FLIGHT CENTRE
TRAVEL GROUP™

STATEMENT TO AUSTRALIAN SECURITIES EXCHANGE – July 31, 2025

Flight Centre Travel Group (FLT) Releases Preliminary FY25 Trading Results

Key Points (based on preliminary unaudited trading results)

- Record total transaction value (TTV) of $24.5billion expected for 2025 fiscal year (FY25)
- $285million-$295million underlying profit before tax (UPBT) expected – just below bottom of guidance and reflecting short-term cyclical challenges encountered late in year
- Strong foundations maintained – diverse global operations with robust balance sheet
- Strategic initiatives underway to capitalise on market stabilisation and recovery
- Significant customer loyalty and artificial intelligence (AI) initiatives unveiled today

Preliminary Result Overview & Key Drivers

FLT has today announced preliminary trading results for FY25, ahead of the release of its audited accounts on August 27.

The company expects to deliver record TTV in the order of $24.5billion during the year to June 30, 2025 (FY24: $23.7billion) and an UPBT between $285million and $295million – slightly below the $300million-$335million range that FLT previously guided.

The anticipated UPBT result follows a challenging fourth quarter (Q4) and reflects:

- Underperformance and additional, non-recurring costs in Asia; and
- The significant impacts of escalating tensions in the Middle East and the ongoing global downturn in bookings to the United States on leisure results late in the year

This volatility temporarily disrupted traditional travel and booking patterns during FLT's peak trading period as some customers either booked closer-to-home overseas holidays (In Australia, examples include China, Japan, Fiji and New Zealand) or delayed finalising travel plans. As a result, leisure's FY25 UPBT is expected to dip below its strong FY24 result.

While the corporate business's UPBT is also expected to be below FY24, the business has performed solidly and delivered year-on-year (YOY) profit growth outside of Asia, where losses predominantly relate to debt provisions and costs associated with the local mid-office system changes reported in first half (1H) results, as well as customer downtrading.

Reduced volume-based supplier payments (super over-rides) flowing from lower-than-normal TTV growth in core brands has also adversely affected FY25 margins and UPBT.

The leisure business is expected to deliver solid YOY TTV growth, but the increase has been predominantly driven by lower margin brands that do not contribute materially to super over-ride income.

The corporate business is expected to deliver another year of record TTV, but YOY growth has been reasonably modest in a flat global market, with the business's account wins offsetting widespread client downtrading during the period. A stronger corporate TTV pipeline has been secured into FY26, with:

- FCM alone winning new contracted accounts with projected annual spends in the order of $1.3billion globally during FY25; and
- Corporate Traveller out-performing in the large US market during the 2H with TTV increasing 12% in a contracting local market (Source: Airline Reporting Corporation)

FLT maintains a strong balance sheet and liquidity position, with healthy cash reserves* and undrawn debt facilities. This strength allowed FLT to initiate an up to $200million issued capital buy-back during the 2H, bolster its cruise sector presence by acquiring Cruise Club in the UK during the 1H and invest in the initiatives outlined below.

Strategic Response to Cyclical Challenges

Targeted measures are in place to address short-term market volatility, while positioning FLT for accelerated profit growth as conditions normalise, including:

- Cost Optimization – fast-tracking initiatives in the new Global Business Services (GBS) area to enhance operational efficiency and lower costs, while continuing to focus on productivity gains and cost reduction group-wide
- Capital Discipline – targeting a 15%-20% capital expenditure reduction for FY26, with ongoing prioritisation of key projects and products
- Portfolio Refinement – closure or repositioning of under-performing assets, including StudentUniverse and wholesaler The Travel Junction (both closed during FY25); and
- Supplier Partnerships – leveraging relationships globally to capitalise on evolving travel patterns, including airline capacity shifts, and emerging trends, including new air distribution models (New Distribution Capability or NDC)

New Customer Loyalty and AI Initiatives Announced Today

In addition, the company has increased its investments in:

- Loyalty to enhance the customer experience (CX) – late in the FY26 1H, FLT plans to launch a leisure loyalty program initially spanning the Flight Centre, Cruiseabout and Travel Associates brands in Australia and potentially extending to other brands in the future. When fully operational, the program is expected to deliver a significant new revenue stream and a superior CX. Upfront investments to date include system upgrades, deployment of specialist teams and consultancy fees; and

