AUSTRALIAN SHAREHOLDERS' ASSOCIATION

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Record sales, a bumpy landing and a bonus rescue

Company/ASX Code	Flight Centre Travel Group Limited / FLT
AGM time and date	10.00am AEST (Brisbane time) Wednesday 11 November 2026
Location	Emporium Hotel, 267 Grey St, South Brisbane
Registry	Computershare
Type of meeting	Hybrid – online at meetnow.global/MNHP562
Monitor	Susan Bailey assisted by Peter Cory
Pre-AGM Meeting	Yes, Susan Bailey with Haydn Long, Gary Smith and John Eales.

Monitor Shareholding: The individuals involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Re-election of Director – John Eales	Against
2	Election of Director – Gareth Turner	For
3	Grant of Long-Term Incentive Plan rights to Managing Director and Group Chief Executive Officer	For
4	Remuneration Report	Undecided

2. Summary of Issues and Voting Intentions for AGM

- **Board discretion on bonuses.** FLT was tracking at or ahead of plan until the Middle East conflict hit its peak Q4 leisure season. The Board assessed FY26 bonuses as if the shock had not happened, which allowed the Group profit gateway to be met, and then halved the result.

		2025			2026		
		STI Max % of Fixed Remuneration	Actual STI% of Max	Actual STI	STI Max % of Fixed Remuneration	Actual STI% of Max	Actual STI
CEO Group	Graham Turner	30%	3%	$8,860	75%	26%	$236,544
CEO & CFO Global Business	Adam Campbell	30%	31%	$103,561	75%	31%	$262,291
CEO Leisure	James Kavanagh	30%	11%	$31,688	75%	22%	$154,036

The conflict was outside management's control, and, according to the Chairman, far more consequential than the 2025 impact. A 'Do Not Travel' guidance issued by the Australian Government resulted in FLT refunding more than $250m in airfares to customers. We understand the Board's reasoning, but shareholders cannot reset their own year. We will ask whether this Board discretion sets a precedent for future STI payments, in that, anytime there's a reason for a reduction in the Group PBT, the plan will be abandoned

- **Board independence and renewal.** Three of the current six non-executive directors, including the Chair, have served more than 12 years, so ASA no longer regards them as independent. John Eales (14 years) chairs the Remuneration Committee and is standing for re-election. John Eales states that he was persuaded to stand again, because of a current period of board transitioning. This will be his final term. We welcome the appointment of Gareth Turner and the retirement of Robert Baker. FLT are actively searching for new board members, but a clear timetable for further renewal is desired.
- **Pay design.** The STI is still paid entirely in cash even though it can now reach 75% of fixed pay.
- The CEO-Leisure has a new uncapped cash retention arrangement. The Chairman claims that the bonus payment to the CEO Leisure was required in order to ensure he remained employed at FLT.
- The CEO's new long-term incentive (LTI) is a clear improvement, with the portion that vests for service alone falling from 30% to 20%.

ASA intends to vote open proxies **against** the re-election of John Eales and **for** the election of Gareth Turner and the CEO's LTI grant. Our vote on the Remuneration Report is **undecided** pending the Board's answer on the bonus gateway.

See ASA Voting guidelines and Investment Glossary for definitions.

3. Matters Considered

Accounts and reports – no vote required

FLT delivered its 27th year of record total transaction value (TTV), up 4.7% to $25.7b. Corporate continued to grow strongly, lifting underlying profit before tax (UPBT) 28% to $240m. Leisure UPBT fell 21.7% to $139m after the Middle East conflict closed key transit hubs during its busiest quarter; the company puts the cost at about $60m. Group UPBT fell 4.0% to $277.6m, while statutory net profit rose 38% to $149.3m and earnings per share rose 43% to 70.9c, helped by buy-backs. Dividends rose to 42c fully franked. FLT remains in a net cash position of $253.9m, excluding convertible notes.

