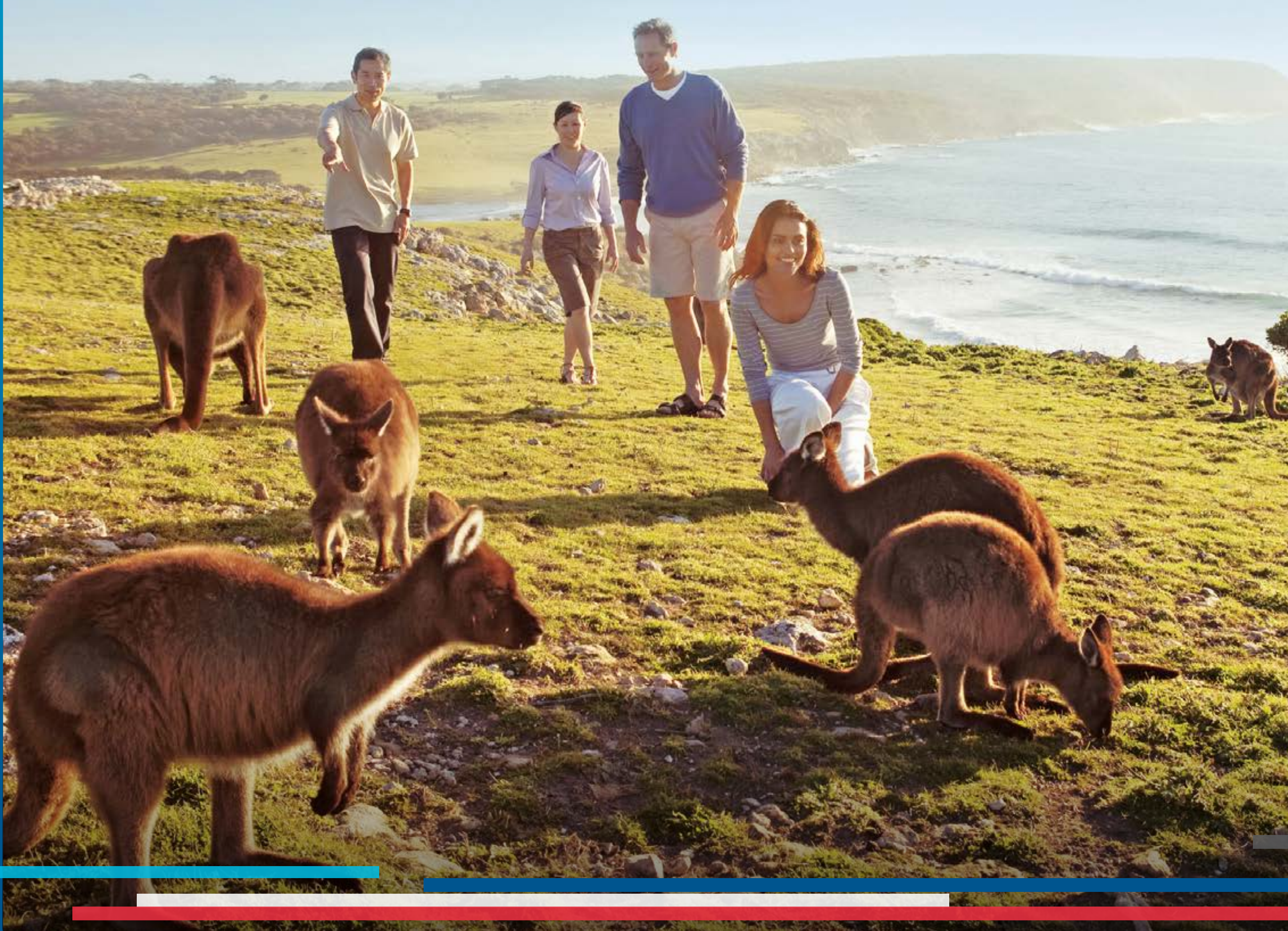
helloworld TRAVEL LIMITED

ANNUAL REPORT 2021

Helloworld Travel Limited and Controlled Entities
Annual Report for the year ended 30 June 2021



helloworld TRAVEL LIMITED

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The following terms have been used through this Annual Report:

AGM	Annual General Meeting
AOT	AOT Group Pty Limited and its controlled entities
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	The parent entity, Helloworld Travel Limited
EBITDA	Earnings before interest expense, tax, depreciation and amortisation
EPS	Earnings per share
FAR	Fixed Annual Remuneration
FY20	Financial Year ended 30 June 2020
FY21	Financial Year ended 30 June 2021
FY22	Financial Year ended 30 June 2022
Group	The Helloworld Travel Group, comprising Helloworld Travel Limited and its controlled entities
Helloworld Travel	Helloworld Travel Limited
HLO	Helloworld Travel Limited
KMP	Key Management Personnel
LTIP	Long Term Incentive Plan
MTA	Mobile Travel Holdings Pty Limited and its controlled entities
PCP	Prior Comparative Period
Qantas	Qantas Airways Limited
QBT	QBT Pty Limited
STIP	Short Term Incentive Plan
TTV	Total Transaction Value
VFR	Visiting Friends and Relatives
VH	Viva Holidays

RETAIL	WHOLESALE
helloworld TRAVEL THE TRAVEL PROFESSIONALS Travel agencies who adopt full Helloworld branding and reinforce the brand message in the marketplace.	VIVA HOLIDAYS One of the largest wholesale brands in Australia with over 40 years' experience, offering an extensive range of products covering most destinations throughout the world.
a member of helloworld TRAVEL Travel agencies who carry the "Member of Helloworld Travel" brand and value proposition while maintaining their own brand presence in market.	sunlover HOLIDAYS Established in 1982, Sunlover Holidays are the Australian holiday specialists offering a wide range of travel products and experiences for all budgets.
helloworld BUSINESS TRAVEL Australia's largest network of premium independently owned corporate travel agents and travel management companies.	GO HOLIDAYS! New Zealand's longest serving travel wholesaler offering its travel agency distribution a diverse and extensive range of travel products around the globe.
My TRAVEL GROUP Independent buying network affiliated to Helloworld Group, able to leverage the strength of our supplier relationships and maintain their independence.	ASIA ESCAPE HOLIDAYS One of the largest specialist travel wholesalers in Australia, renowned for offering exclusive travel deals across 16 international destinations.
Magellan™ TRAVEL Agencies with loyal high-end clients managing their own brand and marketing while leveraging the buying benefits of the Helloworld Travel Group.	cruiseco Cruiseco is a specialist cruise package wholesaler that provides access to over 40,000 products from 50 cruise lines, and creates exclusive fly/cruise products and specialised charters to help members grow their cruise business.
MTA mobile travel agents Australia's leading team of mobile travel agents for leisure and corporate travel, offering agents independence and access to group buying power.	SEVEN OCEANS CRUISING One of the largest cruise wholesalers in Australia, offering travel agents access to a wide range of cruise deals and packages.
THE TRAVEL BROKERS With a team of over 100 mobile travel specialists, the Travel Brokers are one of New Zealand 's leading Travel Broker networks.	ReadyRooms ReadyRooms offers travel agents the ability to search, compare and book an extensive range of worldwide accommodation and activities online.
Williment Founded in 1967 by former All Blacks fullback, Mick Williment, Williment Travel is New Zealand's travel sports and events tour specialists.	ULTIMATE JOURNEYS BY VIVA HOLIDAYS A new brand for discerning clients focusing on high-end, small group touring in Australia and international destinations.

CORPORATE

With offices around Australia, QBT provides extensive experience and expertise in delivering large and complex global travel programs to both Federal and State Governments and a diverse range of mid to large sized Corporates.

APX provides end-to-end travel management services for New Zealand and global organisations, from small businesses to corporate and government departments.

Australia's largest network of premium independently owned corporate travel agents and travel management companies.

The leading travel management specialist servicing the entertainment, film, arts, fashion, corporate and sporting industries. Show Group offers bespoke travel tailored to meet specific customer requirements, because every client is different.

Appointed by the Australian Government, and many corporate and other Government customers, AOTHotels provides an outstanding accommodation booking management service with the best inventory available Australia-wide.

TravelEdge offers a full suite of services including corporate travel, in-house travel management solutions, academic services, events and experiences. This diverse range of brands allows the business to tailor a solution that is perfect for every client.

CONSOLIDATION

Air Tickets is the travel industry's market leading airfare distribution and ticketing services consolidator, with a 24/7 web-based portal to real-time airfares allowing agents to shop, book and ticket in one system.

World-leading technology provides travel agents with a ticket processing system subject to rigorous real-time validation and a queuing system the envy of global consolidators.

DMC

A leading inbound tour operator in Australia, offering an excellent booking platform and staff to service both the FIT and Group markets from UK, Europe, USA and other long-haul Western markets.

A leading inbound tour operator with offices in Australia, New Zealand and Fiji. ATS Pacific provides specialty inbound services in all three destinations for FIT and Groups. Markets include UK, Europe, USA, Western long haul and Japan.

The leading Australian inbound tour operator specializing in Asia, with offices in Shanghai, Singapore, Hong Kong and Jakarta.

A leading inbound tour operator in New Zealand, offering an excellent booking platform and staff to service both the FIT and Group markets from UK, Europe, USA and other long-haul Western markets.

ONLINE

Last minute accommodation website providing consumers with access to over 120,000 accommodation options around the world.

An online travel agency providing consumers with access to discounted domestic and international airline tickets.

TOUR OPERATING

Tourist Transport Fiji operates a fleet of 65 vehicles providing transfer services throughout Fiji with sightseeing tours and adventure packages under the Great Sights and Feejee Experience brands.

Show Freight are industry leaders in tour trucking and equipment movements for local and international touring artists, as well as handling freight and courier movements for the film, sporting, arts and corporate markets.

WHOEVER IMAGINED THIS WOULD HAPPEN

"The Global Travel Industry has gone through the greatest upheaval in its history with the onset of COVID-19 in March 2020. Since that time, the Company has focused on managing the cancellation and refund of hundreds of millions of dollars' worth of travel and on re-sizing the business to keep losses to a minimum while maintaining core customer service levels across our operating divisions. This will end and borders will re-open and that can't come soon enough."

As Chairman of Helloworld Travel since 2016 it has been a pleasure to be part of a history of growth and profitability in our business. Led by CEO Andrew Burnes and his Management team, Helloworld has gone from strength to strength and in the 2020 financial year was on track to achieve total transaction values in excess of seven billion dollars and EBITDA of between $80 – 85 million. This was derailed as COVID-19 unfolded however the company was still profitable in FY20 despite the onset of COVID-19 in March of last year.

FY21 turned into an incredibly challenging period for the business and the industry at large, with TTV falling as low as $50 million for the month of August 2020. This improved in the lead up to Christmas but dropped away again in January and February before picking up significantly in the June quarter.

At the end of the day to have a normalised EBITDA loss of $14.1 million across the twelve months has been an outstanding achievement. Redundancy, restructuring and other one off costs of $11.7 million have added to that loss on a one-off basis as the company reduced personnel by nearly 1,300 people across our business operations in Australia, New Zealand, Fiji and our other remaining overseas offices.

As of 30 June 2021 Helloworld, retained 885 personnel representing 726 FTE with 595 personnel in Australia, 88 in New Zealand and 24 in Fiji and 19 in other locations around the world. I want to thank each and every one of the people who are still at Helloworld and doing a fantastic job. Can I also thank all of the many great people who are no longer with us through no fault of their own but simply due to the closure of international borders and domestic lockdowns which significantly reduced our level of activity and the amount of work available.

Looking ahead, the continued rollout of vaccinations both in Australia, New Zealand and globally is critical to the reopening of international borders between Australia, New Zealand and our major leisure and corporate destinations. It seems clear that our international borders will remain closed until sometime in the first half of CY22 and we can't wait to see the first plane load of VFR, corporate and leisure travellers heading out over the Pacific and Indian oceans again.

Finally can I thank the Board for their continued support and guidance throughout the year.

Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 6 September 2021

A YEAR OF EXTRAORDINARY CHALLENGES

> **"After thirty-four years in the Travel Industry, I thought I had experienced most of the ups and downs that could be thrown at a travel business but nothing comes even remotely close to the impact of COVID-19."**

The Global travel industry has traditionally been an industry of growth, delivering significant economic benefits globally to those directly and indirectly engaged in it. The total size of the industry globally in 2019 was estimated at US$2.9 trillion. This shrunk to US$1.5 trillion in 2020 and is forecast to reach US$1.7 trillion in 2021, still a long way short of 2019 levels.