- AI Innovation – to enhance CX, boost productivity and disrupt traditional offerings, FLT is developing new products through its AI Center of Excellence, including the recently relaunched Sam intelligent virtual assistant for FCM customers, and working with high profile external partners, including Quantium in the leisure sector

In addition, the company has today signed an agreement with Anthropic that is expected to:

- Deliver productivity gains and cost savings across a variety of disciplines through access to the Claude at Work enterprise solution; and
- Enhance the AI-powered chatbots that FLT's leisure and corporate businesses are developing and deploying for their customers and people – including Sam in corporate and an AI co-consultant product for travel agents that is currently being trialled in leisure – given Claude can be integrated into other applications via an API

Comments From Managing Director Graham Turner

"FY25 has proven to be volatile year for our industry, with geopolitical unrest and macro-economic concerns slowing the strong post-COVID rebound. Within this challenging cycle, our diverse global brand network, which includes large-scale leisure and corporate businesses that capture a high percentage of recurring revenue from repeat and contracted customers, has again delivered record TTV – underlying the resilience of our global platform.

"To boost future profits, we have implemented comprehensive strategies to enhance performance and capitalise on the substantial opportunities ahead. Our brand and business portfolio and strong balance sheet position us well for accelerated growth as market conditions stabilise, while the investments we are making in technology, CX and operational efficiency are set to drive competitive advantage and superior shareholder returns."

Notes on Guidance

In line with its established practice, FLT's guidance is for UPBT only and the company has excluded various items from statutory PBT. The exclusions have been outlined in previous FY25 announcements and have been updated and summarised in the accompanying table.

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*As is the case with industry peers, FLT's FY25 operating cash inflow will be significantly impacted by the airline payment cycle's (BSP) timing and will be lower than the FY24 inflow.

Underlying Adjustments (unaudited)	FY24 Actual $'m	FY25 Expected $'m	Comments
Amortisation of convertible notes	31	24	Amortisation will reduce in future years depending on quantum and timing of convertible notes (CNs) buy-backs.
Gain on Buy-back and remeasurement of convertible notes	(48)	(11)	Future year amounts will depend on quantum and timing of CNs buy-backs.
Closure of under-performing businesses	29	22	Trading loss and closure costs of $11m for the TTJ business closure in December 2024 plus an additional $11million trading loss for StudentUniverse (hibernated during the FY25 2H). Prior year included US Wholesale (GoGo) as well as being restated to include the closing of Discova Americas in June 2024 (disclosed in FY24 financial statements). Further closure costs not expected in future years.
GBS Projects incl HRIS		9	Costs relate to implementation of Human Resources Information System (HRIS) as well as restructure costs associated with GBS operating model initiatives. Costs of between $10m and $15m expected in FY26 as the majority of initiatives are completed, with minimal costs in FY27.
Leisure Loyalty program		15	Costs to date relate to technology and systems, including enhanced data capabilities, development of apps and a new Customer Relationship Management tool, deployment of specialist teams and external consultancy fees. A moderate increase in costs expected to be incurred in FY26 prior to the launch of the Loyalty program late in the 1H.
Productive Operations initiative	19	22	Costs incurred relate to transitional activities and the global alignment of processes. Reduced run rate expected in FY26, with a smaller investment in FY27 as the programs complete.
Right of use asset impairment reversal		(7)	Right of use lease asset impairment reversal in H2 for leases impaired in COVID period.
Employee retention plans - COVID Related Retention Plans	10		Employee Covid retention plans ended in FY24.
SU Impairment (non-cash), restructuring costs and other head office lease impairment	49		
Supplier loss (Rex)	11		
Total	**101**	**74**	

Significant transformation activity has been undertaken within the business over recent years, resulting in a number of items being excluded from statutory PBT. The company expects the number and size of these adjustments to reduce into FY26, as noted in the table above, and anticipates any difference between statutory and underlying PBT in FY27 to largely be attributable to the accounting treatment of remaining Convertible Notes.

Flight Centre Travel Group Limited's board has authorised this announcement.