



ASX Announcement

17 February 2021

Results for announcement to the market Half Year ended 31 December 2020

In accordance with ASX Listing Rule 4.2A, the documents which follow are for immediate release to the market:

- Half Year Report for the half year ended 31 December 2020 (Appendix 4D);
- Directors' Report and Interim Financial Report for the half year ended 31 December 2020.

The information contained in this release should be read in conjunction with the Company's most recent Annual Financial Report.

Authorised for release by the Board.

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1. Company details

Name of entity:	Corporate Travel Management Limited ('CTM')
ABN:	17 131 207 611
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. Results for announcement to the market

	Dec 2020 \$'000	Dec 2019 \$'000	Change \$'000	Change %
Total transaction value (TTV) ¹	403,798	3,310,220	(2,906,422)	(88%)
Revenue	56,478	222,174	(165,696)	(75%)
Total revenue and other income	74,245	222,290	(148,045)	(67%)
(Loss)/Profit before tax	(47,450)	46,356	(93,806)	(202%)
(Loss)/Profit from ordinary activities after tax	(37,381)	35,070	(72,451)	(207%)
Net (loss)/profit for the period attributable to members	(36,375)	32,913	(69,288)	(211%)
			Dec 2020 Cents	Dec 2019 Cents
Basic earnings per share			(30.1)	30.3
Diluted earnings per share ²			(30.1)	30.3

¹ TTV, which is unaudited, represents the amount at which travel products and services have been transacted across the consolidated entity's operations whilst acting as agents for airlines and other service providers, along with other revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV is stated net of consumption tax.

² Diluted EPS is calculated based on EPS adjusted for shares from unvested share appreciation rights with a strike price below the prevailing share price at period end where they are not antidilutive.

3. Dividends

Current period

There were no dividends paid, recommended or determined during, or for, the current reporting period.

Previous period

There were no dividends recommended for the previous reporting period. Dividends of \$26,456,000 were paid in relation to the final dividend declared for the year ended 30 June 2019.

4. Net tangible assets per security

	Dec 2020 Cents	Dec 2019 Cents
Net tangible assets per ordinary security	<u>72</u>	<u>86</u>

5. Control gained over entities

Tramada Holdings Pty Ltd

CTM acquired 100% of the shares of Tramada Holdings Pty Ltd ('Tramada') with effect from 29 October 2020 for consideration of AU\$9,353,000. Tramada is a software company focused on automation of the travel booking process for travel agencies and independent travel consultants, primarily in the Australian market. CTM was the largest customer of Tramada prior to the acquisition.

Travel and Transport, Inc

CTM acquired 100% of the shares of Travel and Transport, Inc ('T&T') with effect from 30 October 2020 for consideration of US\$209,897,000 (AU\$292,494,000) on a cash free, debt free basis. T&T is based in North America with operations in Europe, specialising in travel agency services for the corporate market.

Refer to note 4 'Business combinations' in the Interim Financial Report attached for further details.

6. Compliance statement

The Interim Financial Report is based on accounts which have been reviewed by the auditor of CTM. There have been no matters of disagreement and a report of the auditor's review appears in the Interim Financial Report.

The report should be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by CTM in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the *ASX Listing Rules*.

Additional Appendix 4D disclosure requirements can be found in the Interim Financial Report of CTM for the period ended 31 December 2020.

Corporate Travel Management Limited

ABN 17 131 207 611

Interim Financial Report - 31 December 2020

Directors' report	2
Auditor's independence declaration	8
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the consolidated financial statements	14
Directors' declaration	24
Independent auditor's review report to the members of Corporate Travel Management Limited	25

ABN 17 131 207 611

Registered Office:

Level 24, 307 Queen Street

Brisbane Queensland 4000

The Directors present their report, together with the interim consolidated financial statements of Corporate Travel Management Limited ('CTM') and its controlled subsidiaries ('the Group') for the half-year ended 31 December 2020.

Directors

The following persons were Directors of CTM during the financial half-year and up to the date of this Directors' Report, except as otherwise stated.

- Ewen Crouch AM (Chairman, Independent Non-Executive Director).
- Sophie Mitchell (Independent Non-Executive Director).
- Jon Brett (Independent Non-Executive Director).
- Jamie Pherous (Managing Director).
- Laura Ruffles (Executive Director).

Review of operations

Group overview

The Group provides travel services for its clients, the results of which are disclosed in the interim consolidated financial statements.

Corporate activity

CTM completed a \$379,830,000 capital raising during the half-year, issuing 27,424,566 shares at \$13.85. This capital raise was undertaken to complete the acquisition of Travel and Transport, Inc ('T&T') and strengthen the balance sheet.

Tramada Holdings Pty Ltd

The Group acquired 100% of the shares of Tramada Holdings Pty Ltd ('Tramada') with effect from 29 October 2020 for consideration of \$9,353,000. Tramada is a software company focused on automation of the travel booking process, enabling better business performance for travel agencies and independent travel consultants primarily in the Australian market. The Group was the largest customer of Tramada prior to the acquisition.

