



**APPENDIX 4D**  
**FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

FLIGHT CENTRE TRAVEL GROUP LIMITED (FLT)  
ABN 25 003 377 188

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# APPENDIX 4D

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN BRIEF	DECEMBER 2020 \$'000	DECEMBER 2019 \$'000	CHANGE \$'000	CHANGE %
Total transaction value (TTV) <sup>1</sup>	1,532,778	12,398,740	(10,865,962)	(87.6%)
Revenue	159,782	1,546,485	(1,386,703)	(89.7%)
Statutory (loss) / profit before tax	(317,289)	38,829	(356,118)	(917.1%)
Statutory (loss) / profit after tax	(233,544)	22,108	(255,652)	(1,156.4%)
Statutory (loss) / profit attributable to company owners	(233,248)	22,019	(255,267)	(1,159.3%)
Underlying (loss) / profit before tax <sup>2</sup>	(247,166)	102,707	(349,873)	(340.7%)
Underlying (loss) / profit after tax <sup>2</sup>	(183,849)	81,548	(265,397)	(325.5%)

<sup>1</sup> TTV is non-IFRS financial information and is not subject to review procedures, and does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the group's various operations, both as agent for various airlines and other service providers and as principal, plus revenue and other income from other sources. TTV has been reduced by refunds. FLT's revenue is, therefore, derived from TTV.

<sup>2</sup> Underlying (loss) / profit before tax (PBT) and underlying net (loss) / profit after tax (NPAT) are non-IFRS measures and not subject to review procedures. Refer to table on the following page for reconciliation of statutory to underlying results.

## DIVIDENDS

	AMOUNT PER SECURITY CENTS	100% FRANKED AMOUNT CENTS
<b>31 DECEMBER 2020</b>		
Interim dividend <sup>3</sup>	-	-
<b>30 JUNE 2020</b>		
Interim dividend <sup>4</sup>	-	-
Final dividend <sup>5</sup>	-	-

<sup>3</sup> The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2020 due to the ongoing COVID-19 uncertainty.

<sup>4</sup> On 27 February 2020, FLT determined to pay an interim dividend for the period ended 31 December 2019. On 25 March 2020, the interim dividend was cancelled due to the significant financial impact of COVID-19 on the Company and the need to preserve cash.

<sup>5</sup> No final dividend was declared for the year ended 30 June 2020.

NET TANGIBLE ASSETS (NTA)	DECEMBER 2020 \$	DECEMBER 2019 \$
Net tangible asset backing per ordinary security	0.98	4.92

The current year net tangible assets per ordinary security has been impacted by the shares issued through the entitlement offer in April 2020. The comparative has been restated to include the value of leased assets as recognised under AASB 16 Leases.

# APPENDIX 4D CONTINUED

## DETAILS OF JOINT VENTURES AND ASSOCIATES

INVESTMENTS IN JOINT VENTURES	DECEMBER 2020	DECEMBER 2019
Pedal Group Pty Ltd	46.6%	50.0%
Go Vacation Vietnam Company Limited	-	51.0%

- During the period, Pedal Group issued additional shares to its employees, diluting FLT's and the other joint venture partners' holdings. In addition, FLT received a dividend of \$3,110,000 of which 50% (\$1,555,000) was received as shares as part of the Pedal dividend reinvestment plan. FLT continues to have joint control.
- On 10 July 2020, FLT divested its investment in Go Vacation Vietnam Company Limited for \$169,000 bringing FLT's ownership to nil.

INVESTMENTS IN ASSOCIATES	DECEMBER 2020	DECEMBER 2019
Biblos America LLC	28.8%	28.8%
The Upside Travel Company	25.0%	25.0%
TP Connects Technologies LLC (TP Connects)	21.7%	-

- On 28 February 2020, FLT acquired a 21.7% interest in TP Connects Technologies LLC (TP Connects), a Dubai-based, technology-driven business, for \$13,792,000. This investment will allow FLT access to next generation New Distribution Capability (NDC), Global Distribution System (GDS) and One Order based travel technology platform and software development resources.

## UNDERLYING ADJUSTMENTS

Reconciliation of statutory to underlying (loss) / profit before tax and after tax provided below:

	HALF-YEAR ENDED	
	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
<b>Statutory (loss) / profit before tax</b>	<b>(317,289)</b>	<b>38,829</b>
Gain on sale of St Kilda building	(32,982)	-
Loss on disposal of store assets: non-cash write down of tangible assets upon closure/exit of head office and store network	12,993	-
COVID-19 one off: Costs incurred due to COVID-19 cost base reduction		
Employee benefits - redundancies	67,077	-
Leases - right of use asset impairment and lease break / early exit costs	21,629	-
Communication & IT - early exit costs	1,406	-
Global Touring impairment	-	46,123
Supplier loss	-	7,056
Upside investment cost	-	5,416
Fair value loss on Ignite	-	3,138
Impact of AASB 16 transition	-	2,145
<b>Underlying adjustments</b>	<b>70,123</b>	<b>63,878</b>
<b>Underlying (loss) / profit before tax</b>	<b>(247,166)</b>	<b>102,707</b>
<b>Statutory income tax credit / (expense)</b>	<b>83,745</b>	<b>(16,721)</b>
<b>Underlying adjustments associated tax effect</b>	<b>(20,428)</b>	<b>(4,438)</b>
<b>Underlying (loss) / profit after tax</b>	<b>(183,849)</b>	<b>81,548</b>

Underlying (loss) / profit before tax (PBT) and underlying net (loss) / profit after tax (NPAT) are non-IFRS measures and not subject to review procedures.

## COMPLIANCE STATEMENT

The report is based on accounts which have been reviewed by the auditor of Flight Centre Travel Group Limited. There have been no matters of disagreement and a report of the auditor's review appears in the half-year 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 FLT in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

# DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Flight Centre Travel Group Limited (FLT) and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

## DIRECTORS

The following persons were directors of FLT during the half year and up to the date of this report.

G.F. Turner

G.W. Smith

J.A. Eales

R.A. Baker

C. Garnsey

## REVIEW OF OPERATIONS AND RESULTS

### 1H RESULT OVERVIEW

THE Flight Centre Travel Group (FLT) continues to respond to the challenges posed by COVID-19 and the unprecedented travel restrictions that are in place to slow its spread.

In releasing its 2021 fiscal year (FY21) first half (1H) accounts, FLT said today that while global trading conditions remained volatile, results had gradually improved thanks to targeted cost base reductions and revenue increases during the period.

These revenue increases have been achieved despite:

- International travel, the company's leisure businesses' core product, effectively being grounded for the past 12 months; and
- Heightened restrictions and lockdowns globally during the 1H to counter second and third waves, creating additional customer uncertainty and curbing domestic travel

Cost reduction strategies have been outlined previously and were generally introduced during FY20, as part of FLT's initial response to the COVID-19 crisis.

Since the crisis escalated in March 2020, the company has now:

- Lowered its cost base by 66% (representing a \$1.9billion annualised saving) without jeopardising either its investment in key growth drivers or its ability to rebound quickly when conditions improve
- Continued to generate total transaction value (TTV) and revenue in a pre-vaccination, domestic-only travel world – December revenue was at its highest point since travel restrictions were introduced globally in March 2020
- Delivered month-on-month reductions in net operating cash outflow during the 1H; and
- Maintained a \$1.2billion liquidity runway to help it withstand an extended downturn or capitalise on opportunities during the recovery phase, which could now be fast-tracked with the world's largest ever vaccination program underway

Rather than enter a holding pattern ahead of future domestic and international border re-openings, the company is taking steps to ensure it is well placed for the eventual recovery.

It has become a leaner and more efficient business with a long liquidity runway, which has been crucial during this challenging and uncertain period. 1H liquidity was bolstered through FLT's Melbourne office sale, a debt restructure and a \$400million convertible note issue.

The company has balanced the short-term need to reduce costs in a low revenue environment with the long-term need to invest in and enhance key assets.

Capital expenditure on key leisure and corporate technology projects has been maintained at pre-COVID levels and the company has now started to deploy a number of important new products for our customers and our people, including:

- Helio, a leisure platform that consultants will use to search, quote, book and manage travel for their customers. Helio, which replaces six legacy systems, is now live in United Kingdom, South Africa, New Zealand and Australian shops and will launch in the Americas in March 2021, with full deployment by June 30
- Melon, Corporate Traveller brand's proprietary technology offering for SME customers. The Melon digital platform uses consumer-grade mobile technology, including robotics and artificial intelligence, to give customers the best experience and is currently being tested in the USA, ahead of its official launch in April; and
- SOAR, FLT's proprietary online booking engine, which will soon have new features and content, including enhanced packaging capabilities and personalisation

## REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

### 1H RESULT OVERVIEW (CONTINUED)

Headline 1H results included:

- \$1.5billion in TTV, 12% of prior corresponding period (PCP) sales and weighted towards corporate, as expected, given the tighter restrictions that have generally been applied to leisure travellers globally, and domestic, given that international borders have generally remained closed
- 10.4% revenue margin, which was also in line with expectations as a result of heavier than normal domestic and corporate weightings in FLT's sales mix; and
- An underlying \$247.2million loss before tax (\$317.3million statutory loss before tax). FLT achieved a \$102.7million underlying profit before tax (PBT) during the PCP, before the COVID-19 crisis unfolded.