For shareholders, the year was mixed. Earnings, dividends and the corporate business grew, but the share price has not recovered from the FY25 downgrade, closing at $11.96 against $19.05 three years earlier.

Financial performance

(As at FYE)	**2026**	**2025**	**2024**	**2023**	**2022**
NPAT ($m)	149.3	108.2	139.2	47.4	(287.2)
UPAT ($m)	184.3	166.5	229.6	106.0	(272.6)
Share price ($)	11.96	12.48	20.18	19.05	17.36
Dividend (cents)	42	40	40	18	0
Simple TSR (%)	(0.9)	(36.1)	7.4	9.7	16.9
EPS (cents)	70.9	49.6	63.7	23.1	(142.4)
CEO total remuneration, actual ($m)	1.437	1.046	0.955	0.896	0.684

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Dividends shown are those declared for each year; simple TSR uses dividends paid during the year. CEO actual remuneration is cash salary, STI and superannuation paid and payable; no equity vested to the CEO in these years. Sources: FY26 Annual Report p.24 and prior ASA VIs.

Governance and culture

FLT remains a founder-led company with a strong culture. Founder and Managing Director Graham Turner holds about 8% of the shares, which aligns him closely with shareholders. The board has six directors (seven until the AGM). The company classes all non-executive directors as independent, but Chair Gary Smith (19 years), John Eales (14 years) and Robert Baker (13 years) have all passed ASA's 12-year threshold. After the AGM, three of six directors will be independent on ASA's measure. Two of six directors are women (33%), which meets the company's 30% objective but is below ASA's 40% expectation.

The board skills matrix names each director, which we welcome. Gaps are in technology, legal and, after Baker's retirement, sustainability.

The FY26 board evaluation was not completed in the year; it was scheduled for September 2026.

Several directors hold relatively few shares: Kirsty Rankin holds about 42% of her annual fee after almost four years and Colette Garnsey about 48% after eight years. FLT has no minimum shareholding policy for directors.

Key events

- Acquired Iglu, the UK's leading online cruise agency, for £100m, and sold Cross Hotels & Resorts and its stake in the Pedal Group (99 Bikes) for about $80m.
- Completed a $200m on-market share buy-back and announced a further $200m buy-back.
- Issued a $450m convertible note to refinance existing notes.
- Launched the World360 Rewards loyalty program and expanded AI tools across the corporate and leisure businesses.

Key board or senior management changes

Gareth Turner, a chartered accountant and former CFO, joined the board on 28 August 2026 and will succeed Robert Baker as Audit and Risk Committee chair when Baker retires at the AGM. There were no changes to the executive team.

Sustainability/ESG

FY26 is FLT's first year of mandatory climate-related reporting under AASB S2, with full Scope 3 emissions disclosure planned for FY27. Social programs include the FC Foundation, the new FCTG Gives platform and more than 3 million trees funded through Reforest.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Hybrid meeting. The AGM is hybrid, which ASA supports. Online attendees can ask questions and vote in real time.

AI and cyber oversight. FLT is using AI widely in customer service. FLT consider that every member of the board is informed and possesses an understanding of the relevant issues and risks, through undertaking frequent education and training. It is a significant part of their role. The company has an Internal Audit Committee that meets quarterly with the board. The head of this committee is a very experienced person, and has external advisors on call, if required. The head of Data Security and Privacy also attends board meetings quarterly. FLT has a specialist in AI in each pillar of the company. Cyber risk is very much front of mind for the Board.

4. Rationale for Voting Intentions

Board composition. The board needs further renewal. After the AGM, half the board will have served more than 12 years or be the founder-CEO. ASA flagged in 2023 that Mr Eales would lose independence during this term. We support the steps taken this year and ask the Board to set out its timetable for renewing the Chair and Remuneration Committee chair roles.