Billions of dollars in bookings are made every day and billions of dollars of products utilised in various subsets including the airline industry (4.5 billion passengers in 2019), the accommodation industry (6 billion room nights and US$673 billion in sales in 2019) car hire (US$60 billion in 2019), cruise (30 million passengers, US$150 billion in sales) not to mention hospitality, entertainment, events, touring and many other products and services.

All of those services are booked by travellers using a range of distribution options and in HLO's case we were on track in FY20 to sell over $7 billion worth of global travel products and services including $1 billion for travel in Australia & New Zealand and $6.0 billion around the world.

As it turned out, HLO sold A$5.0 billion worth of travel in FY20 after the global travel industry ground to a halt through February and March 2020. With our international borders to the world closing on 20 March 2020, the entire global travel industry, including the distribution industry and our own retail, wholesale, inbound, ticketing and corporate segments were inundated by the mass cancellation world-wide of over a trillion dollars' worth of forward bookings. And most of the people who had their bookings cancelled wanted a full refund the following week.

In a business set up over many decades to successfully manage and process the mass sale of travel products and services, having to ditch long-established and finely honed procedures and suddenly cancel every international booking we had across Australia and New Zealand and then cancel every inbound booking we had from our international wholesale customers in 73 countries was extremely challenging.

Our agency network members, with over 1,800 retail outlets and 700 travel brokers, were suddenly left with very little income and a massive task to get back the money paid to suppliers world-wide for various products and services across the next eighteen months. Despite what were some very considerable obstacles in the first few months of the pandemic, I am incredibly proud of the work that everyone at Helloworld Travel Limited did and of the extraordinary work that our travel agency members did across Australia and New Zealand to manage and triage the literally billions of dollars' worth of bookings, refunds and cancellations that had to be taken care of.

In FY21, thanks to the support of our retail and corporate customers, we turned over $1.08 billion in total transaction values with revenue and other income of $94.2 million (including government wage subsidies) and with very tight cost management across all of our business divisions we were able to keep our losses to a minimum throughout the period and achieve a normalised EBITDA loss of $14.1 million for the 12 months ending 30 June 2021.

With one-off redundancies, restructure costs and other one offs of just under $12 million and depreciation and amortisation of $21.2 million, HLO's nett loss before tax was $49.5 million.

The fourth quarter was the best trading period we had throughout the year and showed that with State borders all open and the New Zealand bubble in place, TTV could reach circa $150 -170 million a month, which on an annualised basis would work out to be around $1.8 - $2.0 billion for a full year. But of course, the critical element to that is "open".

Australia is on the pathway to achieve a vaccination rate of between 70 - 80 per cent by end November 2021 and it has been agreed by National Cabinet based on modelling by the Doherty Institute that once we reach these levels, the need for state-wide lockdowns will be substantially reduced. This needs to be supported by continued TTIQ (test, trace, isolate, quarantine) measures and those who have been vaccinated need to be allowed to travel overseas again in 2022 to countries where vaccination rates are similar and infections under control.

We hope that State borders will be largely re-opened by Christmas and as stated above, international borders might begin to open up in the first half of calendar 2022. In the meantime, we continue to run our business as tightly as possible while maintaining core service levels to our corporate, wholesale and retail agency customers throughout Australia and New Zealand.

Can I extend my thanks to the following:

- The HLO Board, Management team and all our staff, past and present, who have worked so tirelessly over the last eighteen months in really trying circumstances;
- HLO's amazing retail agency network members who have endured a gruelling period managing the refunds, credits and re-bookings for their customers;
- Our leisure and corporate customers for their patience and understanding as we worked through revised refund procedures, travel credits, cancellations and re-bookings;
- All of HLO's supplier partners who have worked tirelessly to turn their businesses upside down and return the billions already paid to them for future travel;
- The many domestic supplier partners of HLO who have supported our domestic campaigns along with the State Tourism Offices, Tourism Australia and Tourism New Zealand;
- HLO's banker, Westpac for their continued outstanding support during this challenging period; and
- Australian and New Zealand Governments and Australia's State Governments for providing assistance to both industry in general and via JobKeeper and Wage Subsidy and to travel agents via the Consumer Travel Support Package for small to medium sized agencies in Australia and in New Zealand via the Ministry of Business, Innovation & Employment (MBIE) scheme.

This pandemic is not over yet and more support is going to be needed to get this industry to the other side, but it would not have got this far without the support and assistance received to date.

Andrew Burnes, AO

Chief Executive Officer and Managing Director
Helloworld Travel Limited
Melbourne, 6 September 2021

A PASSIONATE TEAM

Helloworld has a wide footprint across Australia, New Zealand and Fiji with operations in every Australian capital city, in Auckland and Wellington in New Zealand and Nadi in Fiji.

The foundation of most of our business units goes back decades and they now operate with sophisticated technology systems operated by highly trained consultants and supported by great teams in IT, Systems, Admin & Finance, Payroll, HR, Product / Contracting, Product Loading, Sales and Marketing, Customer Service and a range of other services.

With the onset of COVID-19 Helloworld was able to secure a number of contracts to provide COVID-19 related call centre services to both State and Federal government agencies. Without exception, all of our personnel who found themselves without a role due to the complete closure of international travel put their hands up and accepted positions in the call centres we operated in Melbourne, Sydney, Perth and Brisbane and we are extremely grateful to the Victorian government, the NSW government and the Federal government for contracting the services that we provided and for doing what we all regard was an outstanding job in training our great team of people and ensuring their safety and well-being through what were some pretty challenging experiences for them all.

That work is still ongoing today and we now have one of the most experienced teams available in this space, and as the pandemic has ebbed and flowed people have swapped back to their travel roles when demand for these frontline services has diminished having then stepped back up to the COVID-19 related roles when infection rates have climbed, travel bookings have diminished and the demand for call centre services has increased.

At the same time there are many people working at Helloworld today who are in completely different roles to the ones that they have worked in previously. We have done our best to ensure that any vacancies which occur in any part of the business are offered, where possible, to existing employees whether they have experience in that role or not and without exception again everyone who has been asked to take on a new role has done so willingly and put their best foot forward and we are extremely grateful for the efforts that they have made.

RALLY TOGETHER

Over the last twelve months Helloworld Travel Limited has had to reengineer many of its processes to handle the massive volume of cancellations and refunds and this has not been helped by airlines switching off automated Global Distribution System (GDS) refund processing and going to manual processing system for every booking through what is called BSP link.

The continued strain caused by the cutting off of well-established automated processes caused enormous volumes of tickets to require manual intervention and cancellation and over the last twelve months Helloworld has refunded over 600,000 tickets to agents in Australia and New Zealand, refunded over $300 million worth of cruise bookings, $400 million worth of forward inbound and wholesale bookings and on a large number of both corporate, individual and group bookings for international trips.

Everyone has had to rally together to work out better ways to get through these massive volumes of cancellations and refunds in order to get monies back into the hands of our customers and of our agencies for their customers but I think by and large we are now on top of that due to an enormous effort from so many people.

WOMEN IN POWER

Approximately 65 per cent of Helloworld's personnel are women and women occupy senior roles across every division of the business.

In our retail operations three out of four senior positions are held respectively by, Julie Primmer, Lisa Harrison and Michelle Ryan and they are supported by Lynda Wallace, Nicola Nanninga and a great team of Account Managers and Business Development Managers.

In our corporate division, these complex operations are in the hands of Deborah Morgan at QBT and Sasha Sherman at Show Group while in New Zealand at APX operations are managed by Rocky Kilmartin.

The entire wholesale and inbound divisions are run by Executive Director, Cinzia Burnes who is supported by a strong team. The Australian wholesale operations are run by Lauren Bell, the New Zealand wholesale division is run by Sarah Hunter, the global contracting team by Dominique Atzenhoffer, marketing and partnerships by Melissa Warren and Sarah Gerrand, cruise by Catherine Allison and our global product team by Leanne Chard.

Our Fiji operations are managed by Arun Devi.

Two out of every three personnel are women and throughout this pandemic period they have done an extraordinary job in continuing to look after all our customers throughout Australia, New Zealand and the rest of the world and they have made an outstanding contribution to our business and to our industry in what has been our most challenging time ever.

Across our retail networks, the majority of owners and managers are women and at a consultant level across the suburban, regional and rural landscape, over 75% of our broad professionals are women.

A YEAR OF HIGHS AND LOWS

In what was a year that can only be described as having a lot of lows there were also some extraordinary highs both internally and externally. None have been so outstanding as the many times colleagues have rallied to support each other across Australia, New Zealand, Fiji, and Mumbai.

Internally it's not been easy for anyone. Senior Executives all agreed to salary reductions and work reduced hours during the darkest days of this crisis in order to try and keep costs at a long-term sustainable level given HLO's reduced revenues. Externally, every agent in our networks and buying groups has seen their income cut dramatically but they have continued to keep their doors open and to fight tooth and nail to process and get back refunds owing to their customers for travel that has become impossible to take at present, to book domestic travel arrangements for those same customers and to amend, rebook and cancel those arrangements over and over as lockdowns come and go across Australia and New Zealand.

In Fiji most of our team has been stood down since March 2020 and while initially the ravages of COVID-19 did not impact Fiji, eventually it got out and the main Island, Viti Levu has been severely impacted over the last six months. Our managers in Nadi have done a fantastic job keeping in touch with our personnel and Helloworld has supported those personnel by making a number of ex gratia "sustenance" payments to help our people pay for their basic needs.

Particularly during Victoria's darkest hours in July and August 2020, when infection rates were running at 600 plus per day and we suffered over 800 fatalities this was emotionally demanding given the distressed nature of many of the calls to our re-purposed call centres. It is a credit to each, and every person involved that they were able to rally together and support each other throughout this period and continue to provide a very high level of service to all callers. This work still goes on today and we thank all of those involved.

PERFORMANCE HIGHLIGHTS

In a business used to growth in terms of total transaction values, customers and profitability with a fantastic marketing team, highly skilled consultants and best of breed technology solutions, it has not been easy watching our sales volumes, revenues and profitability fall by 85 per cent over the year.

The September quarter was particularly tough, with TTV in July and August of circa $50 million a month compared to an excess of half a billion dollars in the same months in the previous year. In the second quarter things improved although TTV was still below a $100 million a month and we reached $255 million in TTV for the quarter. With lockdown slowly receding after the Christmas/ January closures, TTV increased across the March quarter and March was our best month for the year to date, reaching $112 million.

April and May showed considerable improvement, with corporate and leisure travellers taking to the skies and the roads as borders opened up and our June quarter itself was the best for the year with TTV of $387 million. This brought our total TTV for the year to $1.08 billion.

Throughout this time an enormous amount of work went into getting monies back from airlines, cruise companies, tour operators and others to refund via our agency networks consumers across Australia and New Zealand. Normally these refund processes are automated however most airlines turned the automation off and forced us to go to a manual refund process which caused significant delays but throughout the year just gone we refunded some 600,000 tickets. On top of that several hundred million dollars of airline credits that were managed together with our agency partners on behalf of their customers.

While one would not normally regard the cancellation and refund of over a billion dollars worth of travel as being a highlight. The effort in which Helloworld across all of its business divisions and Helloworld network agents in Australia and New Zealand have put into ensuring customers got back as much money and travel credits as possible.

Another performance highlight was that the company has maintained all of the core services that it provides to its corporate, leisure and ticketing customers. Furthermore, the foundations are there to rapidly build upon as we start to emerge from this pandemic and the State and trans-Tasman borders open and remain open and most particularly as international borders begin to re-open again in 2022.

RETAIL AGENCY RESILIENCE

In March, 2020 HLO's retail networks and buying groups totalled some 2,400 agencies and brokers across Australia and New Zealand.

Despite the extraordinary challenges faced by travel agents on both sides of the Tasman, agents have done an extraordinary job surviving for nearly 18 months with very limited revenues. Commercial Tenancy regulations were helpful for many agents as have been various State Government small business grants. The Australian Governments "Consumer Travel Support Program" has provided $238 million in grants across two rounds to cover the March and June quarters in 2021.

This support has been vital in assisting agents to remain open and there are requests from industry to the Government for a third round of assistance to get agents through the September and December quarters of 2021.

In New Zealand an estimated $690 million of New Zealanders' money is locked up from travel cancelled due to COVID-19, with approximately 85% related to international travel. The COVID-19 Consumer Travel Reimbursement Scheme was established to support travel agents and wholesalers to recover refunds and credits owed to New Zealand consumers.

