashflow

For the half-year ended 30 September 2021

	Notes	6 months ended 30 September 2021 $m	6 months ended 31 December 2020 $m
Net loss after tax		(61.8)	(132.2)
Add back:			
– Depreciation and amortisation		21.5	22.0
– Finance cost, net of interest income		13.6	8.7
– Income tax benefit		(11.5)	(12.9)
Loss before interest, tax, depreciation, amortisation		**(38.2)**	**(114.4)**
Adjusted for changes in working capital:			
– (Increase)/decrease in trade debtors and other receivables		(53.8)	23.0
– Increase in trade payables and other liabilities		108.8	0.5
Non-cash items (1)		19.7	76.6
Cash flow from operating activities before interest and tax paid		**36.5**	**(14.3)**
Net finance cost paid		(3.6)	(2.6)
Income tax expense paid		(0.1)	–
Net cash flows from operating activities		**32.8**	**(16.9)**
Purchase of property, plant and equipment		(0.9)	(0.1)
Purchase of intangible assets		(8.7)	(9.8)
Investment in a subsidiary (2)		(4.5)	–
Purchase of an associate (3)		(5.4)	–
Dividends received		0.1	0.1
Net cash outflows from investing activities		**(19.4)**	**(9.8)**
Payment for conversion incentive fee	6.2	(33.2)	–
Proceeds from issue of share capital, net of share issue costs		4.6	(1.9)
Proceeds from borrowings		245.4	159.9
Repayments of borrowings		(49.2)	(53.4)
Payment of lease liabilities		(1.8)	(2.3)
Net cash inflows from financing activities		**165.8**	**102.3**
Net increase in cash and cash equivalents		**179.2**	**75.6**
Cash and cash equivalents at the beginning of the period		261.0	209.6
Effects of foreign exchange translation on cash and cash equivalents		5.9	(2.2)
Cash and cash equivalents at the end of the period		**446.1**	**283.0**

(1) Comprises share-based payment expenses of $5.0 million (31 December 2020: $4.1 million) per note 3.1 and non-cash items of $14.7 million (31 December 2020: $69.4 million) per note 3.3.

(2) Relates to the final earn out settlement paid in relation to the acquisition of DOTW.

(3) Relates to the cash consideration for the purchase of a 25% shareholding in Locktrip.

Notes to the consolidated half year financial statements are included on pages 15 to 23.

Consolidated statement of changes in equity

For the half-year ended 30 September 2021

	Issued capital	Share-based payments reserve	Convertible notes reserve	Other reserves[1]	Foreign currency translation reserve	Retained losses	Total equity
	$m	$m		$m	$m	$m	$m
Balance as at 31 March 2021	**847.4**	**4.1**	**–**	**(19.3)**	**(36.7)**	**(188.4)**	**607.1**
Loss for the period	–	–	–	–	–	(61.8)	(61.8)
Amounts in reserves recycled to the income statement	–	–	–	3.0	–	–	3.0
Other comprehensive loss for the period, net of income tax	–	–	–	–	34.1	–	34.1
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**3.0**	**34.1**	**(61.8)**	**(24.7)**
Transactions with owners in their capacity as owners							
Increase in issued capital arising from conversion of €100 million Convertible Notes[2]	182.0	–	–	–	–	–	182.0
Equity component of $250 million Convertible Notes[3]	–	–	35.4	–	–	–	35.4
Issue of shares under share based payment	4.6	(1.6)	–	–	–	–	3.0
Share based payment expense recognised for the period	–	5.0	–	–	–	–	5.0
Balance as at 30 September 2021	**1,034.0**	**7.5**	**35.4**	**(16.3)**	**(2.6)**	**(250.2)**	**807.8**
Balance at 1 July 2020	**847.4**	**–**	**–**	**(24.6)**	**14.1**	**(31.8)**	**805.1**
Loss for the period	–	–	–	–	–	(132.2)	(132.2)
Amounts in reserves recycled to the income statement	–	–	–	(1.5)	(3.1)	–	(4.6)
Other comprehensive loss for the period, net of income tax	–	–	–	–	(34.1)	–	(34.1)
Total comprehensive (loss)/income for the period	**–**	**–**	**–**	**(1.5)**	**(37.2)**	**(132.2)**	**(170.9)**
Transactions with owners in their capacity as owners							
Share based payment expense recognised for the period	–	2.0	–	–	–	–	2.0
Balance at 31 December 2020	**847.4**	**2.0**	**–**	**(26.1)**	**(23.1)**	**(164.0)**	**636.2**

(1) Comprises cashflow hedge reserve of $nil (31 March 2021: $1.0 million), available for sale reserve of $0.1 million (31 March 2021: $0.1 million) and a business combination reserve of ($16.4) million (31 March 2021: ($20.4) million) relating to the acquisition of Umrah Holidays . As at 30 September 2021, the Group holds a 56% equity interest in Umrah Holidays (31 March 2021: 51%).