Travel and Transport, Inc

The Group acquired 100% of the shares of T&T with effect from 30 October 2020 for consideration of US\$209,897,000 (AU\$292,494,000) on a cash free, debt free basis. T&T is based in North America, with operations in Europe, specialising in travel agency services for the corporate market.

Group financial performance

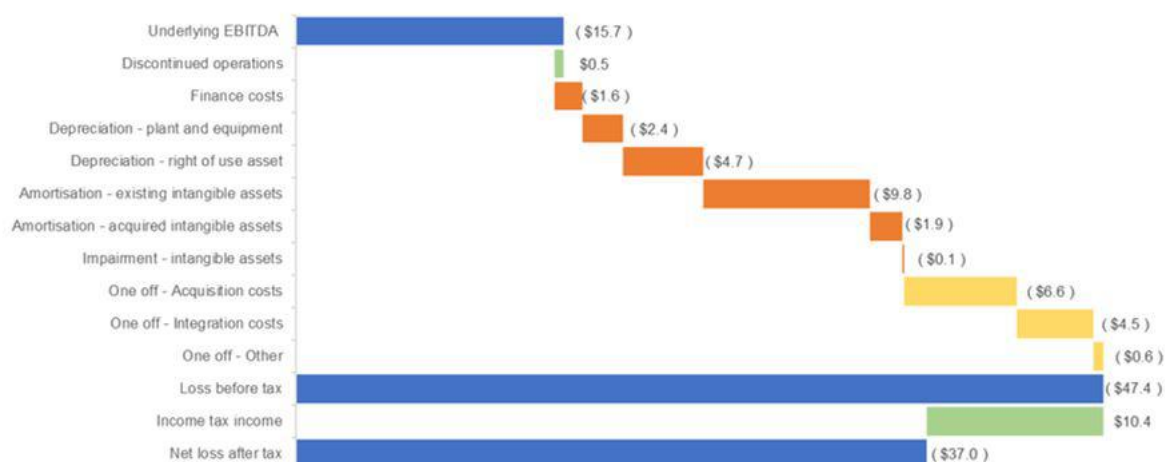
The net loss after tax attributable to owners of CTM for the financial period amounted to \$36,375,000 (2019 profit: \$32,913,000). During the period, the Group's result was affected by the continued travel restrictions caused by the global COVID-19 pandemic with underlying EBITDA falling by 124% to a loss of \$15,666,000. The reconciliation to profit/(loss) before income tax from continuing operations is set out in note 2 'Segment reporting' in the notes to the interim consolidated financial statements.

On a constant currency basis, underlying EBITDA fell by 126% to a loss of \$16,472,000. Prudent cost management initiatives in FY20 enabled the Group to maintain costs broadly aligned with activity in the travel market. This limited the negative impacts to underlying EBITDA in the half-year ended 31 December 2020.

The business is well-positioned for recovery, with enhanced scale, technology, integrated automation, and an attractive value proposition for customers.

The Group ended 2020 with a strong balance sheet with no debt and cash of \$124,578,000.

Underlying EBITDA to Statutory Net Loss After Tax Reconciliation (\$m)



Total Transaction Value ('TTV') (unaudited)

TTV represents the amount at which travel products and services have been transacted across the Group's operations whilst acting as agents for airlines and other travel service providers, in addition to other revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit. TTV is stated net of consumption tax. Whilst TTV has historically been utilised by management as a key travel industry metric, during the reporting period it did not correlate to activity or performance of the business in any meaningful way. The impact of elevated cancellations and airline credit utilisation on TTV serve to depress TTV and consequently inflate the TTV to revenue margin. Compared to the previous period, the Group's TTV fell by 88%.

	Consolidated	
	Dec 2020 \$'000	Dec 2019 \$'000
TTV net of consumption tax (unaudited)	403,798	3,310,220
Revenue and other income	74,245	222,290

Regional operations

Due to a significant portion of the Group's operations being outside Australia, the Group is exposed to currency exchange rate translation risk, as the value of the Group's offshore earnings fluctuate when reported in Australian dollars.

The Group's regional results for the half-year financial period have been provided on a constant currency basis. TTV, revenue, and underlying EBITDA for the regions are converted at the average rate for the 31 December 2019 half-year period, to remove the impact of foreign exchange movements in assessing the Group's performance against the prior period. The constant currency comparatives are not compliant with Australian Accounting Standards.