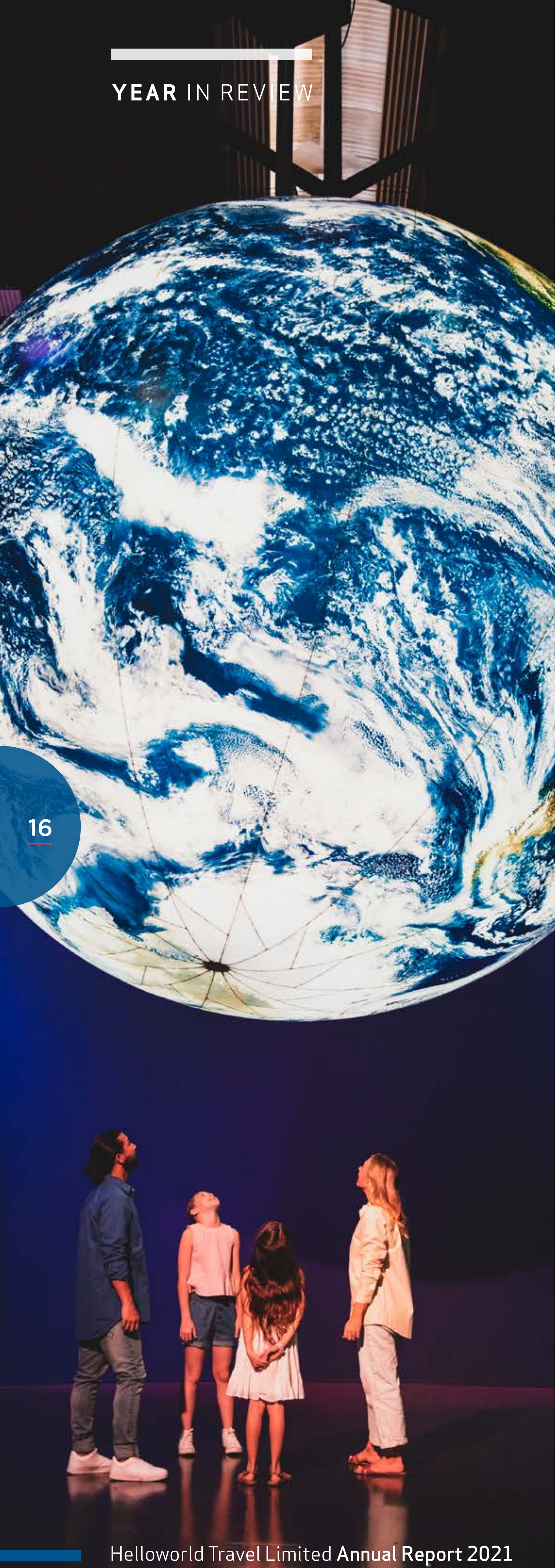
The Scheme is funded to a maximum of $47.2 million, to 31 December 2021. Participating travel agencies and wholesalers are reimbursed 7.5% of the value of cash refunds (excluding GST), and 5% of the value of travel credits successfully secured or rebooked on behalf of consumers (excluding GST).

Reimbursement can be sought for refunds, credits and rebookings processed from 14 August 2020, which are made in respect of bookings confirmed on or before 14 August 2020.

On 11 June 2021 the Scheme was extended six months from the original end date of 30 June 2021, to 31 December 2021 and industry is working with the Government to extend the 14 August 2020 date to cover bookings confirmed on or before end September 2020 or end October 2020.

Agents have shown an extraordinary resilience and in Australia have pivoted to domestic and when available trans-Tasman bookings while New Zealand agents have also maximised their opportunities selling Australia and more recently the Cook Islands, which was open to New Zealanders from 17 May 2020.

Few businesses have done it tougher than travel agencies in the last 18 months however when interstate and then international travel returns as vaccination rates reach the 70-80% levels, the pent up demand from Australians and New Zealanders to head overseas will, as has been the case in the UK, Europe and the US as they have opened up, enormous and demand for travel agency services will be very strong.



SO, WHAT'S NEXT?

Vaccines and new COVID-19 variants have shifted the goal posts over the last few months. Vaccination has been widely accepted as the pathway out and, over the remainder of 2021, the focus is on getting national coverage to 80 per cent or higher on both sides of the Tasman.

Uncertainty around the rules and when they might suddenly change has led to booking hesitation and this will likely remain until at least November 2021 until we get past the 80 per cent vaccination target set by the National Cabinet and borders are formally open again.

The positive news is that countries including Australia and New Zealand are now planning how they can shift out of pandemic mode and into treating COVID-19 as a manageable endemic disease.

The Australian Governments four-part strategy comes with commitments from the Morrison government that when Australia hits the 80 per cent vaccination level, we will move to Phase C and things will start to "open up". It is widely expected we can reach that point by November 2021 although HLO is planning for a phased opening of international boarders during the first half of 2022.

Prior to Christmas we are planning for both interstate and trans-Tasman borders to be largely open (although Governments have said this will still be subject to snap lockdowns as required) and that limited outbound and inbound international travel can recommence in the New Year. Exactly how that will unfold is not yet clear, but it is reasonable to assume those who are fully vaccinated and test negative prior to departure will be permitted to travel to countries and regions where the virus is largely under control, to travel in those countries quarantine free and to return to Australia without having to go through quarantine when getting back. It is also reasonable to assume that citizens from those countries will also be allowed into Australia and the same conditions.

According to the Doherty report, during Phase C Australia can "lift all restrictions on outbound travel for vaccinated people", with only "proportionate quarantine" measures required (i.e.: home quarantine in certain circumstances).

Travel passports are already well developed offshore and in Australia and New Zealand vaccination status and test results via digital certificates will be linked to passports, airline booking systems and border declarations. IATA (International Air Transport Association) has also developed its own Travel Pass, and this operates with other systems including the ICAO (International Civil Aviation Organisation) Visible Digital Seal.

The travel pass consists of four modules:

- a global registry of health requirements;
- a global registry of testing centres;
- a lab app to securely share test and vaccination certificates with passengers; and
- a contactless travel app which enables passengers to create a digital passport and manage their travel documentation digitally.

As these rollout, new travel bubbles during Australia's Phase C will be established with low-risk countries and Singapore has recently led the way. With vaccination rates in Singapore now over 80 per cent, since August, vaccinated travellers from eight countries including

Australia can now enter Singapore and home quarantine and from September, the plan is to allow vaccinated travellers to skip quarantine altogether.

There are still issues around vaccine recognition by various countries, but these issues should be largely resolved by year end.

And finally, sometime in the first half of 2022, Phase D will arrive, with the re-opening of international borders, at which point quarantine will only be required for travellers from "high- risk countries".

As the build-up in demand grows, so too will demand for Helloworld's corporate, retail, wholesale, ticketing and inbound businesses and we are well positioned to handle significant increases in business throughout 2022 and 2023. We anticipate that borders will be open across much of the developed world by mid-2022 and people will be able to travel at will and without quarantine to many destinations. Vaccine roll outs will pick up pace across poorer nations with the global goal to have the entire world vaccinated by the end of 2022 and a "return to normal" in 2023 although that return will probably involve an annual or bi-annual COVID-19 booster shot as well.

The core infrastructure of the global travel industry remains in place. The current staffing challenges in Australia for our domestic industry will resolve themselves when international students and working visa holders are allowed back into the country sometime early next year. The cruise ships are still there, and in fact new cruise ships are being built right now. The aircraft are still there, the pilots and air crew are still there, the front office staff, the chefs, the housekeepers are all still there and as travel resumes many people who left the sector to find temporary work in other fields of endeavour will come back to once again create the extraordinary array of experiences that make up our global travel and tourism industry.

A recent IATA survey across 11 countries and 4,700 respondents showed 57% expected to be travelling within two months when restrictions ease and 72% will do so when they can visit friends and family.

The challenge for the travel industry will be managing the multiple rules around who can go where and under what conditions and in ramping up capacity to meet the pent up demand. Europe is now open to vaccinated US residents, cruise ships have commenced operating again in US and European waters and airlines, car hire companies and other major suppliers are starting to increase capacity and gear up for an end to the worst ravages of COVID-19 while managing the safety and security of their customers.

We are already seeing a lot more flexibility in booking and payment conditions to cater for consumers who were caught out in 2020 with long waits for refunds or travel credits. At HLO we have seen an increase in average lead times for domestic bookings from 88 days in 2019 to 178 days now. People are getting in early to avoid missing out but at the same time they are making sure the payment terms are reasonable in the event their trip gets blocked due to Government restrictions.

At the same time we are seeing an increase in the average value of both domestic and international bookings, with people more likely to book premium experiences and products given the two year hiatus in international travel.

There is no doubt the next twelve months will come with contradictions and uncertainties as the world emerges from this pandemic but there is also no doubt the demand for travel is greater than it ever has been and the industry will rapidly recover.

TECHNOLOGY DEVELOPMENTS – BANKING ON THE FUTURE

Helloworld has reduced its operational capacities as a result of COVID-19 however with sophisticated systems operating in our corporate, retail, wholesale, inbound and air ticketing divisions, we have continued throughout FY21 to invest in the further development of these technologies.

With our corporate technologies we continue to work with our GDS and portal partners and have rolled out our new analytics portal in March 2021 which has received very favourable feedback from our customers.

In the retail space, ResWorld continues to become the go to mid-office system for our retail agency networks in Australia and New Zealand. Despite the lockdown it is now rolled out in nearly 50 per cent of our Branded Network in Australia, it is being rolled across 100 per cent of our Branded Network in New Zealand and the corporate version is in beta testing with rollout due to commence in October 2021.

In wholesale, we are moving to a new platform, "Mango", our own front-end portal operating off Tourplan NX and this will be rolled out across our wholesale operations in October 2021. This is a very significant shift for the wholesale business and will provide much greater functionality, ease of loading and a wider array of product for all our retail agents throughout Australia and New Zealand.

The cruise division has now rolled out a uniformed version of Odysseus while in Air Tickets we continue to build on the functionalities in the system and, slowly but surely, turn back on with the support of our aviation partners the automated functionalities around cancellations and refunds.

At the same time, we have continued to enhance our Air Tickets systems to accommodate New Distribution Capabilities 'NDC'

SmartNDC will join our suite of products within Air Tickets and our systems have been developed to incorporate NDC which will provide a single shopping solution to search and compare all the best air offers into one single shopping page as part of the New Distribution Capability being launched by airlines

Our ReadyRooms platform will be launched in late September based upon the Athena system developed by our dedicated team in Athens and we intend to launch Skiddoo again with an updated platform in October 2021. Skiddoo has been temporarily closed given the complete lack of international travel at present but we envisage this situation will change in 2022 and will be putting this very successful platform back into the marketplace.

ADDING VALUE

Many people ask about the future of travel agents and travel distribution businesses generally and the survival of any business is dependent upon whether it is adding value to its customers.

In our view travel agents, wholesalers, ticket consolidators, retail franchise businesses, inbound tour operators and travel management companies have always added value and will continue to do so as long as customers have choices and as long as people value the advice which all of these businesses can provide them in making those choices. Through the complexity of the booking themselves, of the sequencing of multiple arrangements and of the rules and restrictions that apply to the particular type, class or mode of travel being undertaken.

Pre COVID-19, travel was complex, with the longer one went for and the further one went adding to that complexity.

Post COVID-19, that complexity will increase exponentially, and the duty of care element provided by travel agents, TMC's, travel wholesalers and other distributors of product is going to become an even more important element of the travel equation. Helloworld's customers, whether through our QBT, TravelEdge, APX and Show Travel corporate businesses, or through our VIVA Holidays, Sunlover Holidays and Go Holidays wholesale businesses or through our AOT, ATS Pacific and ETA inbound businesses or through our Air Ticket business and through all of our agency network members have found that there are very tangible benefits of working with a travel partner and we are determined to ensure that we continue to enhance those benefits and retain our edge with all our customers.

A QUICK LOOK AT THE YEAR

EMPLOYEE NUMBERS
2020 1,578 2021 885

TRAVEL AGENTS IN THE HELLOWORLD NETWORKS
2020 2,496 2021 2,224

AIR TICKETS SOLD
2020 2.2M 2021 678K

THE NUMBER OF AIR TICKETS REFUNDED
600,000+

AGENCIES SERVICED BY WHOLESALE DIVISION
3,000+

SUPPLIERS IN OUR DATABASE
10,000+

DESTINATION MANAGEMENT SERVICES TO
73 COUNTRIES

REVENUE & OTHER INCOME
2020 $295M 2021 $94M

DIRECTORS' REPORT

The Directors of Helloworld Travel Limited (Helloworld Travel), present their Report together with the Financial Statements of the Consolidated Entity (Group) being Helloworld Travel Limited and the entities that it controlled at the end of, or during, the year ended 30 June 2021 and the Independent Auditor's Report.