### POSITIVE SIGNS EMERGING

While heavy travel restrictions remained in place throughout the 1H, the company started to see some positive signs as the period progressed including:

- Revenue growth: Revenue reached a COVID period record of \$33.5million in December, which is normally one of the quietest trading months
- Significant pent-up demand, which should ultimately fast-track recovery: FLT is typically recording strong and immediate rebounds in leisure and corporate demand when restrictions are lifted or eased – as soon as customers can travel, they do. In Australia, for example, domestic leisure sales exceeded prior year levels within two days of Queensland announcing plans (November 23) to reopen its borders to travellers from New South Wales and Victoria from December 1
- Various businesses returning to profitability. The United Arab Emirates corporate business was profitable throughout the second quarter, while Ignite in Australia became the first leisure business to return to profitability in January 2021 thanks to solid future domestic sales and 2022 cruise bookings. Air charter business AVMIN and cycle retailer 99 Bikes have remained profitable and grew significantly throughout the pandemic
- A large volume of new corporate accounts secured, implemented and now starting to trade: The FCM business alone has won new accounts with annual pre-COVID spends in the order of \$US700million year to date, complementing its high customer retention rates and again underlining its organic growth capacity. High profile wins, including FLT's largest global account and various government or essential services customers that are likely to transact at closer to normal volumes during the pandemic, have now started to trade which should help fuel a faster 2H recovery particularly within the company's large Northern Hemisphere businesses; and
- Vaccination programs underway globally and starting to gain momentum in key markets that typically drive group earnings: Examples include the UK, the USA and now Australia, which are all aiming to have at-risk or vulnerable people, plus a high percentage of their overall adult populations, vaccinated by mid-year

In a further positive sign for the company and its large UK business, which generated about 10% of group TTV pre-COVID, British Prime Minister Boris Johnson this week outlined plans to remove most restrictions by June 21 as part of his "one-way road to freedom" strategy.

This could see domestic restrictions in the UK lifted by April 12 and international travel permitted by mid-May, ahead of the peak Northern Hemisphere summer holiday season.

As expected, recovery to date has been heavily weighted towards corporate and domestic travel – two sectors that FLT is significantly leveraged to.

Although the leisure businesses typically have heavier international travel weightings, FLT has increased its share in several large and important leisure markets during the 1H including Australia and South Africa, through enhanced omni-channel offerings.

In Australia, industry booking data (GDS) shows that Flight Centre brand captured 16-18% of total GDS segments booked in Australia in November and December 2020, compared to 15-16% during the PCP and despite a materially different sales mix.

Domestic tickets represented 94% of FLT's total ticketing volume in Australia during the FY21 1H, compared to 57% during the PCP.

In total, FLT issued 35,000 international tickets during the six months to December 31, 2020 at a time when just 86,000 residents travelled overseas for short-term departures (Source: Australian Bureau of Statistics).

## REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

### CORPORATE TRAVEL UPDATE – GROWING TO WIN

Collectively, FLT's global corporate businesses delivered \$823million in 1H TTV, about 16% of the PCP's total.

Recovery during the period was more rapid in Australia (trading at circa 30% of prior year TTV).

The Americas and EMEA businesses, which together generated about 60% of the group's corporate TTV pre-COVID, contributed less than 40% during the FY21 1H, but should have a stronger 2H given:

The Americas and EMEA businesses are, however, set for a stronger 2H recovery driven by:

- The large pipeline of new account wins, which are heavily Northern Hemisphere weighted (60% is expected to transact in EMEA and the Americas); and
- Relaxed travel restrictions as the vaccination roll-out continues at pace, particularly in the UK and USA

Within the corporate sector, the company has benefitted from its focuses on:

- Continued development of two key brands, FCM (targeting multi-national corporates) and Corporate Traveller (SMEs and start-ups), with compelling customer value propositions and tailored solutions for their key markets
- Major ongoing investment in intelligence (data, robotics, pricing and analytics), content and supply (including airline New Distribution Capability) and tailored platforms that enhance the customer experience. This heavy tech investment will enable FLT to launch new global platforms that have been designed to deliver the best user experience and content access to customers of both key brands; and
- Its Grow to Win strategy – increasing market-share organically through high customer retention and by winning new accounts during the current downturn. Contracts typically run for three to five years and are generally renewed, thereby providing a strong foundation for immediate and future growth

### LEISURE – POSITIONING FOR RECOVERY IN THE POST-PANDEMIC WORLD

FLT's global leisure businesses generated \$501 million in TTV during the 1H, with TTV heavily weighted towards Australia and South Africa, businesses that have significant exposure to the domestic travel sector.

As announced previously, the leisure businesses, which span seven countries, were part-way through a transformation program – focussing on Flight Centre brand and new and emerging models and channels – when the COVID-19 crisis unfolded.

Work has accelerated on this program, with the company focusing on maintaining costs at a sustainable level, while optimising its shop networks for Flight Centre, Liberty and the premium Travel Associates and Laurier Du Vallon brands and investing in sales centres, independent contractor offerings and self-service/e-commerce businesses to maintain and increase market-share.

Effectively, the company has worked to maintain its leisure reach by rebalancing its sales channels to reflect changing customer needs and preferences, while also lowering costs.

The company's brand stable and shop networks have been rightsized, with what was initially intended to be a three-to-five year reduction program completed in 12 months, while other channels have been enhanced and upsized to capture a larger share of overall sales.

Work has also continued on the Flight Centre brand rejuvenation plan, which has seen its offering modernised and its omni-channel capabilities enhanced.

As announced previously, the company saw rapid sales recovery when border restrictions were eased and has successfully increased market-share in a subdued trading climate.

Solid recovery in online sales has contributed to this market-share growth, although shop-based sales have continued to comfortably account for the majority of leisure sales globally.

Daily domestic sales on flightcentre.com.au were at record levels when Australian borders were open during the 1H, indicating that the website was – as expected – capturing a greater share of customers in the domestic-only trading environment.

During the past year, FLT's leisure consultants have worked to help customers receive refunds or rearrange their travel plans. To date, consultants in Australia alone have secured more than \$1.3billion in refunds from suppliers for their customers for no revenue.



## REVIEW OF OPERATIONS AND RESULTS (CONTINUED)

### OUTLOOK

Given that the timeframe for recovery is largely dependent on government policies and the vaccination programs' success, FLT is not able to provide FY21 guidance.

Sales slowed in January 2021 after further domestic border lockdowns in Australia and tighter global travel restrictions were applied. The company is, however, seeing a number of positive indicators and is well placed for the recovery phase given its:

- Investment in proven growth drivers and successful deployment of key global strategies, including Grow to Win in corporate and leisure transformation
- Financial strength and stability, underlined by an extended liquidity runway at a time when market consolidation is inevitable
- Significantly lower cost base, which will allow it to breakeven with a lower proportion of its normal sales volume
- Brand and geographic diversity, highlighted by large scale operations in both leisure and corporate travel and in countries that are reaching an advanced point in their vaccination programs
- Significant leverage to domestic and short-haul regional travel, which partially offsets the ongoing but temporary loss of international travel; and
- Secure long-term relationships with suppliers – multi-year agreements are in place with a number of partners and attractive global deals are also being locked in

The company has invested in key growth drivers and controlled the business critical factors that should pave the way for a return to profitability.

Based on FLT's experiences to date, it believes travellers will be keen to take off as soon as they have been allowed to do so, which should ultimately lead to a solid rebound.

Assuming vaccination programs continue to prove successful against the virus and any variants, the company expects travel restrictions will ease over the next few months given that high risk and vulnerable people, who are being prioritised in most programs, will be protected.

This should allow domestic travel restrictions to be removed permanently and international travel to return in some countries later this year, probably via low risk corridors initially for those who have been vaccinated and have the appropriate health passports.

Significant progress has been made in most of our key countries.

Vaccinations are now being administered in Australia and the Federal Government has indicated the population could be vaccinated well before the end of this calendar year.

The UK and USA are both making very strong progress – more people have now been vaccinated in the USA than have tested positive to the virus (Source: Bloomberg) – and infection rates are falling.

FLT is targeting a return to breakeven in both leisure and corporate travel during the 2021 calendar year on the basis that domestic borders are likely to open permanently and some (low risk) international travel may be permitted.

# DIRECTORS' REPORT CONTINUED

## MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

### DIVIDENDS

The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2020 due to the ongoing COVID-19 uncertainty.