Consolidated Group

	Dec 2020 \$'000	Dec 2019 \$'000	Change %
Reported AUD			
TTV	403,798	3,310,220	(88%)
Revenue	56,478	222,174	(75%)
Underlying EBITDA	(15,666)	64,459	(124%)
Constant Currency			
TTV	416,500	3,310,220	(87%)
Revenue	58,912	222,174	(73%)
Underlying EBITDA	(16,472)	64,459	(126%)

Australia and New Zealand

	Dec 2020 \$'000	Dec 2019 \$'000	Change %
Reported AUD			
TTV	155,261	686,511	(77%)
Revenue	12,608	61,745	(80%)
Underlying EBITDA	2,956	24,396	(88%)
Constant currency			
TTV	155,477	686,511	(77%)
Revenue	12,622	61,745	(80%)
Underlying EBITDA	2,954	24,396	(88%)

Revenue fell by 80% to \$12,608,000 for the half-year ended 31 December 2020. The decrease in revenue was caused by continued government-mandated restrictions on travel, both internationally and domestically. Essential travel clients and intrastate travel underpinned the comparative resiliency of the ANZ region. The fall in revenue was mitigated by effective cost-cutting and Government assistance within the region resulting in a positive underlying EBITDA of \$2,956,000 for the period. During the half-year, ANZ has focused on maintaining service levels to enable effective recovery to the historical operating cadence as the impacts of COVID-19 subside. During the period, CTM acquired Tramada providing an additional diversified income stream.

North America

	Dec 2020 \$'000	Dec 2019 \$'000	Change %
Reported AUD			
TTV	181,523	758,512	(76%)
Revenue	29,363	69,772	(58%)
Underlying EBITDA	(9,077)	14,362	(163%)
Constant currency			
TTV	192,667	758,512	(75%)
Revenue	31,463	69,772	(55%)
Underlying EBITDA	(9,699)	14,362	(168%)

Revenue fell by 58% to \$29,363,000 for the half-year ended 31 December 2020. Whilst historically a significant portion of travel in the North America region has occurred domestically, COVID-19 impacts on demand and continued reduction in travel supply resulted in an underlying EBITDA loss of \$9,077,000. CTM acquired T&T during the period for US\$209,897,000 (cash-free, debt-free). This acquisition provides the North America region with additional scale and relevance to deliver on its service and technology proposition to further benefit from the travel market's recovery. The integration of CTM NA and T&T is underway to ensure maximum synergies are delivered while still providing exceptional service levels.

Asia

	Dec 2020 \$'000	Dec 2019 \$'000	Change %
Reported AUD			
TTV	(10,753)	1,299,832	(101%)
Revenue	3,825	42,995	(91%)
Underlying EBITDA	(3,625)	13,230	(127%)
Constant Currency			
TTV	(10,686)	1,299,832	(101%)
Revenue	3,995	42,995	(91%)
Underlying EBITDA	(3,780)	13,230	(129%)

Revenue fell by 91% to \$3,825,000 for the half-year ended 31 December 2020 resulting in underlying EBITDA falling by 127% to (\$3,625,000). Negative TTV of \$10,753,000 was recorded in Asia during the half-year due to high cancellation levels in July and August 2020. TTV was positive in the following months of the half-year, although volatility in booking patterns has remained a feature of the Asia region. Revenue is predominately derived from international travel and travel restrictions have resulted in continuing impacts. The region has executed significant cost savings and focused on debt collection to limit business losses during this low travel activity period. Government support for staff costs in Hong Kong and Singapore has assisted in minimising the financial impacts of the reduced activity in the half.

Europe

	Dec 2020 \$'000	Dec 2019 \$'000	Change %
Reported AUD			
TTV	77,767	565,365	(86%)
Revenue	10,650	47,662	(78%)
Underlying EBITDA	(2,240)	19,364	(112%)
Constant Currency			
TTV	79,042	565,365	(86%)
Revenue	10,832	47,662	(77%)
Underlying EBITDA	(2,267)	19,364	(112%)

Revenue fell by 78% to \$10,650,000 for the half-year ended 31 December 2020. Extended lockdowns in the United Kingdom coupled with decreased travel activity, were the primary contributors to the fall in revenue during the period. Fortunately, the exposure to essential travel and extended UK government support provided some income resiliency. Despite these regional benefits and a significant focus on costs in the period, underlying EBITDA also fell by 112% to (\$2,240,000).

Group Financial Position

The Group continues to maintain a strong financial position, with net current assets of \$71,525,000 (30 June 2020: \$30,825,000) and total equity of \$836,099,000 (30 June 2020: \$558,087,000). At 31 December 2020, the Group had no interest-bearing liabilities (30 June 2020: nil), excluding lease liabilities.

The impact of COVID-19 and the resulting decrease in travel activity worldwide has resulted in decreased working capital requirements. The business remained focused on debtor collection throughout the period. Cash has increased from \$92,843,000 at 30 June 2020 to \$124,578,000 at 31 December 2020, assisted by the equity capital raising in October 2020.

Dividends

There were no dividends paid, recommended, or determined during the current reporting period.

There were no dividends recommended for the previous reporting period. A dividend of \$26,456,000 was paid in relation to the final dividend determined for the year ending 30 June 2019.