DIRECTORS

The Directors of the Company in office at any time during or since the end of the financial year are as follows:

Garry Hounsell

B Bus, FAICD, FCA

Non-Executive Director and Chairman

Appointment

Garry Hounsell was appointed to the Board and as Chairman from 4 October 2016.

Experience and Expertise

Garry has extensive director experience on a wide range of highly successful Boards, Garry was formerly Senior Partner of Ernst & Young, Chief Executive Officer and Country Managing Partner of Arthur Andersen, a Board member of Freehills (now Herbert Smith Freehills) as well as Deputy Chairman of the Board of Mitchell Communication Group Limited.

Garry is a Fellow of the Australian Institute of Company Directors and Chartered Accountants in Australia and New Zealand.

Other current directorships of listed entities:

- Treasury Wine Estates Limited (since 2012).

Former directorships of listed entities in the last 3 years:

- Myer Holdings Limited (2017 to 2020), Chairman (2017 to 2020).

Other current directorships:

- Commonwealth Superannuation Corporation Limited, Director since 2016 and Chairman from July 2021
- Findex Group Limited (since January 2020)

Special Responsibilities:

- Chairman of the Board.
- Chairman of the Remuneration Committee and Nominations & Governance Committee.
- Member of the Audit & Risk Committee.

Interests in Shares:

- A legal and beneficial interest in 153,890 fully paid ordinary shares.

Andrew Burnes AO

LLB, B Comm. (Melb)

Chief Executive Officer and Managing Director

Appointment

Andrew Burnes was appointed Chief Executive Officer and Managing Director of Helloworld Travel Limited and to the Board on 1 February 2016.

Experience and Expertise

Upon completing his studies in Law and Commerce at Melbourne University, Andrew was employed by Blake Dawson Waldron where he completed his articles and worked as a solicitor.
On 1 November 1987, Andrew founded The Australian Outback Travel Company, which became The AOT Group. After the merger of The AOT Group and Helloworld in January 2016, he was appointed Chief Executive Officer of Helloworld Travel Limited on 1 February 2016.

Andrew was Honorary Federal Treasurer of the Liberal Party of Australia from July 2015 to June 2019. Prior to that appointment he was the State Treasurer of the Victorian Liberal Party from May 2009 to early 2011. He was appointed as a Director of Tourism Australia in July 2004 serving as Deputy Chairman from 2005 to 2009. Andrew chaired the Audit and Finance Committee of Tourism Australia during this period, was a Trustee of the Travel Compensation Fund from 2005 to 2009 and a Board member of the Australian Tourism Export Council ('ATEC') from 1998 and served as the organisation's National Chairman from 1999 to 2003.

Andrew was made an Officer of the Order of Australia (AO) in the June 2020 Queen's Birthday honours for his distinguished services to business, particularly through a range of travel industries, to professional tourism organisations, and to the community.

Special Responsibilities:

- Chief Executive Officer and Managing Director

Interests in Shares:

- A legal and beneficial interest in 10,495,531 fully paid ordinary shares.
- In conjunction with Cinzia Burnes a further beneficial interest in 21,570,408 fully paid ordinary shares.

Cinzia Burnes

Group General Manager – Wholesale & Inbound,
Executive Director

Appointment

Cinzia Burnes was appointed Group General Manager – Wholesale & Inbound, Helloworld Travel Limited and to the Board on 1 February 2016.

Experience and Expertise

Cinzia brings extensive sector and management experience to the Board.

In 1982, Cinzia commenced her career in travel and after working as a travel wholesaler in Italy for 9 years she has played a pivotal role over 26 years in growing AOT from a regional safari operator into one of Australasia's leading travel distribution businesses. The AOT Group was privately owned by Andrew and Cinzia Burnes until its merger with Helloworld Travel Limited in February 2016.

Cinzia was a Director of Tourism Victoria from 2013 to 2015. She has also served as a Board member of Health Services Australia from 2005 to 2007 and the Australian Tourist Commission from 2001 to 2004.

Special Responsibilities:

- Group General Manager – Wholesale & Inbound

Interests in Shares:

- A legal and beneficial interest in 10,138,014 fully paid ordinary shares.
- In conjunction with Andrew Burnes a further beneficial interest in 21,570,408 fully paid ordinary shares.

Mike Ferraro

LLB (Hons)

Non-Executive Director

Appointment

Mike Ferraro was appointed to the Board on 1 January 2017.

Experience and Expertise

Mike is Chief Executive Officer and Managing Director of Alumina Limited, having been appointed 1 June 2017. He was previously a non- executive director of Alumina Limited.

On 25 May 2017 Mike was appointed as a non-executive of director of Alcoa of Australia Limited. Mike was previously a partner and member of the executive management team at global law firm Herbert Smith Freehills (HSF) and global head of the Corporate group at HSF. Prior to that he was Chief Legal Counsel at BHP Billiton Limited from 2008 to mid 2010.

Current directorships of listed entities:

- Alumina Limited (5 February 2014 to 31 May 2017), CEO and Managing Director (from 1 June 2017).

Special Responsibilities:

- Chairman of the Audit & Risk Committee.
- Member of the Remuneration Committee and Nominations & Governance Committee.

Interests in Shares:

- A beneficial interest in 19,522 fully paid ordinary shares.

Andrew Finch

B Comm, LLB (UNSW), LLM (Hons 1 USYD), MBA (Exec) AGSM)

Non-Executive Director

Appointment

Andrew Finch was appointed to the Board on 1 January 2017.

Experience and Expertise

Andrew is General Counsel and Group Executive, Office of the CEO and Group Company Secretary at Qantas Airways Limited and is a member of the Qantas Group Management Committee. He was previously a partner with Allens Linklaters where he specialized in mergers and acquisitions, equity capital markets and general corporate advice.

Special Responsibilities:

- Member of the Audit & Risk Committee, Remuneration Committee and Nominations & Governance Committee.

GROUP COMPANY SECRETARY

David Hall

B Bus, FCA

Chief Financial Officer and Group Company Secretary

David joined Helloworld Travel Limited in December 2019 and has more than 30 years finance, commercial, operational and management experience across a number of industries, predominately in the Aviation sector. Prior to joining Helloworld, David was most recently CFO at Australia Pacific Airports Corporation (the owner of Melbourne and Launceston Airports).

During his decade with Qantas Group, David's roles included Qantas' Group Executive Corporate Services, Jetstar Airways' CFO and ultimately CEO of Jetstar Australia and New Zealand, responsible for leading one of Australia's best known brands and fastest growing airlines in the Asia Pacific. David is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand.

DIRECTORS' MEETINGS

During the year, twelve meetings of the Board, five meetings of the Audit & Risk Committee, three meetings of the Remuneration Committee and two meetings of the Nominations & Governance Committee were held.

Attendance at Board and Board Committee Meetings during FY21 is set out in the table below:

	Board		Audit & Risk Committee		Remuneration Committee		Nominations & Governance Committee	
DIRECTOR	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Garry Hounsell	12	12	5	5	3	3	2	2
Andrew Burnes AO	12	12	5	5	3	3	2	2
Cinzia Burnes	12	12	5	5	3	3	2	2
Mike Ferraro	12	12	5	5	3	3	2	2
Andrew Finch	12	12	5	5	3	3	2	2

Column A: Indicates the number of scheduled and ad-hoc meetings held during the period the Director was a member of the Board and/or Committee or was invited to attend.

Column B: Indicates the number of scheduled and ad-hoc meetings attended by the Director during the period the Director was a member of the Board and/or Committee or attended by invitation.

COMMITTEE MEMBERSHIP

At the date of this report, the Company has an Audit & Risk Committee, a Remuneration Committee and a Nominations & Governance Committee of the Board.

During the year, the members of the Committees were:

AUDIT & RISK COMMITTEE

Mike Ferraro (Chairman)

Andrew Finch

Garry Hounsell

REMUNERATION COMMITTEE

Garry Hounsell (Chairman)

Andrew Finch

Mike Ferraro

NOMINATIONS & GOVERNANCE COMMITTEE

Garry Hounsell (Chairman)

Andrew Burnes

Cinzia Burnes

Mike Ferraro

Andrew Finch

RETIREMENT IN OFFICE OF DIRECTORS

In accordance with the Company's Constitution and the ASX Listing Rules, Mike Ferraro and Andrew Finch, being the longest serving directors are retiring by rotation and, being eligible, offer themselves for re-election at the 2021 Annual General Meeting.

DIVIDENDS

The Board determined that no dividends be declared and paid during the current financial year.

EARNINGS PER SHARE

Basic earnings per share were negative 23.3c and in prior year were negative 56.5c.

Diluted earnings per share were negative 23.3c and in prior year were negative 56.5c. The prior year earnings per share was impacted by impairment charges.

Underlying earnings per share for FY21 was negative 17.4c compared to positive 9.7c in FY20.

PRINCIPAL ACTIVITIES

The principal activities during the year of the entities in the Group were the selling of international and domestic travel products and services and the operation of retail distribution networks of travel agents.

Helloworld Travel is a leading Australian and New Zealand travel distribution company comprising retail distribution travel businesses, destination management services (for inbound Australian, New Zealand and South Pacific travel, air ticket consolidation, wholesale leisure businesses (domestic and international) corporate TMC (Travel Management Company) and accommodation management operations and online operations.

Helloworld's retail distribution operations include Helloworld Travel, Australia and New Zealand's largest network of branded and co-branded franchised travel agents, Magellan Travel, Helloworld Business Travel, the My Travel Group, NZ Travel Brokers and our 50% investment in MTA (Mobile Travel Agents).

Helloworld Travel's corporate divisions in Australia include QBT, AOT Hotels, TravelEdge, Show Travel and in New Zealand APX and Atlas Travel.

Helloworld's wholesale travel businesses in Australia include Viva Holidays, Sunlover Holidays, Ready Rooms, Seven Oceans Cruises and in New Zealand Go Holidays and Williments Travel.

Helloworld's inbound operations in Australia, New Zealand and Fiji include AOT, ATS Pacific and ETA while our transport businesses include TTF Fiji and Show Group.

Helloworld Travel's main business operations are located in Australia, New Zealand and Fiji.

OPERATING AND FINANCIAL REVIEW

SUMMARY OF RESULTS

	For the year ended 30 June 2021 $000's	For the year ended 30 June 2020 $000's	Change $000's	Change %
Total Transaction Value (TTV)	**1,081,054**	**5,005,961**	**(3,924,907)**	**(78.4)**
Revenue and other Income	**94,173**	**294,879**	**(200,706)**	**(68.1)**
Underlying operating expenses	(107,445)	(254,367)	146,992	57.8
Equity accounted profits/(loss)	(790)	1,246	(2,036)	(163.4)
Add back trading losses relating to U.S Wholesale Division	0	2,284	(2,284)	-
Underlying EBITDA	**(14,062)**	**44,042**	**(58,104)**	**(131.9)**
Significant non-recurring items	(11,247)	(18,026)	6,779	86.9
Impairment non-current assets	(426)	(67,947)	67,521	99.4
Depreciation and amortisation expense	(21,180)	(23,919)	2,739	11.5
Finance expense on borrowings	(2,575)	(3,029)	454	15.0
Underlying Profit/(Loss) before income tax expense	**(37,817)**	**17,094**	**(54,911)**	**(323.7)**
Loss before income tax	**(49,490)**	**(68,879)**	**19,389**	**28.1**
Loss after income tax	**(35,885)**	**(69,985)**	**31,823**	**45.5**
Loss after tax attributable to members	**(35,496)**	**(69,874)**	**32,101**	**45.9**
Revenue margin %	**6.6%**	**5.6%**	**0.9%**	**16.0**
Underlying EBITDA margin %	**(19.8%)**	**15.6%**	**(35.57%)**	**(228.0)**