(2) In April 2021, the €100 million Convertible Notes were fully settled by issuing 39.7 million shares and paying a conversion incentive fee of $33.2 million. Refer note 6.2 for details.

(3) This represents the equity component of the new Convertible Notes of A$250 million issued in April 2021. Refer note 6.2 for details.

Notes to the consolidated half year financial statements are included on pages 15 to 23.

1 Segment information

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

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

The segment information provided to the Managing Director for the periods ended 30 September 2021 and 31 December 2020 is set out in the tables below.

	6 months ended							
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sept 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
	B2C		B2B		Corporate		Total	
	$m	$m	$m	$m	$m	$m	$m	$m
Total transaction value[1]	227.1	135.0	435.7	132.0	–	–	662.8	267.0
Revenue[2]	22.8	14.6	32.6	8.0	–	–	55.4	22.6
Operating costs	(20.8)	(15.6)	(43.0)	(40.4)	(7.5)	(6.7)	(71.2)	(62.7)
EBITDA[3]	**2.0**	**(1.0)**	**(10.4)**	**(32.4)**	**(7.5)**	**(6.7)**	**(15.8)**	**(40.1)**
Share-based payment expense							(5.0)	(2.0)
EBITDA after share-based payment expense and before other non-operating expenses							**(20.8)**	**(42.1)**
Other non-operating expenses							(17.4)	(72.3)
Depreciation and amortisation							(11.9)	(11.8)
Acquired amortisation							(9.6)	(10.2)
Net interest[4]							(13.6)	(8.7)
Loss before tax							**(73.3)**	**(145.1)**
Income tax benefit							11.5	12.9
Net loss after tax							**(61.8)**	**(132.2)**

(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.

2 Revenue

2.1 Disaggregation of revenue

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

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

	Revenue recognition	B2C	B2B	Total
6 months ended 31 December 2020		**$m**	**$m**	**$m**
Booking commission revenue	Point in time	10.3	7.3	17.6
Supplier rebates	Over time	2.1	–	2.1
Other ancillary revenue	Over time	1.5	0.7	2.2
Other ancillary revenue	Point in time	0.7	–	0.7
Total revenue from contracts with customers[1]		**14.6**	**8.0**	**22.6**

(1) Excludes interest income.

2.2 Contract assets and contract liabilities

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

	B2C	B2B	Total
As at 30 September 2021	**$m**	**$m**	**$m**
Contract assets	1.1	3.5	**4.6**
Contract liabilities	(24.0)	(2.4)	**(26.4)**

	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)**

3 Expenses

3.1 Included in employee benefit expenses are:

	6 months ended 30 September 2021	6 months ended 31 December 2020
	$m	$m
Salaries and related on-costs	42.2	38.2
Share based payments expenses	5.0	2.0
Other employee benefits	0.1	1.3
Total	**47.3**	**41.5**

3.2 Included in operating expenses are:

	6 months ended 30 September 2021	6 months ended 31 December 2020
	$m	$m
Marketing expenses	3.3	2.1
Technology expenses	9.1	8.2
Administration expenses	6.3	5.5
Operating expenses	6.2	3.7
Other expenses	4.0	3.6
Total	**28.9**	**23.2**

3.3 Non-operating expenses comprise:

	Footnotes	6 months ended 30 September 2021 $m	6 months ended 31 December 2020 $m
SaaS implementation cost expensed	1	3.7	–
Restructuring costs	2	0.8	1.9
Government subsidies received	3	(1.8)	(3.9)
Cash		**2.7**	**(2.0)**
Impairment of Online Republic brand	4	14.5	–
Fair value changes of embedded derivatives	5	0.2	59.1
Receivables written-off		–	9.5
Fair value gain on put option		–	(1.1)
Loss arising from increase of earn-out provision		–	6.8
Non-cash		**14.7**	**74.3**
Total		**17.4**	**72.3**

(1) 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 for the current period, which mainly relate to the current ERP implementation, and concluded that all costs should be expensed. The Group is also finalising its analysis of historical capitalised costs to reassess the nature of the costs incurred. It does not expect any adjustments arising from this assessment to be material.