Events after the reporting period

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

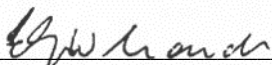
Amounts in the consolidated interim financial statements and the Directors' Report have been rounded to the nearest thousand dollars (unless otherwise indicated) in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

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

On behalf of the Directors



Mr Ewen Crouch AM
Chairman



Mr Jamie Pherous
Managing Director

17 February 2021
Brisbane



Auditor's Independence Declaration

As lead auditor for the review of Corporate Travel Management Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Corporate Travel Management Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Michael Crowe'.

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
17 February 2021

Corporate Travel Management Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	Dec 2020 \$'000	Dec 2019 \$'000
Revenue	2	56,478	222,174
Other income		17,767	116
Total revenue and other income		74,245	222,290
Operating expenses			
Employee benefits		(70,130)	(119,179)
Depreciation and amortisation		(18,619)	(15,726)
Impairment of assets		(92)	-
Information technology and telecommunications		(12,053)	(20,621)
Travel and entertainment		(178)	(2,658)
Cost of goods sold		(3,396)	-
Occupancy		(2,038)	(3,033)
Administrative and general		(13,495)	(11,689)
Total operating expenses		(120,001)	(172,906)
Operating profit/(loss)		(45,756)	49,384
Finance costs		(1,694)	(3,028)
Profit/(loss) before income tax (expense)/income from continuing operations		(47,450)	46,356
Income tax (expense)/income		10,423	(11,286)
Profit/(loss) after income tax (expense)/income from continuing operations		(37,027)	35,070
Loss after income tax income from discontinued operations		(354)	-
Profit/(loss) after income tax (expense)/income for the half-year		(37,381)	35,070

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Corporate Travel Management Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



	Note	Dec 2020 \$'000	Dec 2019 \$'000
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(57,127)	6,673
Other comprehensive income/(loss) for the half-year, net of tax		(57,127)	6,673
Total comprehensive income/(loss) for the half-year		(94,508)	41,743
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		(1,006)	2,157
Owners of Corporate Travel Management Limited		(36,375)	32,913
		(37,381)	35,070
Total comprehensive income/(loss) for the half-year is attributable to:			
Non-controlling interest		(2,846)	2,446
Owners of Corporate Travel Management Limited - continuing operations		(91,308)	39,297
Owners of Corporate Travel Management Limited - discontinued operations		(354)	-
		(94,508)	41,743
		Cents	Cents
Earnings per share for profit/(loss) attributable to the owners of Corporate Travel Management Limited			
Basic earnings per share		(30.1)	30.3
Diluted earnings per share		(30.1)	30.3

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Dec 2020 \$'000	Dec 2019 \$'000
Assets			
Current assets			
Cash and cash equivalents		124,578	92,843
Trade and other receivables	6	70,926	64,535
Inventory		1,492	-
Income tax receivable		12,438	11,657
Other assets		7,511	4,787
		<u>216,945</u>	<u>173,822</u>
Assets classified as held for sale		2,281	-
Total current assets		<u>219,226</u>	<u>173,822</u>
Non-current assets			
Investments accounted for using the equity method	11	4,478	-
Financial assets held at fair value through profit or loss	10	3,424	-
Property and equipment		13,593	12,091
Right-of-use assets		46,989	46,828
Intangible assets	5	742,915	524,458
Deferred tax assets		12,164	6,318
Total non-current assets		<u>823,563</u>	<u>589,695</u>
Total assets		<u>1,042,789</u>	<u>763,517</u>
Liabilities			
Current liabilities			
Trade and other payables	7	115,987	100,499
Borrowings and contingent liabilities	8	-	-
Lease liabilities		10,095	8,672
Provisions		21,188	33,826
		<u>147,270</u>	<u>142,997</u>
Liabilities directly associated with assets classified as held for sale		431	-
Total current liabilities		<u>147,701</u>	<u>142,997</u>
Non-current liabilities			
Trade and other payables	7	9,305	522
Borrowings and contingent liabilities	8	-	-
Lease liabilities		42,387	44,423
Deferred tax liabilities		3,358	12,095
Provisions		3,939	5,393
Total non-current liabilities		<u>58,989</u>	<u>62,433</u>
Total liabilities		<u>206,690</u>	<u>205,430</u>
Net assets		<u>836,099</u>	<u>558,087</u>
Equity			
Contributed equity	9	744,555	375,314
Reserves		(31,834)	20,174
Retained earnings		106,970	143,345
Equity attributable to the owners of Corporate Travel Management Limited		<u>819,691</u>	<u>538,833</u>
Non-controlling interest		16,408	19,254
Total equity		<u>836,099</u>	<u>558,087</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Corporate Travel Management Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020