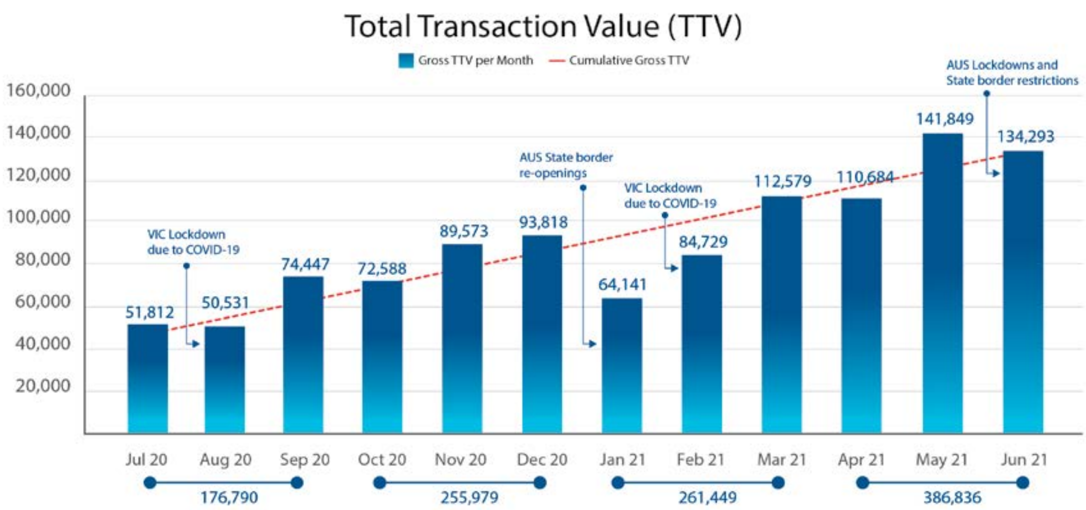
	For the year ended 30 June 2021 Cents	For the year ended 30 June 2020 Cents	Change Cents	Change %
Underlying basic earnings per share	(17.4)	9.7	(27.1)	(279.4)
Underlying diluted earnings per share	(17.4)	9.7	(27.1)	(279.4)
Basic earnings per share	(23.3)	(56.5)	32.6	57.7
Diluted earnings per share	(23.3)	(56.5)	32.6	57.7
Interim dividend per share	-	9.0	(9.0)	(100)
Final dividend per share	-	-	-	-
Total dividends per share	**-**	**9.0**	**(9.0)**	**(100)**

The Board assesses the performance of the group and its segments based on several measures including TTV, revenue and underlying EBITDA, profit before tax and associated key ratios.

TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to auditor review. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. TTV does not represent the Group cash inflows as some transactions are settled directly between the customer and the supplier.

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16 and exclude large non-recurring items (refer note 5 in the Annual Report for further information). Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments and it is not subject to auditor review.

Revenue margin has been calculated as revenue as a percentage of TTV. Underlying EBITDA margin has been calculated as a percentage of revenue.



YEAR IN REVIEW

OVERVIEW OF RESULTS

Helloworld Travel's FY21 full year results fell compared to FY20 relating to the ongoing impact of COVID-19. The various state border closures impacted the short-term ability to travel while bookings into future years continued, further emphasising a strong demand on the other side of travel restrictions. The second half saw growth in TTV compared with FY21H1.

Helloworld Travel's key financial results for the year ended 30 June 2021 compared with the prior year ended 30 June 2020 are:

- Full year TTV of $1.08 billion fell 78.4% (2020: fell 23.1%) and revenue and other income of $94.2 million fell 68.1% (2020: fell 21.3%) compared to FY20 fully impacted by COVID-19, border closures and continuing travel restrictions. There was some positive growth in our travel management business, with one division breaking its pre-COVID TTV record in several months.
- Helloworld has continued to take necessary steps to ensure appropriate cost control practices are in place to minimise outgoing cash, while maintaining a strong and dedicated workforce to service our customers and network members. The steps included:
  - Net cash operating costs reduced and maintained, including the consolidation of physical buildings.
  - Reduction in net salary costs net of Government allowances and recoveries from clients.
  - We continue to promote domestic travel with marketing spend co-funded by partners.
  - Our executives and senior staff have taken salary reductions and we continue to manage fluctuation of workloads resulting from border restrictions through the use of annual leave.
  - Investment in key technologies to further reduce our cost base while improving service availability to customers.
- Equity account losses of $0.8 million for our investments.
- Underlying EBITDA loss of $14.1 million. FY20 underlying EBITDA profit of $44.0 million. Depreciation and amortisation (excluding lease costs) decreased by $2.7 million to $21.2 million due to the full year amortisation impact of commercial agreements and intangible assets acquired in the prior year and the continued investment in technology developments. Finance expense (excluding lease costs) decreased by $0.5 million to $2.6 million due to the lower level of borrowings as a result of a prepayment of $20.0 million.

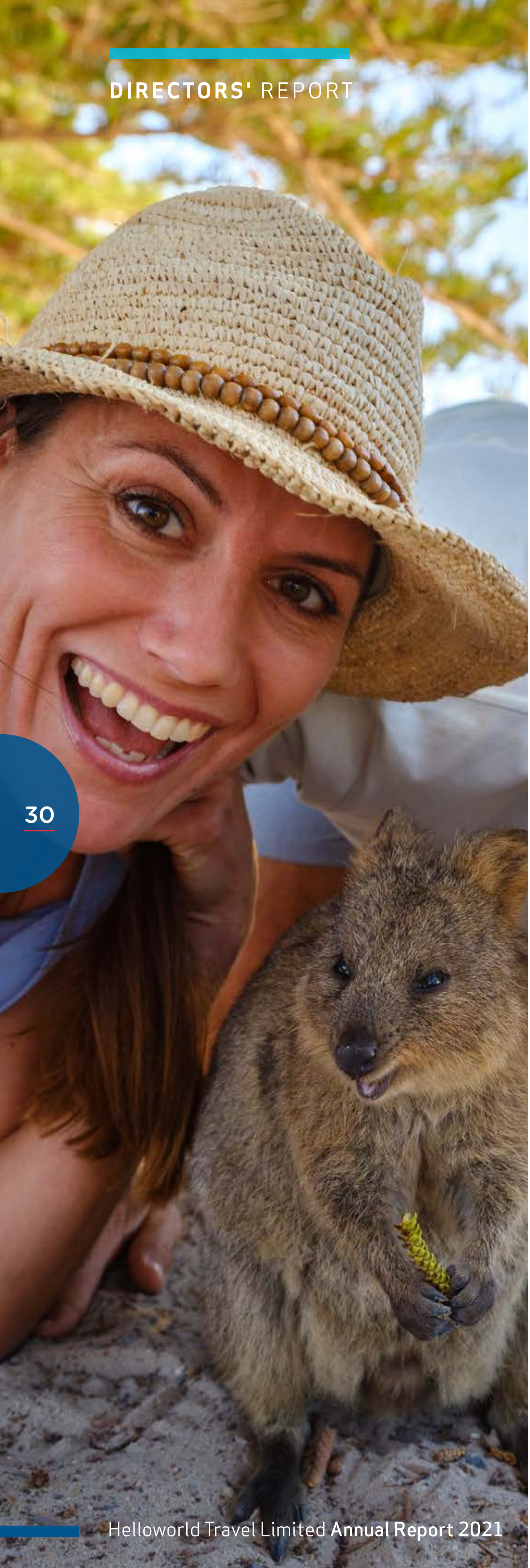
SHAREHOLDER RETURNS

The Board determined that the Company will not pay a dividend for the year ended 30 June 2021. In FY20 a 9.0 cents fully franked interim dividend was paid out of first half profits.

Helloworld Travel's underlying earnings per share of negative 17.4 cents compared to the prior year of positive 9.7 cents per share reflecting the business's lower performance due to COVID-19.

IMPAIRMENTS

- In FY21 the Group recognised a total non-cash impairment loss of $0.4 million in relation to right of use assets. In FY20 the Group recognised an impairment charge of $67.8 million.



ACQUISITIONS AND DISPOSALS

Helloworld Travel made three business acquisitions during the current year. These transactions met the strategic and financial objectives established by the Board of Directors.

ACQUISITIONS

On 31 October 2020, Helloworld Travel acquired an additional 60% of Inspire Travel Management ("ITM") a joint venture between Helloworld Travel and In Travel Group. As a result of this acquisition, Helloworld Travel now controls 100% of ITM.

On 30 November 2020, Helloworld Travel announced the acquisition of 100% of the CruiseCo business ("CruiseCo a specialist cruise package wholesaler, enabling Helloworld Travel to expand its cruise offering in Australia and New Zealand, complementing the existing cruise wholesale business.

On 12 February 2021, Helloworld acquired the assets of touring logistics company Australian Touring Services, merging this with the existing Show Group Freight which has built our service offering, particularly in the growing television and film industries.

LIQUIDITY AND FUNDING

As at 30 June 2021, the Group held a total cash balance of $131.0 million compared with $131.9 million at 30 June 2020.

As at 30 June 2021, the Group had external borrowings of $81.0 million compared with $101.0 million at 30 June 20 with available headroom on its debt facilities of $31.6 million compared with $6.5 million at 30 June 2020.

In August 2020, Helloworld Travel completed a $50.0 million ($48.7 million net of costs) fully underwritten equity raising of new fully paid ordinary shares in the Company.

Proceeds of the Offer were used to increase Helloworld Travel's balance sheet flexibility and provide liquidity to manage the business through a prolonged period of disruption to the global travel industry.

Helloworld Travel has revised its banking arrangements. Key outcomes include:

- Our shorter dated facilities totalling $29.0 million are due to expire in September 2022 and our longer dated facilities totalling $90.0 million expire in March 2023
- Earnings based covenant waivers have been provided until June 2022. With the liquidity covenant of $55.0 million, reducing by $5.0 million in October 2021 and a further $5 million in January 2022.

HELLOWORLD RETAIL NETWORKS

Helloworld Travel Group has maintained a strong footprint of 2,224 agencies throughout Australia and New Zealand at 30 June 2021. A number of agencies have 'hibernated' their businesses, others have moved operations to home or to shared premises with other agencies, while some multi agency owners have consolidated their businesses.

It has been an incredibly tough 15 months for our agency networks. At the beginning of the pandemic, they worked tirelessly assisting clients with cancellations, refunds, rebooking and repatriating passengers back to Australia, effectively undoing months of hard work for no return. When state borders remained closed for a number of months last year, the agents relied on intrastate business to keep going. Consumer confidence was mired as borders opened, only to close again with little notice when COVID-19 outbreaks occurred.

Helloworld expects some further franchisee and buying group members may opt to close their businesses in the coming six months however the general attitude is we've got this far, lets stick it out!

We expect demand for agency services in the future will be high, given the expertise agents have in being trusted advisers to their clients, the future complexities of international travel and the ability of agents to apply an appropriate duty of care for their customers, relating to traveller health, safety and risk management. Travel agents with access to a range of risk assessment and risk management tools will be able to provide up to date information on destinations and suppliers and awareness of issues around contactless check-ins, deep cleaning, digital key access, embarkation and disembarkation procedures, contactless rental car pick up and a range of other travel protocols that will be implemented as the world opens up again.

	FY21 $000's	FY20 $000's	Change $000's	Change %
Total Transaction Value (TTV)	962,542	4,275,488	(3,312,946)	(77.5)
Revenue and other income	86,256	239,812	(153,556)	(64.0)
Underlying operating expenses	(92,612)	(201,578)	108,966	(54.0)
Equity accounted profits/(loss)	(790)	1,246	(2,036)	(163.4)
Underlying EBITDA	(7,146)	39,480	(46,626)	(118.1)
Revenue margin	6.6%	5.4%	-1.2%	(22.2)
Underlying EBITDA margin	11.1%	17.2%	6.1%	(35.5)

The Australia segment has retail distribution operations, air ticketing, wholesale & inbound operations and travel management operations (corporate travel). These operations supply travel products and services to customers and are supported by shared service functions encompassing Administration, Finance, IT, Systems and HR.

RETAIL

In Australia, the Group has a range of retail operations acting as a franchisor for retail travel agency networks, including Helloworld Travel Branded, Helloworld Travel Associate and Helloworld Business Travel and Magellan Travel. In addition HLO operates the My Travel Group, an independent network of agencies and has a 50% holding in MTA, which operates a travel broker network with over 450 members.

Retail operations are underpinned by HLO's ticketing division Air Tickets, being the distributor and ticketing services consolidator to the internal retail network and to over 400 external independent agents. Air Tickets operates in all Australian states with world class technology allowing agents to issue tickets 24 hours a day, seven days a week.

Air Tickets continues to invest in innovative ticketing technology and is considered one leading airfare distribution and ticketing services consolidator.