Resolution 1 Re-election of Director – John Eales (against)

Mr Eales has been a director since 2012 and chairs the Remuneration and Nomination Committee. He brings valuable leadership and culture expertise, and his workload is acceptable: he chairs Trajan, has joined EDU Holdings and leaves Magellan in October 2026. However, after 14 years ASA no longer considers him independent, and the board will not have an independent majority after the AGM. As Remuneration Committee chair he is also accountable for this year's bonus discretion and the continued all-cash STI. He holds shares worth about 78% of his annual fee.

ASA supported Mr Eales's re-election in 2023. We would reconsider if the Board commits to a timetable for an independent director to take over the Remuneration Committee chair and for Mr Eales's retirement.

Resolution 2 Election of Director – Gareth Turner (for)

Mr Turner was appointed on 28 August 2026 and is independent (he is not related to the Managing Director). A chartered accountant, he was CFO of Hills, amaysim, GBST and Infomedia, and earlier worked in finance at Stella Group and Jetset Travelworld. He fills the finance and audit gap left by Mr Baker. He is a non-executive director of Superloop and Autosports Group, chairing both audit committees, and of private fintech Padua; his workload is acceptable. His shareholding has not been disclosed; we will ask about his intentions.

Resolution 3 Grant of Long-Term Incentive Plan rights to Managing Director and Group Chief Executive Officer (for)

The grant is 101,349 performance rights, equal to 100% of fixed pay ($1,202,568). The number was set at face value using the 10-day volume weighted average price (VWAP) of $11.8655 after the results. The rights are tested over three years (1 July 2026 to 30 June 2029): 26% on relative TSR against 18 named global travel companies, 26% on underlying EPS growth (5% to 12.5% a year), 28% on TTV growth (4% to 10% a year) and 20% on continued service. There is no retesting.

This is a sound, conventional design, and the service-only portion is falling, which responds to the concern ASA raised last year (30% in FY26, 20% now, nil by FY29).

Resolution 4 Remuneration Report (undecided)

FY26 was the first year of a reshaped framework that is now much closer to market practice: an STI of up to 75% of fixed pay subject to a profit gateway, and a performance-tested LTI. The CEO's pay remains modest for a company of FLT's size; his fixed pay is $1.2m and his statutory remuneration was $1.79m.

Our concerns are:

- The Board met the 90%-of-budget STI gateway only after removing the impact of the Middle East conflict, then halved outcomes. CEO STIs payouts rose from $147,000 in FY25 to $1.23m.
- The conflict was outside management's control, but it was a known risk. FLT's FY25 and FY26 annual reports both list Middle East conflict as a key risk, and the FY26 report notes its effect on fuel and airfare prices. Middle East tensions also hit FLT's peak quarter in FY25, when the Board made no adjustment. Management should have a plan for a known, recurring risk.
- The STI is paid entirely in cash. ASA expects at least half to be deferred into shares for a year.
- Because 30% of the FY26 LTI vests on service alone, only about 53% of the CEO's maximum pay is genuinely at risk, below ASA's 60% guideline.
- A new cash retention arrangement for the CEO-Leisure is calculated as the underlying PBT of the Leisure division for the preceding year, less $176 million (FY25 Leisure result), multiplied by 4.8 percent. No amount is payable before 30 June 2030. There is no disclosed cap.

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Appendix 1
Remuneration framework detail

CEO rem. Framework for FY26	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.200	40.0%	1.200	36.4%
STI - Cash	0.600	20.0%	0.900	27.3%
STI - Equity	0.000	0.0%	0.000	0.0%
LTI	1.200	40.0%	1.200	36.4%
Total	3.000	100.0%	3.300	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.

Notes: STI target is 50% and maximum 75% of fixed pay, paid entirely in cash. The LTI is 100% of fixed pay at face value, of which 30% in FY26 (20% in FY27) vests on continued service only. Excluding that service-only portion, about 53% of maximum pay is genuinely at risk (ASA guideline: 60%). FY26 outcome: fixed pay $1.200m, STI $0.237m (26% of maximum), no LTI vesting. Source: FY26 Annual Report pp.20–25; 2026 Notice of Meeting p.5.