Consolidated	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2019	364,368	27,001	175,483	23,608	590,460
Profit after income tax expense for the half-year	-	-	32,913	2,157	35,070
Other comprehensive income for the half-year, net of tax	-	6,384	-	289	6,673
Total comprehensive income for the half-year	-	6,384	32,913	2,446	41,743
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	8,447	-	-	-	8,447
Share-based payments	-	(6,297)	-	-	(6,297)
Dividends paid (note 3)	-	-	(23,953)	(2,503)	(26,456)
Balance at 31 December 2019	<u>372,815</u>	<u>27,088</u>	<u>184,443</u>	<u>23,551</u>	<u>607,897</u>
Consolidated	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2020	375,314	20,174	143,345	19,254	558,087
Loss after income tax income for the half-year	-	-	(36,375)	(1,006)	(37,381)
Other comprehensive (loss) for the half-year, net of tax	-	(55,287)	-	(1,840)	(57,127)
Total comprehensive (loss) for the half-year	-	(55,287)	(36,375)	(2,846)	(94,508)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 9)	369,241	-	-	-	369,241
Share-based payments	-	3,279	-	-	3,279
Balance at 31 December 2020	<u>744,555</u>	<u>(31,834)</u>	<u>106,970</u>	<u>16,408</u>	<u>836,099</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Dec 2020 \$'000	Dec 2019 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of consumption tax)		78,059	291,096
Payments to suppliers and employees (inclusive of consumption tax)		(108,894)	(270,949)
Transaction costs relating to acquisitions		(6,595)	(43)
Interest received		60	205
Finance costs		(1,694)	(1,777)
Income tax paid		(1,461)	(12,407)
Net cash from/(used in) operating activities		(40,525)	6,125
Cash flows from investing activities			
Payments for property and equipment		124	(1,755)
Payments for intangibles	5	(7,231)	(10,926)
Purchase of controlled entities, deferred consideration	4	-	(700)
Payments relating to purchase of controlled entities, net of cash acquired	4	(276,147)	-
Net cash used in investing activities		(283,254)	(13,381)
Cash flows from financing activities			
Proceeds from issue of new shares	9	379,830	-
Share issue transaction costs	9	(10,901)	-
Proceeds from borrowings		-	104,845
Repayments of borrowings		-	(122,631)
Principal elements of lease payments		(4,482)	(3,288)
Release of secured deposits		-	917
Dividends paid to company's shareholders	3	-	(23,953)
Dividends paid to non-controlling interest in subsidiary	3	-	(2,503)
Net cash from/(used in) financing activities		364,447	(46,613)
Net increase/(decrease) in cash and cash equivalents		40,668	(53,869)
Cash and cash equivalents at the beginning of the financial half-year		92,843	138,791
Effects of exchange rate changes on cash and cash equivalents		(8,933)	1,408
Cash and cash equivalents at the end of the financial half-year		<u>124,578</u>	<u>86,330</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. Basis of preparation	14
2. Segment reporting	14
3. Dividends paid and proposed	17
4. Business combinations	17
5. Intangible assets	19
6. Trade and other receivables	19
7. Trade and other payables	20
8. Borrowings and contingent liabilities	21
9. Contributed equity	22
10. Fair value measurement	22
11. Investments accounted for under the equity method	22
12. Events after the reporting period	23
13. Related party transactions	23

1. Basis of preparation

Basis of preparation

This condensed interim consolidated financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The condensed interim financial report has been prepared on a going concern basis.

This condensed interim consolidated financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Corporate Travel Management Limited ('CTM' or 'the Group') during the interim reporting period, in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies adopted are consistent with those policies of the previous financial year and corresponding interim period except for the following policies:

Inventory

Inventory is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Inventory represents gift cards for a loyalty program in the US market.

Revenue from the sale of inventory is recognised at the time the order is fulfilled and sent to the customer. Cost of goods sold is recognised as the expense of the value of inventory sold.

Investments accounted for using the equity method

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Financial assets held at fair value through profit and loss

Minority interest Investments are investments in entities over which the group does not have significant influence nor joint control. This is generally the case where the Group holds less than 20% share capital. These investments are accounted for at fair value through profit or loss.

Significant changes in the current reporting period

The financial position and performance of the Group was affected by the following events and transactions during the six months to 31 December 2020:

- The Group acquired 100% of the shares of Tramada Holdings Pty Ltd ('Tramada') with effect from 29 October 2020 and Travel and Transport, Inc ('T&T') with effect from 30 October 2020. Refer to note 4 'Business combinations' for details of the entities for which control has been gained during the period.
- CTM raised equity totalling \$379,830,000 during the period. The capital raise was undertaken to complete the acquisition of T&T and strengthen the balance sheet.

2. Segment reporting

(a) Description of segments

The operating segments are based on the reports reviewed by the group of key senior managers who assess performance and determine resource allocation.

The Chief Operating Decision Makers ('CODMs') are the Managing Director, Jamie Pherous, Global Chief Financial Officer, Neale O'Connell and Global Chief Operating Officer, Laura Ruffles.