Many Agents have benefited from Job Keeper and the multiple rounds of government assistance from both State and Federal Governments.

The Australian retail networks have remained strong despite these challenging times with a total of over 1,800 members as at 30 June.

Member engagement remains strong and we have undertaken a wide range of engagement activities and continue to advocate on behalf of the network for support to ensure they can continue to service their customers and be there for them on the other side of COVID-19.

Helloworld Travel is focused on ensuring that our retail networks in Australia and New Zealand are there when domestic, trans Tasman and eventually international borders re-open and are confident that demand for travel agency advice and service will be in high demand.

The Agent network remains primed to welcome customers back into their stores and deliver the benefits of the travel professional, all of whom have supported our customers in gaining refunds and making changes to bookings.

WHOLESALE & INBOUND

Helloworld's wholesale businesses in Australia and New Zealand operate a range of brands including Viva Holidays, Sunlover Holidays, Go Holidays, Ready Rooms and Seven Oceans Cruises. These businesses package air, cruise and land products for sale through retail travel agency networks as well as other third-party retailers in Australia and New Zealand.

Helloworld's inbound business is the largest provider of inbound travel services in Australia and New Zealand, offering travel services to clients in over 73 countries worldwide. These businesses include AOT Inbound, ATS Pacific and Experience Tours Australia (ETA).

The Australian wholesale & inbound operations TTV fell year on year with the continuation of international travel restrictions to and from Australia, New Zealand and Fiji.

Wholesale sales are slowly recovering, in line with loosening border restrictions, though uncertainty around state borders have continued to impact travel plans at short notice and impacted sales.

Encouragingly, we have seen some significant sales of cruise departures for 2022 and beyond, demonstrating there is still very significant demand for cruise product in the Australian and New Zealand markets.

Our wholesale operations are benefiting from the volume of domestic product offered by our Viva Holidays and Sunlover Holidays brands as interstate borders re-open and the trans-Tasman market comes back on line.

With the commitment of State Governments and the Federal Government to promotion of domestic travel, we have seen domestic travel bookings out many months ahead and expect demand for all domestic destinations will increase significantly as borders re-open and with the vaccination roll out our retail networks and wholesale businesses are well placed to capture much of this demand.

CORPORATE

The Group's corporate travel management division offers travel management services to corporate and government customers including booking flights, accommodation and other services through our QBT, AOT Hotels, Show Group, TravelEdge and APX businesses.

Show Group continues to be an excellent addition to the Helloworld Travel corporate division recording improved performance over the last twelve months as television and movie production came back and Australia has become a key destination for international productions. It is expected that post-pandemic the business had been a strong performer with a range of high profile events and concerts generating demand for our travel and freight services.

Our QBT, TravelEdge and APX businesses were a standout performer in the group in FY21 with steady business throughout the year.

We continued to invest in technology to improve the offering to our clients through enhanced analytics and improved digital experiences.

SUMMARY

The Australian segment generated TTV of $963 million down 77.5%, total revenue and other income of $86.3 million down 64.0% were impacted by adverse conditions throughout the year.

Revenue margin increased from 5.4% in FY20 to 6.6% in FY21. The increase reflects better margin outcomes from our sales mix with some impact from revenues derived from COVID-19 related call centre work. No TTV is associated with this revenue. Total underlying operating expenditure was reduced by $109 million through cost saving initiatives and from wage subsidies. Underlying EBITDA for the Australian segment was negative $7.1 million, a decrease of $46.6 million or (118.1)% compared with the prior year.

INVESTMENTS

During FY21, Helloworld Travel purchased CruiseCo, which will further enhance our wholesale cruise business. Helloworld also acquired the assets of touring logistics company Australian Touring Services, merging with the existing Show Group Freight which has built our service offering, particularly in the growing television and film industries.

	FY21 $000's	FY20 $000's	Change $000's	Change %
Total Transaction Value (TTV)	118,512	688,911	(570,399)	(82.8)
Revenue and other income	7,791	47,293	(39,502)	(83.5)
Underlying operating expenses	(14,056)	(42,752)	28,696	(67.1)
Underlying EBITDA	(6,265)	4,541	(10,806)	(238.0)
Revenue margin	5.7%	6.5%	0.9%	(13.1)
Underlying EBITDA margin	(94.0%)	10.1%	104.1%	(1030.7)

The New Zealand segment has retail distribution operations, our air ticketing & consolidation business, wholesale & inbound, and travel management businesses. These operations work together to supply travel products and services to customers and are supported by shared service functions.

RETAIL

In New Zealand, the Group has a range of retail operations acting as a franchisor of retail travel agency networks including the Helloworld Travel Branded and Helloworld Travel Associate networks. The retail distribution operations also include the membership groups of My Travel Group (an independent network of agencies) and The Travel Brokers and NZ Travel Brokers groups representing the specialist travel brokers network.

In addition, the business is supported by its ticketing division, Air Tickets, and the online channel, helloworld.co.nz.

In New Zealand the retail network numbers reduced during the year in response to impacts of the pandemic, but overall the network remains at over 380 agents and ready to serve their customers as we chart a path out of the pandemic.

Agents in New Zealand have taken advantage of the Consumer Travel Reimbursement Scheme under which the New Zealand Government is paying 7.5% to agents for refunds and 5% of future travel credits for refunds and credits for bookings made prior to 14 August 2020 and refunded or credited after 14 August 2020.

WHOLESALE & INBOUND

The Group's wholesale business, Go Holidays, procures air, cruise and land product for packaging and sale through retail travel agency networks and other third-party retailers. The Group's inbound businesses of ATS Pacific and AOT New Zealand offer travel services to clients in over 60 countries worldwide.

The New Zealand wholesale and inbound operations saw improvement in the later part of the year as a result of the trans-Tasman bubble and the opening up of the Cook Islands to New Zealand.

CORPORATE

The Group's corporate travel management services division offers travel management services to corporate and government customers including booking flights and accommodation, through APX and Atlas Travel.

Our corporate operations have relied heavily on domestic and some trans-Tasman travel and are poised for growth as New Zealand emerges from this pandemic.

SUMMARY

As with other segments, the New Zealand full year segment results reflect the ongoing impact of COVID-19.

Total underlying operating expenditure was reduced by $29 million through cost saving initiatives to mitigate the impacts of COVID-19. Underlying EBITDA was negative $6.3 million, a decrease of 67.1% compared with the prior year.

At the beginning of the financial year, the Group completed a restructure of our New Zealand operations, reducing headcount by a further 160 personnel at a cost of $2.4 million including all entitlements.

	FY21 $000's	FY20 $000's	Change $000's	Change %
Total Transaction Value (TTV)	-	41,563	(41,563)	-
Revenue and other income	126	7,774	(7,648)	(98.4)
Underlying operating expenses	(777)	(10,037)	9,260	(92.3)
Add back trading losses relating to U.S.A. Wholesale Division	-	2,284	(2,284)	-
Underlying EBITDA	(651)	21	672	-
Revenue margin	-	18.7%	-	-
Underlying EBITDA margin	-	0.3%	-	-

The segment generated TTV and revenue below the prior year primarily reflecting the changing travel conditions in the current year.

The segment generated a small underlying EBITDA loss of $0.6 million. Operating costs were lower than the prior year in response to the continuation of the impacts of travel restrictions.

FIJI

The Group's Fiji based businesses, ATS Pacific (Inbound) and TTF Fiji (Transport) remain in place and ready to restart operations when travel restrictions are removed or reduced.

OUTLOOK & ECONOMIC SUSTAINABILITY

The Group's focus in the 2022 financial year is on managing our costs and revenues to ensure losses are kept at a minimum.

With the Australian Government's four-part strategy that when Australia reaches 70-80 per cent vaccination level, we will start to open up.

This means that both interstate and trans-Tasman borders will remain largely open (however, still subject to snap lockdowns as deemed necessary) and that limited inbound and outbound international travel can recommence.

The Company has a stable network of high performing agents who are determined to see through this crisis, a wide range of preferred partners and a suite of enhanced digital solutions for our agency and corporate customers.

BUSINESS RISKS

Helloworld is subjected to some material business risks that could impact on the Group's ability to achieve its business strategies and financial forecasts in future years, some are specific to the Company and many are beyond the control of Helloworld.

Travel industry disruption and the impact of COVID-19 Helloworld Travel's operating and financial performance is dependent on the travel industry generally. To lessen the business risk caused by the COVID-19 pandemic, the Company has implemented cost reduction measures, resulting in substantial decrease in the monthly cash burn compared to the pre-COVID levels. Refer Note 1 (c) in the Annual Report.

The continued restrictions on domestic and international travel imposed by Australian state and Federal Governments and International Governments including regulatory authorities have resulted in an unprecedented increase in travel cancellations and the need to process refunds and future travel credits for travellers. This has significant impact on Helloworld Travel's business and operations primarily the demand for its services.

There are various procedures in place to manage the Company's key risks. The Executive Management Team ("EMT") meets regularly to review pertinent risks faced by Helloworld. Every effort is made to identify and manage material risks; however, it is the unknown risks that may adversely affect future performance of the Group.

Currently there is no certainty that demand for Helloworld Travel's services will normalise to pre COVID-19 pandemic levels or how long the recovery could take, even when domestic and international travel recommences.

GENERAL ECONOMIC CONDITIONS

Helloworld recognises that travel is subject to key economic risks, such as currency movements, recession and consumer confidence. These remain a challenge in the current uncertain economic environment.

Furthermore, the ongoing restrictions on local and international travel in response to COVID-19 outbreaks are expected to have a prolonged disruption to global economies.

There are also other changes in the macroeconomic environment which are also beyond the control of Helloworld Travel and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs, affecting the cost structure of the Group;
- changes in aggregate investment and economic output will have an impact on the Group.

If market conditions continue to deteriorate, Helloworld Travel may need to take additional measure in response, resulting in a potential for impairment on the carrying value of the company's assets.

SUPPLIER RISK

Helloworld's supply chain consists of many travel providers and intermediaries. Credit risks exist in this supply chain which are increased in the current uncertain environment. A disruption in the relationship with suppliers or failure of a supplier to meet contractual obligations could result in adverse reputational impacts on Helloworld Travel or worse, potentially affect the supplier's ability to continue trading with Helloworld.

To the extent suppliers, partners or counter-parties (such as international airlines, whose operations are substantially impacted or facing financial stress, could be the drive for Helloworld to seek a change in terms of engagement Such circumstances will have an adverse impact on the operations and financial performance of Helloworld Travel.

CUSTOMER RISK

Continued restrictions in international and domestic travel due to the COVID-19 pandemic has resulted in damaging disruption to customer bookings and travel plans. The high volume of cancellation and refund requests during the COVID-19 crisis has placed significant burden on the Group's personnel in attending to customer requests for travel credits and refunds. Delays in refunds by suppliers may have an adverse flow on effect on Helloworld Travel's operational and financial performance. Customers may also seek a charge-back (or reversal) for card purchases. This is likely to have a continued demand on already reduced resources, with negative impact on Helloworld Travel's operational and financial performance.

WORKING CAPITAL REQUIREMENTS

Helloworld Travel's business model includes payment terms relating to the pre-payment by customers for travel and tourism related services including the maintenance of corporate credit balances, and credit terms between the Company and its suppliers. If payment terms and supply change, there is a high probability that customers will seek refunds (especially in the current economic environment), receivables become more difficult to collect, potential for contract assets on balance sheet to become unrecoverable or suppliers do not meet their contractual obligations. This could require Helloworld Travel to seek additional working capital financing. In addition, transactional banking facilities, including credit card processing facilities, operated by Helloworld Travel could be withdrawn by the banks or other or terms and conditions for these facilities renegotiated unfavourably for the Company.

The company's working capital position could be affected if the current economic environment increases the chance of suppliers not complying with their contractual obligations. If the Company continues to bear sales declines as a result of COVID-19 and business operating expenses remain constant this would place pressure on Helloworld Travel's liquidity. In the event that the Company has insufficient liquidity to manage its working capital cycle, would severely impact its capability to continue operating the business in the ordinary course.

COST REDUCTION INITIATIVES

The company will continue to vigorously monitor its costs and reduce these where deemed appropriate. These initiatives are based on several assumptions made with respect to the company's ability to achieve and sustain cost-saving targets.

Further initiatives may be necessary should the effects of COVID-19 and the continued national and international border closures remain in place. Given the dynamic nature of the current environment there is no assurance that the initiatives put in place will be achieved as envisaged.