### OTHER MATTERS

FLT's Syndicated Facility Agreement was signed on 22 February 2021 and, subject to the satisfaction of usual conditions precedent, the facility will refinance FLT's existing bilateral debt facility agreements totalling \$450,000,000, with \$100,000,000 to be repaid from the proceeds of the successful convertible note issue in November 2020.

No other material matters have arisen since 31 December 2020.

## 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 on page 11.

## ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding-off" of amounts in the directors' report and financial statements. Amounts in the directors' report and financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



G.F. Turner  
Director

25 February 2021



**Building a better  
working world**

Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

## **Auditor's Independence Declaration to the Directors of Flight Centre Travel Group Limited**

As lead auditor for the review of the half-year financial report of Flight Centre Travel Group Limited for the half-year ended 31 December 2020, I declare 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 Flight Centre Travel Group Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in black ink that reads 'Ric Roach' in a cursive, stylized script.

Ric Roach  
Partner  
25 February 2021

# STATEMENT OF PROFIT OR LOSS

	NOTES	HALF-YEAR ENDED	
		31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Revenue	2	159,782	1,546,485
Other income	3	218,037	12,205
Share of profit / (loss) of joint ventures and associates	4	8,734	(3,567)
Employee benefits		(459,193)	(822,087)
Sales and marketing		(8,703)	(112,715)
Tour operations - cost of sales		(1,153)	(97,631)
Amortisation and depreciation		(82,829)	(113,445)
Finance costs		(14,332)	(21,212)
Impairment charge	6c / 10	(22,925)	(46,123)
Other expenses	5	(114,707)	(303,081)
<b>(Loss) / Profit before income tax</b>		<b>(317,289)</b>	<b>38,829</b>
Income tax credit / (expense)		83,745	(16,721)
<b>(Loss) / Profit after income tax</b>		<b>(233,544)</b>	<b>22,108</b>
<b>(Loss) / Profit attributable to:</b>			
Company owners		(233,248)	22,019
Non-controlling interests		(296)	89
		<b>(233,544)</b>	<b>22,108</b>
<b>Earnings per share for (loss) / profit attributable to the ordinary equity holders of the company:</b>		<b>CENTS</b>	<b>CENTS RESTATED<sup>1</sup></b>
Basic earnings per share	17	(117.2)	18.7
Diluted earnings per share	17	(117.2)	18.6

<sup>1</sup> Restated as required by AASB 133 Earnings per share for placement and entitlement offer during the prior full year ended 30 June 2020. Refer to note 17 for details.  
The above statement of profit or loss should be read in conjunction with the accompanying notes.

# STATEMENT OF OTHER COMPREHENSIVE INCOME

	HALF-YEAR ENDED	
	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
(Loss) / Profit after income tax	(233,544)	22,108
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>Items that have been reclassified to profit or loss</b>		
Net exchange differences on translation of foreign operations	(152)	-
<b>Items that may be reclassified to profit or loss</b>		
Changes in the fair value of financial assets at FVOCI	-	19
Gain / (loss) on cash flow hedges	87	(1,123)
Gain on net investment hedges	2,404	1,600
Net exchange differences on translation of foreign operations	(41,579)	5,588
Income tax on items of other comprehensive income	(311)	(104)
<b>Total other comprehensive income</b>	<b>(39,551)</b>	<b>5,980</b>
<b>Total comprehensive income</b>	<b>(273,095)</b>	<b>28,088</b>
<b>Attributable to:</b>		
Company owners	(272,797)	27,998
Non-controlling interests	(298)	90
	<b>(273,095)</b>	<b>28,088</b>

The above statement of other comprehensive income should be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

	NOTES	HALF-YEAR ENDED	
		31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers <sup>1</sup>		312,525	1,600,129
Payments to suppliers, employees and customers <sup>1</sup>		(1,170,682)	(1,677,493)
Royalties received		-	278
Interest received		5,052	9,461
Interest paid (non-leases)		(8,934)	(13,623)
Interest paid (leases)	10	(6,335)	(8,414)
Government subsidies received		190,940	-
Income taxes refund / (paid)		17,470	(46,791)
<b>Net cash (outflow) from operating activities</b>		<b>(659,964)</b>	<b>(136,453)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiaries, net of cash acquired	6	(145)	(7,972)
Proceeds from disposal of non-controlling interests in subsidiaries	6	157	-
Proceeds from disposal of joint ventures and associates	4	169	-
Payments of contingent consideration	7	(1,634)	(11,170)
Proceeds from sale of St Kilda building	3	62,150	-
Payments for property, plant and equipment		(2,512)	(29,968)
Payments for intangibles		(18,347)	(29,551)
Payments for the purchase of financial asset investments		(2,223)	(5,137)
Proceeds from sale of financial asset investments		-	20,030
Dividends received from joint venture	4	1,555	-
<b>Net cash inflow / (outflow) from investing activities</b>		<b>39,170</b>	<b>(63,768)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings	12	116,692	100,544
Net proceeds from issue of convertible note	13	392,228	-
Repayment of borrowings	12	(1,511)	(72,759)
Payment of principal on lease liabilities	10	(50,726)	(72,817)
Lease surrender payments		(33,180)	-
Proceeds from issue of shares, net of transaction costs		2,666	858
Proceeds from allocation of treasury shares		-	2,379
Dividends paid to company owners	15	-	(99,097)
Dividends paid to non-controlling interests		-	(145)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>426,169</b>	<b>(141,037)</b>
<b>Net (decrease) in cash held</b>		<b>(194,625)</b>	<b>(341,258)</b>
Cash and cash equivalents at the beginning of the half year		1,865,797	1,172,252
Effects of exchange rate changes on cash and cash equivalents		(1,496)	5,165
<b>Cash and cash equivalents at end of the half year</b>	<b>8</b>	<b>1,669,676</b>	<b>836,159</b>

<sup>1</sup> Including GST

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

# BALANCE SHEET

	NOTES	AS AT 31 DECEMBER 2020 \$'000	AS AT 30 JUNE 2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	1,669,676	1,867,307
Financial asset investments	9	10,256	8,078
Trade receivables		240,121	319,596
Contract assets		46,931	96,515
Other assets		40,634	38,365
Assets held for sale	3	-	20,850
Other financial assets		7,752	22,811
Current tax receivables		81,484	58,685
Derivative financial instruments		6,071	5,432
<b>Total current assets</b>		<b>2,102,925</b>	<b>2,437,639</b>
<b>Non-current assets</b>			
Property, plant and equipment		114,306	153,392
Intangible assets	6c	724,270	761,864
Right of use asset	10	279,506	371,391
Other assets		4,551	6,396
Other financial assets		13,080	3,847
Investments in joint ventures and associates		40,034	34,760
Deferred tax assets		245,063	229,499
Derivative financial instruments		1,478	278
<b>Total non-current assets</b>		<b>1,422,288</b>	<b>1,561,427</b>
<b>Total assets</b>		<b>3,525,213</b>	<b>3,999,066</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		798,554	1,203,010
Contract liabilities	11	103,581	235,762
Contingent consideration	7	1,977	3,278
Lease liabilities	10	94,554	134,219
Borrowings	12	323,511	211,668
Provisions		47,361	65,456
Current tax liabilities		912	1,244
Derivative financial instruments		656	2,185
<b>Total current liabilities</b>		<b>1,371,106</b>	<b>1,856,822</b>
<b>Non-current liabilities</b>			
Contract liabilities	11	36,412	40,597
Contingent consideration	7	-	297
Lease liabilities	10	316,606	392,442
Borrowings	12	250,209	250,514
Convertible note	13	340,322	-
Provisions		32,242	43,720
Deferred tax liabilities		13,000	20,032
Derivative financial instruments		-	1,456
<b>Total non-current liabilities</b>		<b>988,791</b>	<b>749,058</b>
<b>Total liabilities</b>		<b>2,359,897</b>	<b>2,605,880</b>
<b>Net assets</b>		<b>1,165,316</b>	<b>1,393,186</b>
<b>EQUITY</b>			
Contributed equity	16	1,096,748	1,094,095
Reserves		14,099	11,172
Retained profits		54,469	287,717
<b>Equity attributable to the company owners</b>		<b>1,165,316</b>	<b>1,392,984</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>202</b>
<b>Total equity</b>		<b>1,165,316</b>	<b>1,393,186</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