The CODMs consider, organise and manage the business from a geographic perspective. The CODMs have identified four operating segments being Travel services Australia and New Zealand, Travel and related services North America, Travel services Asia, and Travel services Europe. There are currently no non-reportable segments.

2. Segment reporting (continued)

(b) Segment information provided to the Chief Operating Decision Makers

The CODMs assess the performance of the operating segments based on a measure of underlying EBITDA. This measurement basis excludes the effects of the costs of acquisitions, acquisition related adjustments, and other non-recurring items during the period.

The segment information provided to the CODMs for the reportable segments for the half-year ended 31 December 2020 is as follows:

	Travel services Australia and New Zealand \$'000	Travel and related services North America \$'000	Travel services Asia \$'000	Travel services Europe \$'000	Other ¹ \$'000	Total \$'000
December 2020						
Transactional revenue	11,219	23,718	3,759	9,846	-	48,542
Volume based incentive revenue	563	1,485	52	274	-	2,374
Other revenue	826	-	14	530	32	1,402
Revenue from sale of inventory	-	4,160	-	-	-	4,160
Total revenue from external parties	12,608	29,363	3,825	10,650	32	56,478
Other income	5,527	-	8,335	2,633	1,272	17,767
Total revenue and other income	18,135	29,363	12,160	13,283	1,304	74,245
Underlying EBITDA	2,956	(9,077)	(3,625)	(2,240)	(3,680)	(15,666)
Total segment assets	121,525	515,937	157,520	209,733	38,074	1,042,789
Total segment liabilities	41,996	71,536	45,354	46,014	1,790	206,690
	Travel services Australia and New Zealand \$'000	Travel services North America \$'000	Travel services Asia \$'000	Travel services Europe \$'000	Other ¹ \$'000	Total \$'000
December 2019						
Transactional revenue	51,018	60,972	28,728	42,917	-	183,635
Volume based incentive revenue	10,540	8,518	14,211	4,146	-	37,415
Other revenue	187	282	56	599	-	1,124
Total revenue from external parties	61,745	69,772	42,995	47,662	-	222,174
Other income	59	42	-	-	15	116
Total revenue and other income	61,804	69,814	42,995	47,662	15	222,290
Underlying EBITDA	26,082	15,161	14,212	19,962	(6,892)	68,525
June 2020						
Total segment assets	110,173	281,071	152,988	185,488	33,797	763,517
Total segment liabilities	41,585	44,642	81,037	36,306	1,860	205,430

¹ The Other segment represents the cost of the Group's support service, created to support the operating segments.

2. Segment reporting (continued)

(c) Other segment information

Underlying EBITDA

The reconciliation of underlying EBITDA to operating profit/(loss) before income tax from continuing operations is provided as follows:

	Consolidated	
	Dec 2020	Dec 2019
	\$'000	\$'000
Underlying EBITDA	(15,666)	68,525
Discontinued operations	477	-
Underlying EBITDA from continuing operations	<u>(15,189)</u>	<u>68,525</u>
Interest revenue	60	205
Finance costs	(1,694)	(3,028)
Depreciation - property and equipment	(2,354)	(1,878)
Depreciation - right-of-use assets	(4,729)	(4,439)
Amortisation - intangibles	(11,718)	(9,409)
impairment - intangibles	(92)	-
Non-recurring costs:		
Acquisition costs	(6,595)	(527)
Integration costs	(4,531)	-
Other	<u>(608)</u>	<u>(3,093)</u>
Net profit/(loss) before income tax from continuing operations	<u><u>(47,450)</u></u>	<u><u>46,356</u></u>

Non-recurring acquisition costs and integration costs relate to the T&T acquisition in October 2020. Refer to note 4. 'Business Combinations' for further information.

(d) Other income

	Consolidated	
	Dec 2020	Dec 2019
	\$'000	\$'000
Government grants	13,714	-
Other	<u>4,053</u>	<u>116</u>
	<u><u>17,767</u></u>	<u><u>116</u></u>

Other includes foreign exchange gains and other miscellaneous income.

3. Dividends paid and proposed

	Consolidated	
	Dec 2020	Dec 2019
	\$'000	\$'000
Dividends provided for or paid during the half-year ended 31 December	-	23,953
Dividends provided for or paid to non-controlling interest during the half-year ended 31 December	-	2,503
Dividends paid and proposed	-	26,456

The Board determined that no dividend would be paid for the period ended 31 December 2020.

4. Business combinations

Tramada Holdings Pty Ltd

On 29 October 2020, the Group acquired 100% of the shares of Tramada Holdings Pty Ltd, a travel software provider based in Sydney, Australia. The cost of the acquisition was \$9,353,000. This was paid in cash. There is no earn-out consideration payable.

There were no acquisition-related costs incurred for the Tramada acquisition.

Trade and other receivables approximate the gross contractual amounts receivable, of which all balances are expected to be collectable.