FINANCING RISK

The Group's loans incorporate certain market standard covenants such as interest cover ratio, net leverage ratio and a minimum level of liquidity. If covenants are breached, financiers may require that their loans be repaid immediately, which may have a material adverse effect on the Group's future financial performance and position.

HUMAN RESOURCES RISK

The Group is dependent upon the experience of its Directors, key senior management and staff generally. The potential for the loss of key personnel and a high staff turnover could have an impact on the performance of the Group's business in the short term.

The current and ongoing cost reduction initiatives could also cause disruption to operations and impact on the Group's ability to retain high quality staff, operate its business in the ordinary course, effectively manage operational risks and take advantage of a recovery in the sector when the travel restrictions do cease. In addition, while the actions taken by the Group to preserve cash and Helloworld Travel's survival are asserted by the Directors to be appropriate and consistent with those taken across the industry, labour relations can be subject to dispute.

While the Group has processes in place to ensure compliance with applicable labour laws, the overlap of workplace agreements, awards and industrial relations rules can give rise to risks of breaches having occurred in the countries in which the Group operates.

GROWTH STRATEGY EXECUTION AND BUSINESS MODEL DISRUPTION

The disruption to the Australian and global economy, in particular the travel and tourism sectors is likely to impact upon Helloworld Travel's ability to drive its growth agenda in the short to medium term. The financial performance of investments and the economic conditions they operate within may result in investment impairment should the recoverable amount of the investment fall below the carrying value.

REGULATORY RISK

Regulatory action against the Group under legislation and government policy may impact on the Group. For instance; as a retailer of travel and travel-related products, the Group engages in large promotional and advertising campaigns and processes employees' and customers' personal information. Further, the Group's cancellation and refund policies and procedures could expose it to regulatory scrutiny. Any media attention, regulatory scrutiny or other action taken against the Group globally where it operates, could have adverse effects on the reputation of the Group including its operating and financial performance.

Similarly, a variation in law or regulation requiring Helloworld Travel or any of its businesses to vary the management of customer deposits may have financial implications for the Group.

Legislative changes could directly and indirectly alter consumer demand for and consumer attitudes towards international or domestic travel.

CLIMATE CHANGE AND SOCIAL SUSTAINABILITY

Transitioning to a lower-carbon economy may require extensive policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change. Physical risks resulting from climate change could be event driven with longer-term shifts in global climate patterns resulting in financial implications for Helloworld Travel. Potentially as indirect impacts from supply chain disruption in travel patterns and habits of customers.

There is uncertainty as to how Helloworld Travel's customers will respond to the effects of climate change and potentially on changes in customer demand.

Helloworld Travel is cognoscente of the potential environmental and social impact that tourists have on destinations in Australia and internationally. The Group recognises that the travel industry can have a positive and negative impact on tourism destinations and community and traveller expectations in relation to their travel experience.

BUSINESS SYSTEMS RISK

Helloworld Travel relies on the performance, reliability and availability of its information technology, communication and other business systems. Any damage to or failure of, Helloworld Travel's key systems may result in disruptions to its business (particularly to its online services). Any failures of, or malicious attacks on, Helloworld Travel's business systems or compromise to the security of data (including personal information) maintained by the company may similarly impact both Helloworld Travel's business and its reputation. Financial penalties for data breaches can be sizeable and if levied on Helloworld Travel could result adversely on the reputation and the financial performance of the Group.

The initiatives taken to reduce cost, including the continued disruption of COVID-19, could impact on the information technology, communications and other business systems.

FINANCIAL RISK

Access to capital is a fundamental requirement to achieve the Group's business objectives and to meet its financial obligations.

The inability to maintain a strong balance sheet or to secure new capital or credit facilities (from time to time) at competitive market rates could impact upon the Group's operational and financial performance and the ability to meet its ongoing liquidity needs.

There is no guarantee that equity or debt funding will be available to the Group as and when an existing facility expires or is terminated (e.g. due to an event of default), or the Group's ability to refinance that debt facility on reasonable terms.

As a borrower of capital, the Group is exposed to fluctuations in interest rates, potentially increasing the cost of servicing its debt.

Developments in global financial markets due to the continued impact of COVID-19, may adversely affect the liquidity of global credit markets and the Group's access to those market, in turn could have an adverse effect on Helloworld Travel's future financial performance and position.

AGENT NETWORK CLOSURE

Helloworld Travel's agent network has been an important part of its growth as a business throughout its corporate history. A reduction in the size of the agent network may negatively influence Helloworld Travel's brand and ability to generate sales and sales growth in its retail division.

This risk is mitigated by the size of the networks, their geographic spread and our close management, mentoring and engagement of our members.

PEOPLE

At 30 June 2021, Helloworld Travel has 885 employees (2020:1,578), the equivalent of 726 full-time employees. The decrease in the number of employees correlates with the decrease in revenue, a result of the ongoing impacts of COVID-19.

Of the total number of employees across the Group at year end 64.6% (2020: 69.6%) are female.

Employee expenditure excluding government subsidies for the year ended 30 June 2021 decreased by $52.3 million or 39% to $80.7 million, as a result of the reduction in the number of employees, the reduction in working hours and salary reductions for senior executives.
Helloworld Travel was eligible to receive wage subsidies in Australia and New Zealand from the respective national governments. By comparison employee benefit expense was $139.4 million in FY19.

The majority of the Group's employees are based in Australia, however, the Group has employees in other countries.

The FTE breakdown by country as at 30 June 2021 is below:

Australia	595	(76%)
New Zealand	88	(11%)
Fiji	24	(10%)
India	10	(2%)
Other	9	(1%)
TOTAL	**726**	-

CAPITAL STRUCTURE

At 30 June 2021, Helloworld Travel had 155,027,845 shares on issue of which the Executive Directors, Andrew Burnes and Cinzia Burnes, along with their direct related entities, own 27.22%. Sintack Pty Ltd and its associates hold 13.31%, QH Tours Limited (a subsidiary of Qantas Airways Limited) holds 12.4% and FIL Limited holds 9.34% with the remaining 37.73% being held by other shareholders including management.

In July/August 2020 the company undertook a capital raising. The shares issued as a result of the capital raising increased the total number of shares on issue by 30,307,003 to 155,027,845.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

With the exception of the items described at note 38 of the accompany financial statements, the Directors are not aware of any matter or circumstance that has arisen in the interval between 30 June 2021 and the date of signing of this report that has significantly, or may significantly, affect the operations of the Group, the results of the operations of the Group or the state of the Group's affairs in future financial years.

LIKELY DEVELOPMENTS

In the opinion of the Directors, it would prejudice the interests of the Group to provide additional information, except as described in this report, relating to likely developments in the operations of the Group in subsequent financial years.

REGULATION

The Group's operations are not subject to any significant environmental regulations under Commonwealth or State legislation.

Helloworld Travel is an accredited member of the International Air Transport Association (IATA).

Ongoing accreditation allows the company to sell international and/or domestic airline tickets on behalf of IATA member airlines. It also allows access to IATA's Billing and Settlement Plan (BSP), which is an efficient interface for invoicing and payment between the travel agent and airlines.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

INDEMNIFICATION

The Company has agreed to indemnify the Directors and executive officers (or former Directors or executive officers) of the Company against:

(a) any liability (other than for legal costs) incurred by the Director or executive officer;

(b) any legal costs reasonably incurred by the Director or executive officer in connection with;

(i) any claim brought against or by the Director or executive officer of the Company; or

(ii) any investigative proceeding, including (without limitation) in obtaining legal advice for the purposes of responding to, preparing for or defending any of the above; and

(c) any legal costs reasonably incurred by the Director or executive officer in or in connection with the discharge of the Director or executive officer's duties as an officer of the Company, provided that the advice is obtained in accordance with the Board Charter which requires approval from the Chairman who will facilitate the obtaining of the advice and, where appropriate, disseminate the advice to all Directors.

INSURANCE OF DIRECTORS AND OFFICERS

In accordance with its Constitution the Company, to the maximum extent permitted by law, indemnifies each Director and Company Secretary of Helloworld against any liability incurred by that person as an officer of the Company. Liabilities covered include legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of the Company or its controlled entities.

During the year, Helloworld paid a premium for Directors' and Officers' liability insurance policies, which cover all Directors and Officers of Helloworld. Details of the amount of premium paid in respect of the Directors' and Officers' liability insurance has not been disclosed as, in accordance with normal commercial practice, such disclosure is prohibited under the terms of the contract.

LETTER FROM THE REMUNERATION COMMITTEE CHAIRMAN

Dear Shareholder,

I am pleased to present the Remuneration Report for the financial year ended 30 June 2021 for Helloworld Travel Limited (the Group).

GROUP PERFORMANCE AND REMUNERATION OUTCOMES IN 2021

FY21 turned into a very challenging period for the business and the industry at large. Eighteen months has passed since the World Health Organisation declared COVID-19 a global pandemic. The world reacted with international border closures to slow the outbreak and alleviate the pressure on health systems and save lives. With the arrival of vaccinations has come the hope that life would return to some semblance of normality, however international and state borders closures remain in place while the infection rates of COVID-19 remain high. These unprecedented times have challenged businesses to review how they remunerate their employees.

During this difficult time, our senior Executives agreed to salary reductions in order to keep costs at a long-term sustainable level given Helloworld's reduced revenues. These personal sacrifices will enable the Company to take advantage of growth opportunities as restrictions on travel ease and global vaccine programs continue to roll out. These salary reductions have continued into FY22 in various forms.

During this period, we introduced measures to support our employees with initiatives to promote health and mental wellbeing, access to wellness information and mental health tips and techniques.

For the second consecutive year there were no short-term or long-term incentive payments awarded to KMP and no LTIP shares allocated, with several previous participants seeing allocations either lapsed or forfeited.

COVID-19 RELATED RETENTION BENEFIT PLAN

In recognition of the continued effort and sacrifices, the Company issued shares to a number of staff, none of whom are Directors. The Company implemented the COVID-19 Related Retention Benefit Plan which is intended to act as a retention mechanism while conserving cash. On 18 December 2020, Helloworld Travel granted shares under this plan to these employees in recognition of their hard work. Shares were issued for nil consideration. The shares had already been issued under previous schemes but not vested, and now have new participants and a new non-market vesting condition of remaining an employee of Helloworld Travel through to the vesting date of 1 July 2021. All employees remained with the business at 1 July 2021 and as such, the vesting condition was satisfied.

The Board recommends the Remuneration Report to you and asks that you support our remuneration policies and practices by voting in favour of this Report at our 2021 Annual General Meeting.

Yours faithfully

Garry Hounsell

Chairman of the Remuneration Committee
Chairman of Helloworld Travel Limited
6 September 2021

REMUNERATION REPORT (AUDITED)

This 2021 Remuneration Report outlines the remuneration arrangements for the KMP of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The report contains the following sections:

1 REMUNERATION GOVERNANCE & FRAMEWORK

1.1 PERSONS TO WHOM THIS REPORT RELATES

This report covers the remuneration arrangements for the KMP of the Group. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise). For the purposes of this report, the term 'executive' encompasses the Executive Directors and the Executive KMP.

Directors and other KMP disclosed in this report are:

Name	Position
Non-Executive Directors	
Garry Hounsell	Chairman and Non-Executive Director
Mike Ferraro	Non-Executive Director
Andrew Finch	Non-Executive Director
Executive Directors	
Andrew Burnes AO	Chief Executive Officer and Managing Director
Cinzia Burnes	Group General Manager, Wholesale & Inbound and Executive Director
Executive KMP	
David Hall	Chief Financial Officer
Nick Sutherland	Group General Manager – Corporate
Rohan Moss	General Manager – Government Services
Chris Hunter	General Manager – New Zealand

1.2 REMUNERATION GOVERNANCE

The Remuneration Committee of the Board is responsible for reviewing and assessing the remuneration policies and making recommendations to the Board in respect of Director and KMP remuneration in line with current market conditions. The overall objective is to ensure maximum stakeholder benefit whilst retaining high quality, high performing Directors and KMP executive team. Garry Hounsell (Chairman), Mike Ferraro and Andrew Finch were the members of the Remuneration Committee during the year.

Under the terms of the Remuneration Committee Charter, the majority of the Committee members must be independent Directors and the Chair of the Committee must be an independent Director. All members of the Committee are non-executive Directors.

To ensure the Committee is fully informed when making decisions on remuneration, it may seek external remuneration advice. During the reporting period, the Committee did not engage any consultants to provide recommendations in relation to remuneration.