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

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

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

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

3.4 Finance costs comprise:

	6 months ended 30 September 2021 $m	6 months ended 31 December 2020 $m
Bank interest	3.4	3.4
Option premium expenses on hedging instruments	1.6	0.2
Convertible Notes Interest - amortisation from discount value to par using effective interest rate method	5.7	2.1
Convertible Notes Interest - Coupon (1)	0.9	2.0
Borrowing costs	2.2	1.2
Lease interest	0.1	0.1
Total	**13.9**	**9.0**

(1) Current period balance represents coupon interest of 0.75% per annum on A$250 million Convertible Notes, payable on a semi-annual basis. Prior period balance represents coupon interest of 2.5% per annum on Euro 100 million Convertible Notes, payable on a semi-annual basis.

4 Working capital

4.1 Trade receivables and other assets

	As at 30 September 2021	As at 31 March 2021
	$m	$m
Trade receivables	78.2	24.9
Contract assets	4.6	3.6
Credit loss allowance	(3.4)	(2.6)
Trade receivables	**79.4**	**25.9**
Prepayments	7.7	5.3
Term deposit	–	1.0
Other current assets[1]	10.8	11.2
Total trade receivables and other assets	**97.9**	**43.4**

(1) Comprises mainly customer deposits, indirect tax balances and other non-trade receivables.

Receivables ageing, contract assets and credit risk allowance

	B2C	B2B	Total
As at 30 September 2021	$m	$m	$m
Current	1.7	65.2	66.9
30 to 90 days	–	10.5	10.5
90 to 180 days	–	0.8	0.8
over 180 days	–	–	–
	1.7	**76.5**	**78.2**
Contract assets	1.1	3.5	4.6
Gross trade and other receivables	**2.8**	**80.0**	**82.8**
Allowance based on historic credit losses			(0.2)
Adjustment for respective changes in credit risk			(3.2)
Total trade and other receivables			**79.4**

	B2C	B2B	Total
As at 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	**3.9**	**24.6**	**28.5**
Allowance based on historic credit losses			(0.1)
Adjustment for expected changes in credit risk			(2.5)
Total trade and other receivables			**25.9**

4.1 Trade receivables and other assets (continued)

The movement in the credit loss allowance was as follows:

	6 months ended 30 September 2021	6 months ended 31 December 2020
	$m	$m
Opening credit loss allowance	2.6	8.1
Increase in credit allowance recognised in profit or loss	0.2	–
Write off of irrecoverable amounts	–	(4.3)
Impact of FX translation	0.6	(0.7)
Closing credit loss allowance	**3.4**	**3.1**

4.2 Trade payables and other liabilities

	30 September 2021			31 March 2021		
	B2C	B2B	Total	B2C	B2B	Total
	$m	$m	$m	$m	$m	$m
Trade payables	14.5	180.3	**194.8**	21.5	63.8	**85.3**
Accrued expenses and other liabilities	7.1	20.9	**28.0**	9.7	14.4	**24.1**
Total trade payables and other liabilities	**21.6**	**201.2**	**222.8**	**31.2**	**78.2**	**109.4**

5 Operating cashflows reconciliation

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

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

Operating cashflow per the direct method

	6 months ended 30 September 2021	6 months ended 31 December 2020
	$m	$m
Receipts from customers	609.1	282.5
Payments to suppliers and employees	(572.7)	(296.8)
Net finance cost paid	(3.6)	(2.6)
Income tax expense paid	–	–
Net cash flows used in operating activities	**32.8**	**(16.9)**

6 Borrowings

6.1 Borrowing and related derivatives for the Group are as follows:

			30 September 2021		31 March 2021	
	Terms	Maturity	Current	Non-current	Current	Non-current
			$m	$m	$m	$m
Bank debt on acquisition of:						
– Thomas Cook[1]	Principal & Interest	Jun 21	–	–	3.2	–
– JacTravel[1]	Interest Only	Nov 23	–	53.4	–	80.0
– DOTW[1]	Interest Only	Nov 23	–	33.3	–	50.0
Bank debt			–	86.7	3.2	130.0
Unsecured Convertible Notes[2]	Interest Only	Apr 26	–	219.9	123.4	–
Capitalised debt costs	n.a	n.a	–	(3.3)	(2.6)	–
Total Borrowings			**–**	**303.3**	**124.0**	**130.0**
Related derivatives						
Cross-currency interest rate swaps			–	–	–	3.1
Convertible Note embedded derivative[2]			–	–	93.3	–
			–	**–**	**93.3**	3.1

(1) During April 2021, the bank debt related to the Thomas Cook acquisition was repaid. In addition to this, $26.6m of JacTravel and $16.6m of DOTW term debt were repaid from a portion of the proceeds received from the issue of $250 million Convertible Notes. Subsequent to the reporting period, bank debts relating to Jac Travel and DOTW were restructured from term debt to a Revolving Credit Facility.