The acquired business contributed revenues of \$806,000 and a net profit after tax of \$151,000 to the Group for the period 29 October 2020 to 31 December 2020. If the acquisition had occurred on 1 July 2020, the Group's consolidated revenue and net loss after tax for the half-year ended 31 December 2020 would change from \$56,478,000 to \$58,090,000 and from \$36,375,000 to \$36,073,000 respectively.

Travel and Transport, Inc

On 30 October 2020, the Group acquired 100% of the shares of Travel and Transport, Inc, a corporate travel management company based in Omaha, USA. The cost of the acquisition was US\$209,897,000 (AU\$292,494,000). This was paid in cash. There is no earn-out consideration payable.

Acquisition-related costs of \$6,595,000 are included in administrative and general expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Trade and other receivables approximate the gross contractual amounts receivable, adjusted for any balances expected to be uncollectable.

The acquired business contributed revenues of \$12,737,000 and a net loss after tax of \$9,014,000 to the Group for the period 30 October 2020 to 31 December 2020. If the acquisition had occurred on 1 July 2020, the Group's consolidated revenue and net loss after tax for the half-year ended 31 December 2020 would change from \$56,478,000 to \$83,669,000 and from \$36,375,000 to \$44,302,000 respectively.

Fair value of acquisition consideration and reconciliation to cash flow	Tramada	T&T
	\$'000	\$'000
Initial consideration	8,990	278,980
Working capital adjustment	363	13,514
Total acquisition date fair value consideration	9,353	292,494
Cash paid	9,353	292,494
less: cash balances acquired	(95)	(25,605)
Total outflow of cash - investing activities	9,258	266,889

The provisional fair values of the assets and liabilities of the acquired business, as at the date of the acquisition, are as follows:

4. Business combinations (continued)

	Tramada \$'000	T&T \$'000
Cash and cash equivalents	95	25,605
Trade and other receivables	686	13,126
Other current assets	414	4,376
Inventory	-	1,177
Financial assets held at fair value through profit or loss	-	3,748
Investments accounted for using the equity method	-	4,795
Property and equipment	279	5,753
Intangible assets	89	10,509
Right-of-use assets	-	15,079
Trade and other payables - current	(854)	(35,545)
Lease liabilities - current	-	(2,591)
Provisions - current	(328)	(1,632)
Lease liabilities - non-current	-	(12,800)
Trade and other payables - non-current	-	(97)
Provisions - non-current	-	(723)
Deferred tax asset / (liability)	233	(53)
Net identifiable assets acquired	614	30,727
Goodwill on acquisition	7,599	224,960
Intangible assets - client contracts and relationships	1,027	33,189
Intangible assets - brands	451	3,818
Deferred tax liability	(338)	(200)
Net assets acquired	9,353	292,494

Prior period business combinations

During the half-year ended 31 December 2020, no contingent consideration relating to the achievement of performance conditions in FY20 was paid for prior year business combinations.

5. Intangible assets

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill \$'000	Client contracts and relationships \$'000	Software \$'000	Other Intangible assets \$'000	Total \$'000
Balance at 1 July 2020	478,211	15,122	30,865	260	524,458
Additions	-	-	7,208	23	7,231
Additions through business combinations (note 4)	232,559	34,216	10,560	4,311	281,646
Classified as held for sale	-	-	(2,095)	-	(2,095)
Exchange differences	(49,483)	(4,202)	(2,521)	(309)	(56,515)
Impairment expense	-	-	(92)	-	(92)
Amortisation expense	-	(1,948)	(9,468)	(302)	(11,718)
Balance at 31 December 2020	<u>661,287</u>	<u>43,188</u>	<u>34,457</u>	<u>3,983</u>	<u>742,915</u>

6. Trade and other receivables

	Consolidated Dec 2020 \$'000	Consolidated Jun 2020 \$'000
Trade receivables ¹	11,303	14,662
Client receivables ¹	53,495	38,314
Contract assets	3,370	7,762
Less: Allowance for expected credit losses	<u>(6,511)</u>	<u>(6,071)</u>
	<u>61,657</u>	<u>54,667</u>
Deposits ²	7,159	7,887
Other receivables	<u>2,110</u>	<u>1,981</u>
	<u>9,269</u>	<u>9,868</u>
Total trade and other receivables	<u>70,926</u>	<u>64,535</u>

¹ Trade and client receivables are non-interest bearing and are generally on terms ranging from 7 to 30 days.

² Deposits balance represents advanced deposits to suppliers and deposits made on behalf of clients for travel which will occur at a future date.

7. Trade and other payables

	Consolidated	
	Dec 2020	Jun 2020
	\$'000	\$'000
Current liabilities		
Trade payables ¹	11,521	7,801
Client payables ¹	62,909	52,443
Other payables and accruals	41,557	40,255
	<u>115,987</u>	<u>100,499</u>
Non-current liabilities		
Other payables and accruals	9,305	522
	<u>9,305</u>	<u>522</u>
Total trade and other payables	<u><u>125,292</u></u>	<u><u>101,021</u></u>

¹ Trade payables and client payables are non-interest bearing and are normally settled on terms ranging from 7 to 30 days.