	FOR THE PERIOD ENDED 31 DECEMBER						
	CONTRIBUTED EQUITY \$'000	TREASURY SHARES \$'000	RESERVES \$'000	RETAINED PROFITS \$'000	TOTAL \$'000	NON-CONTROLLING INTEREST \$'000	TOTAL \$'000
	NOTES						
<b>BALANCE AT 1 JULY 2019</b>	405,626	(11,993)	15,397	1,053,010	1,462,040	278	1,462,318
Accounting policy change - AASB 16	-	-	-	(4,030)	(4,030)	-	(4,030)
<b>Restated total equity as at 1 July 2019</b>	<b>405,626</b>	<b>(11,993)</b>	<b>15,397</b>	<b>1,048,980</b>	<b>1,458,010</b>	<b>278</b>	<b>1,458,288</b>
Profit for the half year	-	-	-	22,019	22,019	89	22,108
Other comprehensive income	-	-	5,979	-	5,979	1	5,980
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>5,979</b>	<b>22,019</b>	<b>27,998</b>	<b>90</b>	<b>28,088</b>
<b>Transactions with owners in their capacity as owners:</b>							
Employee share-based payments	858	-	1,905	-	2,763	-	2,763
Treasury shares	16	2,830	(452)	-	2,378	-	2,378
Dividends provided for or paid	15	-	-	(99,097)	(99,097)	(145)	(99,242)
<b>Balance at 31 December 2019</b>	<b>406,484</b>	<b>(9,163)</b>	<b>22,829</b>	<b>971,902</b>	<b>1,392,052</b>	<b>223</b>	<b>1,392,275</b>
<b>BALANCE AT 1 JULY 2020</b>	<b>1,094,095</b>	<b>-</b>	<b>11,172</b>	<b>287,717</b>	<b>1,392,984</b>	<b>202</b>	<b>1,393,186</b>
(Loss) for the half year	-	-	-	(233,248)	(233,248)	(296)	(233,544)
Other comprehensive income	-	-	(39,549)	-	(39,549)	(2)	(39,551)
<b>Total comprehensive income for the half year</b>	<b>-</b>	<b>-</b>	<b>(39,549)</b>	<b>(233,248)</b>	<b>(272,797)</b>	<b>(298)</b>	<b>(273,095)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Non-controlling interests disposal of subsidiary	6b	-	-	-	-	96	96
Employee share-based payments	16	2,653	4,546	-	7,199	-	7,199
Equity component of convertible bond	13	-	37,930	-	37,930	-	37,930
<b>Balance at 31 December 2020</b>	<b>1,096,748</b>	<b>-</b>	<b>14,099</b>	<b>54,469</b>	<b>1,165,316</b>	<b>-</b>	<b>1,165,316</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

## SIGNIFICANT MATTERS IN THE CURRENT REPORTING PERIOD

The following significant events and transactions occurred during the half-year ended 31 December 2020:

### UNDERLYING ADJUSTMENTS

#### GAIN ON SALE OF ST KILDA BUILDING

On 10 July 2020 the sale of the St Kilda Melbourne head office property was completed for cash proceeds of \$62,150,000, and a gain of \$32,982,000 was recognised in other income within the statement of profit or loss. Refer to note 3.

#### COVID-19 COST BASE AND DISPOSAL OF STORE / HEAD OFFICE ASSETS

- FLT incurred \$90,112,000 costs during the period to achieve COVID-19 hibernation cost base reduction (\$102,813,000 for the year ended 30 June 2020) including redundancies, lease break fees and IT contract early exit costs. The total costs of initiatives to reduce net operating cashflow are estimated at \$225,000,000, to date \$192,599,000 has been incurred. Refer to note 1.
- FLT incurred \$12,993,000 non-cash loss on disposal of head office and store assets during the period due to closures associated with COVID-19. Refer to note 1.

### LIQUIDITY

FLT takes a conservative view towards liquidity and closely manages and monitors liquidity at a group level through rolling 18-month operating cashflow forecasts and comparing actual cashflows to this forecast, which is supported by Global Treasury review of cashflow forecasts prepared weekly at a detailed level by business and country.

On 17 November 2020, the Company issued convertible notes with an aggregate principal amount of \$400,000,000. In November 2020, FLT entered into commitment letters with its existing bank lenders for a \$350,000,000 three year secured syndicated debt facility. The Facility Agreement was signed on 22 February 2021 and, subject to the satisfaction of usual conditions precedent, the facility will refinance FLT's existing bilateral debt facility agreements totalling \$450,000,000, with \$100,000,000 to be repaid from the proceeds of the successful convertible note issue in November 2020. FLT will not be required to comply with its existing operating leverage ratio, fixed charges ratio and shareholder funds ratio covenants until 31 December 2022, at which point covenants will be calculated based on the six month period from 1 July 2022 to 31 December 2022. Until that time FLT will be required to maintain a cash to total borrowings ratio of greater than or equal to 1:1 (with total borrowings to exclude the convertible notes).

On 3 July 2020, Flight Centre (UK) Limited (FCUK) issued GBP 65,000,000 (\$114,943,000 at 31/12/20 exchange rates) of notes under the Bank of England (BoE) COVID-19 Corporate Financing Facility (CCFF notes) which mature in March 2021. Following a market update from the BoE, Issuers are required to satisfy a review to allow further issuance of CCFF notes. FCUK has commenced that review process and expects this to be completed in March 2021. This may impact the ability of FCUK to issue additional CCFF notes, including the ability to extend the existing GBP 65,000,000 CCFF notes maturing March 2021 for a further twelve months and the ability to access any additional liquidity.

COVID-19 continues to impact FLT and there is uncertainty in the timing of the travel rebound and FLT's revenues. Given the cost reduction initiatives executed to date together with the cash in bank and long term financing arrangements in place, the Directors are satisfied the company has the ability to meet its debts as and when due for the next 12 months, and for the financial report to be prepared on a going concern basis.

### DIVIDENDS

The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2020 due to the ongoing COVID-19 uncertainty.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 1 SEGMENT INFORMATION

### (A) BASIS OF SEGMENTATION AND MEASUREMENT

Following a change in management reporting structure, effective 1 January 2020, FLT's operating segments changed from geographic to Corporate and Leisure pillars to align with the internal reporting to the board and executive team (chief operating decision makers – "CODM"). The internal reporting is used in assessing performance and in determining resource allocation.

The company's executive team currently consists of the following members:

- Managing director
- Chief financial officer
- Chief executive officer – Leisure; and
- Chief executive officer – Corporate.

The executive team, together with the below regional Managing Directors (MDs) form the global taskforce:

- MD – Australia
- MD – The Americas
- MD – EMEA

While the MDs play a key role in setting the strategy, they report to the CEOs, who then allocate resources and assess performance. Therefore, the MDs are not considered as part of the CODM.

### LEISURE

The Leisure segment combines the retail store front and on-line brand for retail customers. It also includes the global experiences business which incorporates touring, ground-handling and hotels.

### CORPORATE

The Corporate segment includes the FCM brand, Corporate Traveller and other Corporate customer brands.

### OTHER

Other segment includes Brisbane-based support and wholesale procurement businesses that support the global network (including Global Procurement Network, the India Forex business and the share of profits relating to the investment in Pedal Group). It also includes individual businesses that report directly to head office.

The group consolidation adjustments are also included in this segment.

For the period ended 31 December 2019 the impact of AASB16 is included within the "other" segment.

### ALTERNATIVE PROFIT MEASURES

Underlying information is shown as this is information presented and used by the CODMs.

Underlying (loss) / profit before tax and royalty (PBT) and underlying (loss) / profit after tax (NPAT) are non-IFRS measures.

## 1 SEGMENT INFORMATION (CONTINUED)

### (B) SEGMENT INFORMATION PRESENTED TO THE BOARD OF DIRECTORS AND GLOBAL TASK FORCE

The segment information provided to the board and global task force for the reportable segments for the half-years ended 31 December 2020 and 31 December 2019 is shown in the following tables:

31 DECEMBER 2020	LEISURE \$'000	CORPORATE \$'000	OTHER \$'000	TOTAL \$'000
<b>SEGMENT INFORMATION</b>				
TTV <sup>1</sup>	501,482	822,539	208,757	1,532,778
Agency revenue from the provision of travel	50,577	85,842	11,431	147,850
Principal revenue from the provision of travel	932	1,804	776	3,512
Revenue from tour operations	751	-	-	751
Revenue from other businesses	2,103	1,108	4,458	7,669
<b>Total revenue from contracts with customers</b>	<b>54,363</b>	<b>88,754</b>	<b>16,665</b>	<b>159,782</b>
Net (loss) / profit before tax and royalty	(251,340)	(81,389)	15,440	(317,289)
Royalty	-	-	-	-
<b>Net (loss) / profit before tax and after royalty</b>	<b>(251,340)</b>	<b>(81,389)</b>	<b>15,440</b>	<b>(317,289)</b>
<b>RECONCILIATION OF STATUTORY PBT TO UNDERLYING PBT</b>				
Net (loss) / profit before tax and royalty	(251,340)	(81,389)	15,440	(317,289)
Gain on sale of St Kilda building	-	-	(32,982)	(32,982)
Loss on disposal of head office and store assets	11,404	1,329	260	12,993
Costs incurred due to COVID-19 cost base transition				
Employee benefits	47,172	10,782	9,123	67,077
Lease related	19,115	2,514	-	21,629
Communications & IT	1,234	-	172	1,406
<b>Underlying (loss) / profit before tax and royalty</b>	<b>(172,415)</b>	<b>(66,764)</b>	<b>(7,987)</b>	<b>(247,166)</b>
<b>31 DECEMBER 2019</b>				
<b>SEGMENT INFORMATION</b>				
TTV <sup>1</sup>	6,619,060	5,148,768	630,912	12,398,740
Agency revenue from the provision of travel	784,401	508,521	27,026	1,319,948
Principal revenue from the provision of travel	57,784	9,589	5,306	72,679
Revenue from tour operations	134,868	-	-	134,868
Revenue from other businesses	9,865	1,268	7,857	18,990
<b>Total revenue from contracts with customers</b>	<b>986,918</b>	<b>519,378</b>	<b>40,189</b>	<b>1,546,485</b>
Net (loss) / profit before tax and royalty	(67,698)	128,517	(21,990)	38,829
Royalty	-	(2,715)	2,715	-
<b>Net (loss) / profit before tax and after royalty</b>	<b>(67,698)</b>	<b>125,802</b>	<b>(19,275)</b>	<b>38,829</b>
<b>RECONCILIATION OF STATUTORY PBT TO UNDERLYING PBT</b>				
Net (loss) / profit before tax and royalty	(67,698)	128,517	(21,990)	38,829
Global Touring impairment	46,123	-	-	46,123
Supplier loss	7,056	-	-	7,056
Upside investment cost	-	5,416	-	5,416
Fair value loss on Ignite	3,138	-	-	3,138
Impact of AASB 16 transition	-	-	2,145	2,145
<b>Underlying (loss) / profit before tax and royalty</b>	<b>(11,381)</b>	<b>133,933</b>	<b>(19,845)</b>	<b>102,707</b>

<sup>1</sup> TTV is non-IFRS financial information and not subject to review procedures.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 1 SEGMENT INFORMATION (CONTINUED)

### (C) ADDITIONAL INFORMATION PRESENTED BY GEOGRAPHIC AREA

In addition to the pillar segment information provided above, the below table presents geographic revenue disclosures and also PBT information which has been included to aid user understanding.

31 DECEMBER 2020	AUSTRALIA & NZ \$'000	AMERICAS \$'000	EMEA \$'000	ASIA \$'000	OTHER SEGMENT \$'000	TOTAL \$'000
<b>SEGMENT INFORMATION</b>						
TTV <sup>1</sup>	748,601	306,954	221,569	239,385	16,269	1,532,778
Agency revenue from the provision of travel	59,916	48,241	31,937	6,190	1,566	147,850
Principal revenue from the provision of travel	1,962	133	242	53	1,122	3,512
Revenue from tour operations	-	-	-	-	751	751
Revenue from other businesses	2,983	1,314	208	515	2,649	7,669
<b>Total revenue from contracts with customers</b>	<b>64,861</b>	<b>49,688</b>	<b>32,387</b>	<b>6,758</b>	<b>6,088</b>	<b>159,782</b>
Net (loss) / profit before tax and royalty	(143,930)	(84,273)	(34,726)	(10,876)	(43,484)	(317,289)
Royalty	-	-	-	-	-	-
<b>Net (loss) / profit before tax and after royalty</b>	<b>(143,930)</b>	<b>(84,273)</b>	<b>(34,726)</b>	<b>(10,876)</b>	<b>(43,484)</b>	<b>(317,289)</b>
<b>RECONCILIATION OF STATUTORY PBT TO UNDERLYING PBT</b>						
Net (loss) / profit before tax and royalty	(143,930)	(84,273)	(34,726)	(10,876)	(43,484)	(317,289)
Gain on sale of St Kilda building	(32,982)	-	-	-	-	(32,982)
Loss on disposal of head office and store assets	8,301	4,495	11	45	141	12,993
Costs incurred due to COVID-19 cost base transition						
Employee benefits	49,820	11,607	616	1,057	3,977	67,077
Lease related	17,917	6,553	(3,369)	98	430	21,629
Communications & IT	310	1,085	-	-	11	1,406
<b>Underlying (loss) / profit before tax and royalty</b>	<b>(100,564)</b>	<b>(60,533)</b>	<b>(37,468)</b>	<b>(9,676)</b>	<b>(38,925)</b>	<b>(247,166)</b>

<sup>1</sup> TTV is non-IFRS financial information and not subject to review procedures.

## 1 SEGMENT INFORMATION (CONTINUED)

31 DECEMBER 2019	AUSTRALIA & NZ \$'000	AMERICAS \$'000	EMEA \$'000	ASIA \$'000	OTHER SEGMENT \$'000	TOTAL \$'000
<b>SEGMENT INFORMATION</b>						
TTV <sup>1</sup>	6,318,268	2,827,448	1,916,218	1,187,247	149,559	12,398,740
Agency revenue from the provision of travel	705,650	318,226	242,598	47,721	5,753	1,319,948
Principal revenue from the provision of travel	54,260	11,705	3,977	220	2,517	72,679
Revenue from tour operations	-	-	-	-	134,868	134,868
Revenue from other businesses	9,457	1,777	2,137	1,550	4,069	18,990
<b>Total revenue from contracts with customers</b>	<b>769,367</b>	<b>331,708</b>	<b>248,712</b>	<b>49,491</b>	<b>147,207</b>	<b>1,546,485</b>
Net profit / (loss) before tax and royalty	47,452	21,818	44,901	2,523	(77,865)	38,829
Royalty	3,561	-	(3,561)	-	-	-
<b>Net profit / (loss) before tax and after royalty</b>	<b>51,013</b>	<b>21,818</b>	<b>41,340</b>	<b>2,523</b>	<b>(77,865)</b>	<b>38,829</b>
<b>RECONCILIATION OF STATUTORY PBT TO UNDERLYING PBT</b>						
Net profit / (loss) before tax and royalty	47,452	21,818	44,901	2,523	(77,865)	38,829
Global Touring impairment	-	-	-	-	46,123	46,123
Supplier loss	7,056	-	-	-	-	7,056
Upside investment cost	-	-	-	-	5,416	5,416
Fair value loss on Ignite	3,138	-	-	-	-	3,138
Impact of AASB 16 transition	(1,239)	2,150	956	366	(88)	2,145
<b>Underlying profit / (loss) before tax and royalty</b>	<b>56,407</b>	<b>23,968</b>	<b>45,857</b>	<b>2,889</b>	<b>(26,414)</b>	<b>102,707</b>

<sup>1</sup> TTV is non-IFRS financial information and not subject to review procedures.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 2 REVENUE

	HALF-YEAR ENDED	
	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Agency revenue from the provision of travel	147,850	1,319,948
Principal revenue from the provision of travel	3,512	72,679
Revenue from tour & hotel operations	751	134,868
Revenue from other businesses	7,669	18,990
<b>Total revenue from contracts with customers</b>	<b>159,782</b>	<b>1,546,485</b>

Additional disaggregation of revenue by geographic region is presented in note 1 Segment Information.

### MATERIAL CONSTRAINTS

#### COVID-19 cancellation

FLT's agency revenue from the provision of travel is variable and in an ordinary operating environment is not subject to material constraints, hence is recognised at the time of ticketing when the performance obligation is satisfied.

In the current COVID-19 environment, there is now a material constraint attached to this revenue, namely that the booking may be cancelled prior to travel (either by the supplier, end-consumer or due to government restrictions) requiring a refund of the agency revenue earned by FLT.

While FLT has terms and conditions in place to allow the retention of cancellation fees on cancellation of bookings, a decision has been made that these will not be applied in all circumstances.

Therefore, FLT has recognised a contract liability which reflects the uncertainty that the travel may be cancelled prior to departure requiring a refund of the agency revenue earned by FLT. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rates based on COVID-19 trading patterns.

This constraint of revenue will unwind when the uncertainty is removed. Either the end consumer will travel, in which case FLT will recognise the revenue in the statement of profit or loss, or if the travel does not proceed, this contract liability will be settled via payment to the end-consumer.

#### Volume incentives

Volume revenue has been booked either to the extent of flown/availed revenue at guaranteed rates or upon ticketing where associated commission revenue is expected to not be constrained.

### 3 OTHER INCOME

	NOTES	HALF-YEAR ENDED	
		31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Fair value (loss) on Ignite Travel Group		-	(3,138)
		-	(3,138)
Interest		3,651	8,464
Rent and sub-lease rentals		3,568	1,333
Net foreign exchange gains		-	1,390
(Loss) / gain on contingent consideration	7	(55)	4,156
Gain on sale of St Kilda building		32,982	-
Government subsidies		177,891	-
		<b>218,037</b>	<b>15,343</b>
<b>Total Other Income</b>		<b>218,037</b>	<b>12,205</b>

#### GAIN ON SALE OF ST KILDA BUILDING

On 10 July 2020 the sale of the St Kilda Melbourne head office property was completed for cash proceeds of \$62,150,000. Immediately prior to the sale, the building had been recognised in the balance sheet as held for sale at the carrying amount of \$20,850,000.