(2) Refer note 6.2 below.

6.2 Convertible Notes

2021 Convertible Notes

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

	30 September 2021
	$m
Proceeds from issue of Convertible Notes	250.0
Transaction costs	(4.6)
Net proceeds from issue of Convertible Notes	**245.4**
Equity component	(36.1)
Transaction costs relating to equity component	0.7
Amount classified under equity	**(35.4)**
Liability component at date of issue (net of transaction costs)	210.0
Convertible Notes Interest - amortisation from discount value to par using effective interest rate method	5.7
Interest paid (coupon payments)	0.9
Carrying amount of liability component at 30 September 2021	**216.6**

6.2 Convertible Notes (continued)

The net proceeds from the Convertible Notes were used to repay $43.3 million of Webjet's existing term debt; and the remainder is expected to be used to fund potential acquisitions, and for capital management and/or general corporate purposes.

The equity component of $35.4 million has been credited to the Convertible notes reserve.

The interest expensed for the year is calculated by applying an effective interest rate of 6.2 per cent to the liability component for the 6 months period since the loan notes were issued. The liability component is measured at amortised cost over the expected useful life of three years when the investors can exercise the put option. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the reporting at 30 September 2021 represents the effective interest rate less interest paid to that date.

2020 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.

6.3 Movement in borrowings

	Opening Balance 31 March 2020	Drawdowns 2021	Repayments 2021	Conversion into shares (including conversion incentive fee) 2021	Reclassification of equity component of A$250m Notes 2021	Non Cash (Fair value, FX) 2021	Closing Balance 30 Sept. 2021
	$m	$m	$m	$m	$m	$m	$m
Bank debt	133.2	–	(43.3)	–	–	(3.2)	**86.7**
Unsecured Convertible Notes	123.4	250.0	–	(123.4)	(36.1)	6.0	**219.9**
Capitalised debt costs	(2.6)	(4.6)	–	2.6	0.7	0.6	**(3.3)**
Related derivatives:							
- Cross currency interest rate swaps	3.1	–	–	–	–	(3.1)	**–**
- Convertible Note embedded derivative	93.3	–	–	(93.3)	–	–	**–**
Total borrowings	**350.4**	**245.4**	**(43.3)**	**(214.1)**	**(35.4)**	**0.3**	**303.3**

6.4 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.

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

This general purpose consolidated interim financial report for the half-year ended 30 September 2021 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

As announced by the Group on 19 August 2020, the Group changed its financial year end from 30 June to 31 March. The FY2022 half year comprises six months ended 30 September 2021. The comparative period is unchanged at 31 December 2021. As a result, the comparison between the FY2021 and FY2022 half year periods may not be comparable due to seasonality.

These consolidated financial statements are prepared on a going concern basis. Further to disclosures contained in the 31 March 2021 financial report, the Group successfully 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 net proceeds from the Convertible Notes (approximately $246 million) 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.

In addition, 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.

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.

Adoption of new accounting standards

The following minor amendments to standards became effective and applicable to the Group from 1 April 2021:

- AASB 2018-6 Amendments to Australian Accounting Standards: Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards: Definition of Material
- Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards: References to the Conceptual Framework
- AASB 2019-3 Amendments to Australian Accounting Standards: Interest Rate Benchmark Reform
- AASB 2019-5 Amendments to Australian Accounting Standards: Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2020-4 Amendments to Australian Accounting Standards: COVID-19 Related Rent Concessions

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

8 Subsequent events

Subsequent to the reporting period, the Company and one of its primary lenders have agreed to convert the Term Debt facility of $43.3 million (out of $86.7 million) to a Revolving Credit Facility.

In November 2021, the Company agreed in principle, to acquire 100% of the shareholdings of Trip Ninja Inc., a Canadian travel technology company.

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

Directors' Declaration

The directors declare that:

In the Directors' opinion:

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

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the Group's financial position as at 30 September 2021 and of its performance for the half-year ended on that date.

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

On behalf of the Directors

Roger Sharp
Chair

24 November 2021

Webjet Limited Corporate directory

Directors

- Roger Sharp
  Independent Non-executive Director, Chair
- John Guscic
  Managing Director
- Don Clarke
  Independent Non-executive Director,
  Deputy Chair
- Brad Holman
  Independent Non-executive Director
- Denise McComish
  Independent Non-executive Director
- Shelley Roberts
  Independent Non-executive Director

Company Secretary

- Tony Ristevski
- Ella Zhao

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