8. Borrowings and contingent liabilities

Borrowings

The carrying amounts of the Group's borrowings at 31 December 2020 were as follows:

	Consolidated Dec 2020 \$'000	Jun 2020 \$'000
Bank loans	-	-
Total current borrowings	-	-
Bank loans	-	-
Total non-current borrowings	-	-
Total borrowings	-	-

The Group maintains a revolving multi-currency syndicated bank loan facility which was established in August 2019 and amended in May 2020. The facility expires on 31 August 2022 and had a total capacity of GBP £100,000,000 (AU \$177,651,448) at 31 December 2020. The facility is secured against the assets of certain members of the Group who also are guarantors under the facility.

The Group has remained in compliance with requirements under its bank facility throughout the period. The Group has agreed a covenant waiver with its lenders which included the 31 December 2020 testing period. This waiver was granted with conditions and benefits, including a minimum liquidity requirement of \$78,000,000 until 30 June 2021 and covenant testing at 30 June 2021 reliant on 2H21 performance. Refer to note 12 'Events after reporting period' for covenant waiver update.

Liquidity

The table below shows the outstanding balance of liquidity and contingent liability facilities utilised and available to the Group at 31 December 2020:

	Consolidated Dec 2020 \$'000	Jun 2020 \$'000
Bank loans		
Used	-	-
Unused	177,651	179,630
Total bank loans available	177,651	179,630
Credit cards		
Used	9,672	10,098
Unused	63,960	88,238
Total credit card limits available	73,632	98,336
Overdraft facilities		
Used	-	-
Unused	9,584	17,069
Total overdraft facilities available	9,584	17,069

Bank Guarantees/letters of credit

The Group provides bank guarantees and letters of credit primarily for the benefit of suppliers in accordance with local travel agency licensing and International Air Transport Association ('IATA') regulations. The table below shows the outstanding balance of guarantees issued by the Group at 31 December 2020:

	Consolidated Dec 2020 \$'000	Jun 2020 \$'000
Bank guarantees	29,270	54,349

9. Contributed equity

Ordinary shares entitle the holders to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of, and amounts paid up on, shares held.

On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

Movements in ordinary share capital

	Number of shares	\$'000
Balance 1 July 2020	109,000,950	375,314
Capital raising used primarily for the acquisition of T&T	27,055,823	374,723
T&T management share issue	368,743	5,107
Less: transaction costs arising on share issue	-	(10,901)
Deferred tax credit recognised directly in equity	-	312
Balance 31 December 2020	<u>136,425,516</u>	<u>744,555</u>

10. Fair value measurement

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2020 on a recurring basis:

Consolidated - Dec 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at fair value through profit or loss				
Minority interest investments	-	-	3,424	3,424
Total assets	-	-	3,424	3,424

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and liabilities held by the Group is the closing bid or ask price as appropriate. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

11. Investments accounted for under the equity method

Name of company	Principal activity	Ownership interest		Investment in Associates	
		Dec 2020 %	Jun 2020 %	Dec 2020 \$'000	Jun 2020 \$'000
2120 Tower LLC	Commercial real estate	37.78	-	2,599	-
MFG Riesen	Travel services	40.00	-	1,879	-
				<u>4,478</u>	<u>-</u>

12. Events after the reporting period

The Group agreed an extension to the covenant waiver testing with its lenders from 30 June 2021 to 31 December 2021. The terms and conditions of this waiver are unchanged from what was detailed in the FY20 Annual Report.

There are no other matters or circumstances that have arisen since 31 December 2020 that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

13. Related party transactions

Transactions with other related parties

Directors of the Group hold other directorships as detailed in the Directors' Report of the Group's Annual Report for the year ended 30 June 2020 or as detailed on CTM's website (www.travelctm.com). Where any of these related entities are clients of the Group, the arrangements are on arm's length terms.

Corporate Travel Management Limited
Directors' declaration
31 December 2020

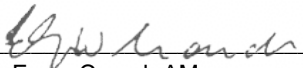


In the Directors' opinion:


- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that CTM will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Mr Ewen Crouch AM
Chairman



Mr Jamie Pherous
Managing Director

17 February 2021
Brisbane



Independent auditor's review report to the members of Corporate Travel Management Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Corporate Travel Management Limited (the Company) and the entities it controlled from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Corporate Travel Management Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. 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* (ASRE 2410). 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 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors 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.

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Auditor's responsibility 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 31 December 2020 and of 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.

PricewaterhouseCoopers.

PricewaterhouseCoopers

Michael Crowe

Michael Crowe
Partner

Brisbane
17 February 2021