FLT continue to occupy a portion of the premises, therefore as part of the sale and leaseback, a net liability amount of \$8,318,000 has been recognised in the balance sheet.

A gain of \$32,982,000 was recognised in other income within the statement of profit or loss and is presented within the Australia & New Zealand geographic area and the Other pillar segment.

#### GOVERNMENT SUBSIDIES

Due to the financial impact of COVID-19, FLT applied for and received wage subsidy and property related grants from governments globally.

The conditions of the wage subsidy grants vary globally but are broadly based on employer, employee and payment conditions, which FLT has met. The length of time these grants are available varies between nations.

Depending on the conditions of the grant, it is recognised as a trade receivable until the payment is received which is typically within 7-14 days of submission. Where the payment has been received in advance, it is recognised in deferred revenue and released to the statement of profit or loss over the term of the grant in line with the expenses for which the grants are intended to compensate.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 4 SHARE OF (LOSS) / PROFIT OF JOINT VENTURES AND ASSOCIATES

	HALF-YEAR ENDED	
	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
<b>SHARE OF RESULTS</b>		
Profit from continuing operations - joint ventures	8,940	1,843
(Loss) from disposed operations - joint ventures	(67)	-
(Loss) from continuing operations - associates	(139)	(5,410)
<b>Total</b>	<b>8,734</b>	<b>(3,567)</b>

Joint venture results include share of profit from Pedal Group of \$8,940,000 (2019: \$1,887,000). In addition, during the period FLT received a dividend of \$3,110,000 of which 50% (\$1,555,000) was received as shares as part of the Pedal dividend reinvestment plan. During the period, Pedal Group issued additional shares to its employees, diluting FLT's and the other joint venture partners' holdings.

On 10 July 2020, FLT sold Go Vacation Vietnam Company Limited, an immaterial joint venture entity that formed part of the Discova Asia business for cash proceeds of \$169,000 bringing FLT's ownership to nil.

## 5 OTHER EXPENSES

	HALF-YEAR ENDED	
	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Other occupancy costs	16,933	36,975
Rent expense	2,230	12,700
Consulting fees	23,197	44,956
Independent agent consulting fees	3,549	20,435
Communication and IT	54,541	73,077
Net foreign exchange losses	1,750	-
Supplier exposure	-	7,056
Other expenses	12,507	107,882
<b>Total other expenses</b>	<b>114,707</b>	<b>303,081</b>

In the prior year, supplier exposure relates to the one-off item of \$7,056,000 relating to Tempo and Bentours supplier collapse.



## 6 BUSINESS COMBINATIONS & DISPOSALS

### (A) CURRENT YEAR ACQUISITIONS

There were no acquisitions in the current period.

### (B) CURRENT YEAR DISPOSALS

During the period FLT sold Thien Minh Transportation Company Limited, an immaterial subsidiary in Vietnam that formed part of the Discova Asia business for cash proceeds of \$157,000.

Prior to the sale FLT held a 49% interest and had control over the entity's economic activities, hence it was recognised as a subsidiary. The remaining 51% holding was recognised as a non-controlling interest.

### (C) GOODWILL & IMPAIRMENT

The decrease in goodwill during the period to 31 December 2020 is due to the impact of foreign exchange translation of \$28,878,000.

There has been no impairment of goodwill, intangibles or investments recognised for the period ended 31 December 2020. The impairment expense of \$22,925,000 in the current period relates to right-of-use assets due to the decision to exit a large number of retail stores in response to COVID-19. Refer to note 10 for further details.

In the year ended 31 December 2019, FLT recognised impairment expense in the statement of profit or loss of \$46,123,000 which related to intangible assets.

Impairment assessments have been conducted for 31 December 2020 and there have been no material changes to key assumptions since 30 June 2020 that would cause a CGU's carrying value to exceed its recoverable amount in the current period.

### (D) PRIOR YEAR ACQUISITIONS

#### WHERE TO

During the period, escrow payments recognised at 30 June 2020 of \$145,000 were paid in relation to the WhereTo Inc acquisition. The accounting for the business combination is now finalised.

#### IGNITE

The accounting for the business combination was finalised prior to 30 June 2020 with no significant changes.

#### IXTAPA

The accounting for the business combination was finalised prior to 30 June 2020 with no significant changes.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### (A) FAIR VALUE HIERARCHY

There have been no changes to the classification of financial instruments within the fair value hierarchy from 30 June 2020. The valuation techniques of financial instruments are described below:

#### DERIVATIVE FINANCIAL INSTRUMENTS

##### FORWARD FOREIGN EXCHANGE CONTRACTS

Forward foreign exchange contracts are measured at fair value, which is based on observable forward foreign exchange rates and the respective currencies' yield curves, as well as the currency basis spreads between the respective currencies.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument to which hedge accounting is applied. Changes in fair value for derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The forward foreign exchange contracts and cross currency interest rate swaps are classified as Level 2 (30 June 2020: Level 2) under the AASB 13 *Fair value measurement* hierarchy, based on the valuation technique described above.

##### CROSS CURRENCY INTEREST RATE SWAP CONTRACTS

Cross currency interest rate swaps are measured at fair value, which is calculated as the present value of the estimated future cash flows. Estimates of future cash flows are based on quoted swap rates, interbank borrowing rates and forward exchange rates.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a cash flow hedge or a net investment hedge. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The cross currency interest rate swaps are classified as Level 2 under the AASB 13 Fair value measurement hierarchy, based on the valuation technique described above.

#### DEBT SECURITIES

Refer to note 9 for valuation techniques of financial asset investments.

#### CONTINGENT CONSIDERATION

Contingent consideration is recognised in relation to the acquisitions listed below. FLT has determined that it is classified as Level 3 (30 June 2020: Level 3) under the AASB 13 *Fair value measurement* hierarchy as the main valuation inputs outlined below are unobservable.

Any changes in the fair value of these liabilities are recorded through other income (as a gain or loss), finance costs or foreign exchange movements in other expenses in the statement of profit or loss.

The put option liabilities that exist, outlined for each company below, have been recognised as a financial liability and in the acquisition reserve of the parent entity.

##### AVMIN PTY LIMITED (AVMIN)

The financial liability related to the put option for AVMIN (\$1,683,000) has been recorded as part of current contingent consideration. The potential undiscounted amount of this liability has been estimated as the value of future expected cash flows for the settlement of the put option for AVMIN. The put option exercise period opened for 3 months on 30 January 2021 and then will open annually for 3 months per year thereafter. The expected cash flows are based on a multiple of the average NPAT for the year ended 30 June 2019 and for the year ended 30 June 2020.

##### BLC VENTURES LTD (IXTAPA)

The financial liability related to the earn out payments for Ixtapa (\$294,000) have been recorded as part of contingent consideration (30 June 2020: \$297,000). The potential amount of this liability is based on a multiple of expected EBITDA for two subsequent 12 month periods post acquisition. No earnout amounts were payable on the first 12 month earnout period and this was recognised as a fair value gain on contingent consideration during the year ended 30 June 2020.

The closing balance at 31 December 2020 (\$294,000) relates entirely to the multiple of expected EBITDA for the second 12 month period post acquisition and is now classified as a current financial liability.

## 7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### UMAPPED INC (UMAPPED)

The final holdback payment for Umapped of \$1,579,000 was settled on 24 September 2020. No financial liability remains in respect of this acquisition as at 31 December 2020.

### BESPOKE HOSPITALITY MANAGEMENT ASIA LIMITED (BHMA)

The final payment for BHMA of \$55,000 was settled in July 2020. No financial liability was recognised in respect of this at 30 June 2020 and therefore a \$55,000 fair value loss was recognised during the period.

Reconciliation of Level 3 contingent consideration for the period is set out below:

	NOTES	CONTINGENT CONSIDERATION \$'000
Opening balance 1 July 2020		3,575
Payment of contingent consideration		(1,634)
(Gains) / losses recognised in the statement of profit or loss	3	55
Other unrealised (gains) / losses including net foreign exchange movements recognised in the statement of profit or loss		(19)
Closing balance 31 December 2020		1,977
Current contingent consideration		1,977
Non-current contingent consideration		-
Total contingent consideration		1,977

### (B) FAIR VALUES OF OTHER FINANCIAL INSTRUMENTS

The group also has a number of financial instruments which are not measured at fair value in the balance sheet.

The carrying amount of the group's non-current receivables, and current and non-current borrowings and convertible notes, approximates their fair values, as commercial rates of interest are earned and paid respectively and the impact of discounting is not significant.

The carrying amount of cash, current receivables and current payables are assumed to approximate their fair value due to their short term nature.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 8 CASH AND CASH EQUIVALENTS

	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
Cash at bank and on hand	1,592,491	1,779,550
Restricted cash	77,185	87,757
<b>Total cash and cash equivalents</b>	<b>1,669,676</b>	<b>1,867,307</b>

### RECONCILIATION TO STATEMENT OF CASH FLOWS

Cash and cash equivalents	1,669,676	1,867,307
Bank overdraft	-	(1,510)
<b>Balance per Statement of Cash Flows</b>	<b>1,669,676</b>	<b>1,865,797</b>

Restricted cash relates to cash held within legal entities of the Group for payment to product and service suppliers or cash held for supplier guarantees. Restricted cash includes monies paid to the Group by customers for payment to local International Air Transport Association (IATA) for ticketed travel arrangements. The disclosure of restricted cash has removed the need for FLT's unique and historic disclosure of client cash which was largely based on an internal control view to isolate cash received from front end customers for payment to suppliers.

## 9 FINANCIAL ASSET INVESTMENTS

	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
Equity investments - Fair value through profit or loss (FVTPL)	4,041	4,081
Debt securities - Fair value through profit or loss (FVTPL)	6,215	3,997
<b>Total financial asset investments</b>	<b>10,256</b>	<b>8,078</b>

Debt securities measured at FVTPL do not have contractual cash flow characteristics.

Debt securities at FVTPL are measured at fair value, which is determined by reference to price quotations in a market for identical assets. As the assets are not heavily traded, FLT has determined that they are classified as Level 2 (30 June 2020: Level 2) under the AASB 13 *Fair value measurement* hierarchy, based on the valuation technique as described above.

Equity investments at FVTPL are measured at fair value, which is determined by an independent qualified valuer in accordance with Australian Accounting Standards (AASB's) and International Private Equity and Venture Capital Valuation Guidelines as adopted by Australian Private Equity and Venture Capital Association Limited. FLT has determined that they are classified as Level 3 (30 June 2020: Level 3) under the AASB 13 *Fair value measurement* hierarchy.

## 10 LEASES

This note provides information for leases where the group is a lessee.

### AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

The statement of profit or loss shows the following amounts relating to leases:

	31 DECEMBER 2020 \$'000	31 DECEMBER 2019 \$'000
Rent income from sub-leasing of right-of-use asset	3,568	1,333
Interest expense on lease liabilities	(6,335)	(8,414)
Rental expense relating to short-term and low-value leases	(2,230)	(12,700)
Depreciation/amortisation expense of right-of-use assets	(43,001)	(66,329)
	<b>(47,998)</b>	<b>(86,110)</b>

### AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOW

Operating - payments of interest	(6,335)	(8,414)
Financing - payments of principal	(50,726)	(72,817)
Financing - surrender payments	(33,180)	-
<b>Total cash (outflow) relating to leases</b>	<b>(90,241)</b>	<b>(81,231)</b>

### AMOUNTS RECOGNISED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

	RIGHT OF USE ASSETS TOTAL \$'000	LEASE LIABILITIES TOTAL \$'000
<b>Balance at 1 July 2020</b>	<b>371,391</b>	<b>526,661</b>
Additions	20,551	28,552
Disposals	(35,073)	(76,032)
Depreciation and amortisation expense	(43,001)	-
Impairment	(22,925)	-
COVID-19 practical expedient	(2,313)	(2,313)
Interest expense	-	6,335
Lease liability repayment	-	(57,061)
Foreign exchange differences	(9,124)	(14,982)
<b>Balance as at 31 December 2020</b>	<b>279,506</b>	<b>411,160</b>

### RIGHT OF USE ASSET IMPAIRMENT

COVID-19 resulted in a decision to exit a large number of retail stores before 31 December 2020. These right of use assets are no longer assessed within a business or country cash generating unit and the cashflows no longer support the recoverable amount. These assets have been impaired for the period ended 31 December 2020.

### CURRENT AND NON-CURRENT CLASSIFICATIONS

	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
Current	94,554	134,219
Non-current	316,606	392,442
<b>Total lease liabilities</b>	<b>411,160</b>	<b>526,661</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 11 CONTRACT LIABILITIES

	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
<b>CURRENT</b>		
Deferred revenue	46,510	66,174
Revenue constraint	57,071	169,588
<b>Total contract liabilities</b>	<b>103,581</b>	<b>235,762</b>
<b>NON-CURRENT</b>		
Deferred revenue	36,412	40,597
<b>Total contract liabilities</b>	<b>36,412</b>	<b>40,597</b>

### Significant changes in contract liabilities

FLT has recognised a contract liability which recognises the uncertainty that the travel may be cancelled prior to departure. This is calculated using booking volumes and margins, known or anticipated travel restrictions and cancellation probability rate based on COVID-19 trading patterns. Refer to note 2 for further details.

The movement during the period represents constrained revenue refunded to the end consumer as the travel did not proceed and adjustments for constrained revenue as at 31 December 2020 for future travel.

## 12 BORROWINGS

	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
<b>CURRENT</b>		
Bank loans	323,436	210,324
Net unsecured notes principal	75	1,344
<b>Total current borrowings</b>	<b>323,511</b>	<b>211,668</b>
<b>NON-CURRENT</b>		
Bank loans	250,209	250,514
<b>Total non-current borrowings</b>	<b>250,209</b>	<b>250,514</b>

### Changes in liabilities arising from financing activities

	\$'000
Opening balance at 1 July 2020	462,182
Cashflow - Proceeds from borrowings <sup>1</sup>	116,692
Cashflow - Repayment of borrowings <sup>1</sup>	(1,511)
Cashflow - Repayment of bank overdrafts	(1,484)
Foreign exchange movement	(2,410)
Amortisation of borrowings at effective interest rate	251
<b>Closing balance at 31 December 2020</b>	<b>573,720</b>

<sup>1</sup> This includes the BoE COVID-19 corporate finance facility, bilateral debt facilities, the periodic use of the repurchase facility and operation of the Business Ownership Scheme (BOS) during the year.

The group classifies interest paid as cash flows from operating activities.

### Subsequent event

FLT's Syndicated Facility Agreement was signed on 22 February 2021 and, subject to the satisfaction of usual conditions precedent, the facility will refinance FLT's existing bilateral debt facility agreements totalling \$450,000,000, with \$100,000,000 to be repaid from the proceeds of the successful convertible note issue in November 2020.

## 13 CONVERTIBLE NOTES

### Significant matters

On 17 November 2020, the Company issued convertible notes with an aggregate principal amount of \$400,000,000. There was no movement in the number of these convertible notes since the issue date.

The bonds are convertible at the option of the bondholders into ordinary shares with the initial conversion price of \$20.04 per share at any time on or after 41 business days after issuance and up to the close of business on the maturity date.

Note holders have an option to redeem the bond at the end of 4 years at face value plus any accrued interest. Any convertible notes not converted will be redeemed on 17 November 2027 at the principal amount together with accrued but unpaid interest thereon. The bonds carry interest at a rate of 2.50% per annum (effective interest rate of 7.00% per annum based on a four year amortisation period on estimation of cashflow timing in line with four year redemption option), which is payable semi-annually in arrears in May and November. Interest expense for the period is \$3,484,000, comprised of \$2,279,000 amortisation and \$1,205,000 coupon accrued at period end in trade and other payables. The interest expense is recognised in finance costs in the statement of profit or loss.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in reserves. FLT applies significant judgment in determining the amortisation period.

In November 2020, Gainsdale Pty Ltd, CEO Graham Turner's shareholding company entered into a stock borrow agreement with Goldman Sachs placing 5,400,000 shares in a twelve month stock borrow facility to support the FLT convertible note issue.

The convertible notes issued during the period have been split into the liability and equity components as follows:

	\$'000
Opening balance at 1 July 2020	-
Nominal value of convertible notes issued on 17 November 2020	400,000
Gross equity component of convertible note	(54,185)
Direct transaction costs attributable to the convertible note	(7,772)
<b>Liability component at 17 November 2020</b>	<b>338,043</b>
Amortisation of borrowings at effective interest rate	2,279
<b>Liability component at 31 December 2020</b>	<b>340,322</b>

Deferred tax liability related to Equity component of convertible notes is \$16,255,000.

Transaction costs relate to the equity component of \$1,074,000 and liability component of \$6,698,000.

### Changes in liabilities arising from financing activities

	\$'000
Opening balance at 1 July 2020	-
Cashflow - proceeds from issuance of convertible note, net of transaction costs	392,228
Gross equity component of convertible note	(54,185)
Amortisation of borrowings at effective interest rate	2,279
<b>Closing balance at 31 December 2020</b>	<b>340,322</b>

### ACCOUNTING POLICY

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible note; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in liability due to passage of time is recognised as finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 14 NET CASH / (DEBT)

	NOTES	31 DECEMBER 2020 \$'000	30 JUNE 2020 \$'000
Cash at bank and on hand	8	1,592,491	1,779,550
Financial investments	9	10,256	8,078
		<b>1,602,747</b>	<b>1,787,628</b>
Less:			
Borrowings - current		323,511	211,668
Borrowings - non-current		250,209	250,514
		<b>573,720</b>	<b>462,182</b>
<b>Net cash / (debt)<sup>1</sup></b>		<b>1,029,027</b>	<b>1,325,446</b>

FLT continues to be in a positive net cash position (2020: positive net cash).

<sup>1</sup> Net cash / (debt) = (Cash + financial investments) – (current + non-current borrowings). The calculation excludes restricted cash (refer note 8) and excludes convertible notes (refer note 13). The calculation also excludes the impact of AASB 16 Leases in respect of the current and non-current lease liabilities.

## 15 DIVIDENDS

### OVERVIEW

When determining dividend returns to shareholders, FLT's board considers a number of factors, including the company's anticipated cash requirements and current and future economic conditions.

The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2020 due to the ongoing COVID-19 uncertainty.

The dividend disclosed below in the December 2019 half year comparative relates to the final dividend for the year ended 30 June 2019, paid on 11 October 2019.

	HALF-YEAR ENDED	
	DECEMBER 2020 \$'000	DECEMBER 2019 \$'000
<b>Ordinary shares</b>		
Final ordinary dividend for the year ended 30 June 2020 of nil (2019: 98.0 cents) per fully paid share.	-	99,097

The prior year interim dividend of 40 cents per fully paid ordinary share that was declared on release of the December 2019 financial statements was cancelled on 25 March 2020.

A final dividend was not declared for 30 June 2020 after taking into account the need to preserve cash and protect long-term shareholder value.



## 16 CONTRIBUTED EQUITY

### OVERVIEW

On 6 April 2020, FLT announced a fully underwritten equity capital raising, comprising a Placement and Entitlement Offer to strengthen its balance sheet and liquidity position as part of its response to the financial impacts brought about by COVID-19. The Placement and Entitlement offer resulted in the issue of 97.4 million new fully paid ordinary shares (\$701,400,000) in FLT representing 49% of existing FLT shares on issue.

Historically, movements in contributed equity have related to shares issued under the employee share plan (ESP), which reinforced the importance that FLT places on ownership to drive business improvement and overall results. Where shares in FLT have been acquired by on-market purchases prior to settling the vested entitlement, the cost of the acquired shares is carried as treasury shares and deducted from equity.

### RECONCILIATION OF ORDINARY SHARE CAPITAL

The following reconciliation summarises the movements in issued capital during the period.

Issues of a similar nature have been grouped and the issue price shown is the weighted average. Detailed information on each issue of shares is publicly available via the ASX.

DETAILS	NUMBER OF AUTHORISED SHARES	WEIGHTED AVERAGE ISSUE PRICE	\$'000
Opening Balance 1 July 2019	101,108,842		405,626
Employee Share Plan (ESP)	23,538	\$36.45	858
<b>Closing Balance 31 December 2019</b>	<b>101,132,380</b>		<b>406,484</b>
Opening Balance 1 July 2020	198,968,556		1,094,095
ESP	201,253	\$13.19	2,653
ESP Matched Shares	7,934	\$0.00	-
<b>Closing Balance 31 December 2020</b>	<b>199,177,743</b>		<b>1,096,748</b>

### RECONCILIATION OF TREASURY SHARES

To preserve Company cash, there were no purchases of shares by the share trust during the period, and all shares in the share trust were allocated to the ESP and LTRP during the year ended 30 June 2020.

The following reconciliation summarises the movements in treasury shares. Items of a similar nature have been grouped and the price shown is the weighted average.

DETAILS	NUMBER OF SHARES	WEIGHTED AVERAGE PRICE	\$'000
Opening Balance 1 July 2019	(215,079)		(11,993)
Allocation of shares to ESP	53,156	\$44.71	2,377
Allocation of shares to ESP matched shares	3,579	\$43.87	157
Allocation of shares to LTRP	12,186	\$41.93	511
Gain / (loss) in equity on allocation of shares			(215)
<b>Closing Balance 31 December 2019</b>	<b>(146,158)</b>		<b>(9,163)</b>
Opening Balance 1 July 2020	-		-
<b>Closing Balance 31 December 2020</b>	<b>-</b>		<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 17 EARNINGS PER SHARE

### OVERVIEW

Statutory earnings per share (EPS) was a loss of 117.2 cents (2019<sup>1</sup>: profit 18.7 cents), down 727% on the prior comparative period. At an underlying level<sup>2</sup>, EPS decreased 234% to a loss of 92.3 cents (2019<sup>1</sup>: profit 69.1 cents).

	HALF-YEAR ENDED	
	31 DECEMBER 2020 CENTS	31 DECEMBER 2019 CENTS RESTATED <sup>1</sup>
<b>Basic earnings per share</b>		
(Loss) / profit attributable to the company's ordinary equity holders	(117.2)	18.7
<b>Diluted earnings per share</b>		
(Loss) / profit attributable to the company's ordinary equity holders <sup>3</sup>	(117.2)	18.6

RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE	\$'000	\$'000
(Loss) / profit after tax attributable to the company's ordinary equity holders used in calculating basic and diluted earnings per share	(233,248)	22,019

WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR	NUMBER	NUMBER RESTATED <sup>1</sup>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share <sup>4</sup>	199,079,109	117,811,343
Adjustments for calculation of diluted earnings per share:		
Share rights	-	888,291
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	199,079,109	118,699,634

<sup>1</sup> Restated as required by AASB 133 Earnings per Share, for Placement and Entitlement Offer announced on 6 April 2020.

<sup>2</sup> Underlying EPS is an un-audited, non-IFRS measure and is not subject to audit or review procedures. Refer to note 1 for breakdown of underlying PBT. Underlying NPAT (used in the calculation of underlying EPS) also excludes the related underlying tax impact of \$20,428,000 (Dec-2019 \$4,438,000).

<sup>3</sup> Diluted earnings per share is the same as basic earnings per share at 31 December 2020 given the Group has recorded a loss for the period.

<sup>4</sup> The basic EPS denominator is the aggregate of the weighted average number of ordinary shares after deduction of the weighted average number of treasury shares outstanding during the period.

## 18 CONTINGENT ASSETS AND LIABILITIES

### GENERAL CONTINGENCIES

FLT is a global business and from time to time in the ordinary course of business it receives enquiries from various regulators and government bodies. FLT cooperates fully with all enquiries and these enquiries do not require disclosure in their initial state, however should the company become aware that an enquiry is developing further or if any regulatory or government action is taken against the group, appropriate disclosure would be made in accordance with the relevant accounting standards.

As a global business, from time to time FLT is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of FLT have given consideration to such matters which are or may be subject to claims or litigation at period end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims of litigation exists.

The group had no other material contingent assets or liabilities.

## 19 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

### DIVIDENDS

The directors have determined it is not prudent to declare an interim dividend for the period ended 31 December 2020 due to the ongoing COVID-19 uncertainty.

### OTHER MATTERS

FLT's Syndicated Facility Agreement was signed on 22 February 2021 and, subject to the satisfaction of usual conditions precedent, the facility will refinance FLT's existing bilateral debt facility agreements totalling \$450,000,000, with \$100,000,000 to be repaid from the proceeds of the successful convertible note issue in November 2020.

There are no other significant events after the end of the reporting period which have come to our attention.

## 20 SEASONALITY

Due to the financial impacts of COVID-19, the seasonal nature of the FLT business, where higher revenues and operating profits are expected in the second half of the year compared with the first six months has not been observed this year.

For further details on FLT's outlook, please refer to the Outlook section of the Directors' Report

## 21 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

### (A) BASIS OF PREPARATION

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

This interim financial report does not include all the notes of the type 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 Flight Centre Travel Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and ASX Listing Rules.

The accounting policies adopted are consistent with those applied at 30 June 2020 unless otherwise stated.

#### Reclassification

Certain prior period amounts have been reclassified to conform to the current period's presentation.

### (B) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New or amended standards that became applicable to FLT for the first time for the 31 December 2020 interim half-year report did not result in a material financial impact to the group's accounting policies or require any retrospective adjustments, with the exception of AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* which was early adopted in the year ended 30 June 2020.

AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions* allows for the lessee to remeasure its lease liabilities from renegotiated leases as a direct consequence of COVID-19 with the corresponding adjustment to the right-of-use asset.

The group has not elected to apply any other pronouncements before their operative date in the interim half-year reporting period beginning 1 July 2020.

### (C) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2020 reporting period. The standards are not expected to have a material financial impact on the entity in the current or future reporting periods and on foreseeable future transactions.

# DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Flight Centre Travel Group Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of Flight Centre Travel Group Limited for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



G.F. Turner  
Director

25 February 2021



Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
ey.com/au

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## **Independent auditor's review report to the members of Flight Centre Travel Group Limited**

### **Report on the half-year financial report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Flight Centre Travel Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 31 December 2020, the statement of profit or loss, statement of other comprehensive income, statement of cash flows and 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial 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.

#### **Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.



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## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ric Roach  
Partner  
Brisbane  
25 February 2021