1.3 KMP EXECUTIVE REMUNERATION FRAMEWORK

The purpose of the Group's remuneration framework for KMP executives embodies the following principles:

- provide competitive rewards to attract and retain high calibre executives;
- structure a portion of executive remuneration to be 'at risk,' dependent upon meeting pre-determined performance benchmarks;
- link executive rewards to shareholder value; and
- establish appropriate and demanding performance hurdles in relation to variable executive remuneration..

To achieve these principles, the remuneration arrangements of the CEO and KMP executives are made up of one or more of the following elements:

FIXED ANNUAL REMUNERATION (FAR)

FAR is set to attract, retain and motivate talented individuals to deliver on the Group's strategy, the Board reviews individual performance, expertise and experience whilst considering external benchmarking to determine executive's FAR.

Executives have the option of receiving their FAR in a variety of forms including cash and fringe benefits. It is intended that the way FAR is paid will be optimal without creating unnecessary costs for the Group.

As a result of the continued impact of COVID-19 on the travel sector the salary reductions implemented for key executives in March 2020 continued into FY21 in various forms.

COVID-19 RELATED RETENTION BENEFIT PLAN

During this unprecedented period the Helloworld leadership team worked hard, including making personal sacrifices in order to stabilize the business. In recognition of this, the Company implemented the COVID-19 Related Retention Benefit Plan which is intended to act as a retention mechanism while conserving cash. On 18 December 2020, Helloworld Travel granted shares under this plan to these employees in recognition of their hard work. Shares were issued for nil consideration and have a non-market vesting condition of remaining an employee at Helloworld Travel through to the vesting date of 1 July 2021.

SHORT TERM INCENTIVE ('AT RISK' REMUNERATION)

Short term 'at risk' awards are correlated to the individual's performance against their KPIs and the Group's financial performance. In FY20 and FY21, the Group was significantly impacted by the effects of COVID-19 resulting in no STI incentives awarded due to financial targets for short term incentives were not met.

LONG TERM INCENTIVE ('AT RISK' REMUNERATION)

The long term 'at risk' components for certain KMP are based on the Group's performance against Total Shareholder Return metrics (threshold) and key financial and non-financial measures. There were no new LTIP programs implemented in FY21.

1.4 EXECUTIVE REMUNERATION MIX

The Board aims for an equilibrium between the various elements of remuneration to attract, retain and motivate the proper talent to deliver on the Group's strategy while linking pay to performance via incentive plans enticing executives to achieve results beyond the standard expected in the normal course of ongoing employment.

2 EXECUTIVE REMUNERATION

2.1 GROUP PERFORMANCE AND REMUNERATION OUTCOMES FOR 2021

The table below provides relevant Group performance information for the key financial measures over the last five years;

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Net (loss)/profit after tax	(35,885)	(69,985)	38,043	30,830	21,591
Underlying EBITDA	(14,062)	44,042	73,526	N/A	N/A

Underlying EBITDA has been calculated including depreciation on right of use assets and finance expense on lease liabilities to ensure consistency with previous periods.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Basic earnings / (loss) per share (EPS cents)	(23.3)	(56.5)	31.4	26.1	18.8
Total dividends declared (cents per share)	-	9.0	20.5	18.0	14.0
Opening share price at 1 July ($)	2.29	5.07	4.80	4.04	3.08
Closing share price at 30 June ($)	1.67	2.29	5.07	4.80	4.04
Total shareholder return (%)	(37.1)%	(53.1)%	9.9%	23.3%	35.7%

TSR for FY2021 and FY2020 reflects the impacts of COVID-19. Returns in 2020 contrast dramatically with increases in key metrics including EBITDA, NPAT and EPS between 2016 and 2019.

2.2 EXECUTIVE REMUNERATION

	Short term benefits			Post-employment benefits	Share based payments	Termination benefits		
	Salary ($)	Other ($)	Leave ($)	Superannuation ($)	LTIP/ COVID-19 Related Retention Plan ($)	Termination payments ($)	Total ($)	Performance related percentage
A Burnes (CEO and Managing Director)								
2021	373,423	-	26,154	21,694	-	-	421,271	0%
2020	543,154	-	29,849	15,752	-	-	588,755	0%
C Burnes (Group General Manager – Wholesale & Inbound and Executive Director)								
2021	330,289	-	36,058	21,694	-	-	388,040	0%
2020	514,212	-	22,638	15,752	-	-	552,602	0%
D Hall (CFO and Group Company Secretary) Commenced effective 2 December 2019								
2021	360,000	6,275	7,692	21,694	184,500	-	580,161	0%
2020	268,039	-	3,408	15,763	-	-	287,210	0%
N Sutherland (Group General Manager – Corporate)								
2021	336,462	6,275	1,231	21,694	123,000	-	488,662	0%
2020	449,905	-	5,193	21,003	52,000	-	528,101	9.8%
R Moss (General Manager - Government Services)								
2021	259,485	6,275	1,797	21,694	98,400	-	387,651	0%
C Hunter (General Manager - New Zealand)[1] A$ equivalent (Partial year, Part time)								
2021	135,442	-	12,940	4,270	-	-	152,653	0%
FORMER KMP (Were not considered KMP for FY21)								
M Burnett (CFO and Group Company Secretary) (Resigned effective 20 December 2019) (Were not considered KMP for FY21)								
2020	260,192	-	(5,563)	10,501	-	-	265,130	0%
J Constable (Group General Manager – Retail & Commercial) (Resigned effective 10 July 2020) (Were not considered KMP for FY21)								
2020	520,141	340,782	1,124	-	180,000	-	1,042,047	17.3%
S McKearney (Group General Manager – New Zealand) (Resigned effective 9 September 2020) (Were not considered KMP for FY21)								
2020	362,892	-	-	10,887	-	-	373,779	0%
2021 TOTAL	**1,795,101**	**18,825**	**85,872**	**112,740**	**405,900**	**-**	**2,418,438**	**-**
2020 TOTAL	**2,918,535**	**340,782**	**56,649**	**89,658**	**232,000**	**-**	**3,637,624**	**6.4%**

1. Payments made to Chris Hunter are in local currency and converted at average exchange rates.

On 18 December 2020, Helloworld Travel granted 905,000 shares under the omnibus incentive plan mechanism. The shares were issued to a number of staff, none of whom are Directors. All those personnel have been working hard for a sustained period since March 2020. Shares were issued for nil consideration and have a non-market vesting condition of remaining an employee at Helloworld Travel through to the vesting date of 1 July 2021.

The fair value of the shares issued under the plan is based on the number of shares issued at the closing price on 18 December 2020 which was $2.46 per share and brought to account over the vesting period.

Short term benefits

Other - Is car parking grossed up for FBT purposes and for John Constable Other is comprised of housing, motor vehicle and travel allowances grossed up for FBT purposes.

2.3 LONG TERM INCENTIVE PLAN (LTIP)

A loan based LTIP was established during 2017. The overall objectives of the LTIP was to lock in key leaders for an extended period, whilst at the same time, incentivising them to generate superior long term returns to our shareholders.

No shares have been issued or allocated to KMP under this loan funded LTIP during the current 2021 financial year (2020: nil).

In relation to the shares previously granted to Nick Sutherland, the Board determined that the share price-based performance criteria KPI was not achieved and accordingly these lapsed.

The loan provided to participants equals the market value of the shares at the time of issue. As at 30 June 2021, the loans balance was nil due to the unvested LTIP shares being forfeited and recycled under the Helloworld Travel Limited Omnibus Incentive Plan (30 June 2020: $2.9 million).

Set out below is the summary of the shares and loan value with the KMP:

Year ended 30 June 2021	Number of LTIP shares			Loan Value $		
Name	Opening Balance	Forfeited / Lapsed	Closing Balance	Opening Balance	Movement	Closing Balance
John Constable	500,000	(500,000)	-	2,184,028	(2,184,028)	-
Nick Sutherland	200,000	(200,000)	-	678,697	(678,697)	-
TOTAL	**700,000**	**(700,000)**	**-**	**2,862,725**	**(2,862,725)**	**-**

Year ended 30 June 2020	Number of LTIP shares			Loan Value $		
Name	Opening Balance	Addition	Closing Balance	Opening Balance	Movement	Closing Balance
Michael Burnett	500,000	500,000	-	1,349,427	(1,349,427)	-
Simon McKearney	150,000	150,000	-	404,828	(404,828)	-
John Constable	500,000	-	500,000	2,265,421	(81,393)	2,184,028
Nick Sutherland	200,000	-	200,000	711,254	(32,557)	678,697
TOTAL	**1,350,000**	**650,000**	**700,000**	**4,730,930**	**(1,868,205)**	**2,862,725**

At the Helloworld Travel Annual General Meeting held on 14 November 2019, the Group's shareholders approved the adoption of the Helloworld Travel Limited Omnibus Incentive Plan (the Plan). Under the Plan, the Group can reward and incentivise employees, directors (including both executive and non-executive directors), contractors and consultants by offering shares, performance rights or options.

2.4 EXECUTIVE SHAREHOLDINGS

The number of shares in the company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

EXECUTIVE	Number of shares at 1 July 2020	Additions	Shares held	Transferred	Fortified/ Lapsed	Number of shares at 30 June 2021
Andrew Burnes	10,495,531	-	-	-	-	10,495,531
Cinzia Burnes	10,138,014	-	-	-	-	10,138,014
The Burnes Group Pty Limited as trustee for The Burnes Group Service Trust	18,530,105	3,030,303	-	(1,212,121)	-	20,348,287
Longbush Nominees Pty Limited as trustee for the Burnes Superannuation Fund	10,000	-	-	1,212,121	-	1,222,121
John Constable	500,000	-	-	-	(500,000)	-
David Hall	180,000	23,333	-	-	-	203,333
Nick Sutherland	200,000	-	-	-	(200,000)	-
Rohan Moss	-	-	9,160	-	-	9,160
TOTAL	**40,053,650**	**3,053,636**	**9,160**	**-**	**(700,000)**	**42,416,446**

Andrew Burnes and Cinzia Burnes each have a beneficial interest in The Burnes Group Pty Limited which acts as the Trustee of The Burnes Group Service Trust. They also have an interest in Longbush Nominees Pty Limited which acts as the Trustee of the Burnes Superannuation Fund of which they are both members. During the year 1,212,121 shares held in The Burnes Group Pty Limited as trustee for The Burnes Group Service Trust were transferred to Longbush Nominees Pty Limited as trustee for the Burnes Superannuation Fund.

The 500,000 shares held by John Constable were forfeited on his resignation and Nick Sutherland's shares lapsed under the LTIP during the year.

Each of Andrew Burnes, Cinzia Burnes (via The Burnes Group Service Trust) and David Hall participated in the Group's Institutional Placement and Accelerated Non-Renounceable Entitlement Offer (together, the Offer).

2.5 EXECUTIVE SERVICE AGREEMENTS

Remuneration and other terms of employment for KMP are formalised in continuing contracts of employment. These contracts specify the components of remuneration, benefits and notice periods. All contracts may be terminated by either party subject to notice periods and subject to termination payments or benefits as detailed in the table below:

EXECUTIVE		Notice period to be given by KMP	Notice period to be given by the Company	Termination payments or benefits payable if termination is by the Company
Andrew Burnes	CEO and Managing Director	6 months	6 months	In accordance with normal statutory entitlements
Cinzia Burnes	Group General Manager - Wholesale & Inbound and Executive Director	6 months	6 months	In accordance with normal statutory entitlements
David Hall	CFO and Group Company Secretary	6 months	6 months	In accordance with normal statutory entitlements
Nick Sutherland	Group General Manager – Corporate	6 months	6 months	In accordance with normal statutory entitlements
Rohan Moss	General Manager – Government Services	3 months	3 months	In accordance with normal statutory entitlements
Chris Hunter	General Manager – New Zealand	3 months	3 months	In accordance with normal statutory entitlements

3 NON-EXECUTIVE DIRECTOR REMUNERATION

3.1 NON-EXECUTIVE DIRECTOR REMUNERATION GOVERNANCE

The Remuneration Committee is responsible for reviewing and recommending remuneration arrangements to the Board pertaining to Directors. The Board seeks to set aggregated remuneration levels for Directors, providing the Group the threshold to attract and retain Directors of the highest calibre, in line with shareholders' expectations.

In compliance with best practice corporate governance, Non-Executive Director remuneration is structure d separately and is distinct from executive remuneration; as detailed below.

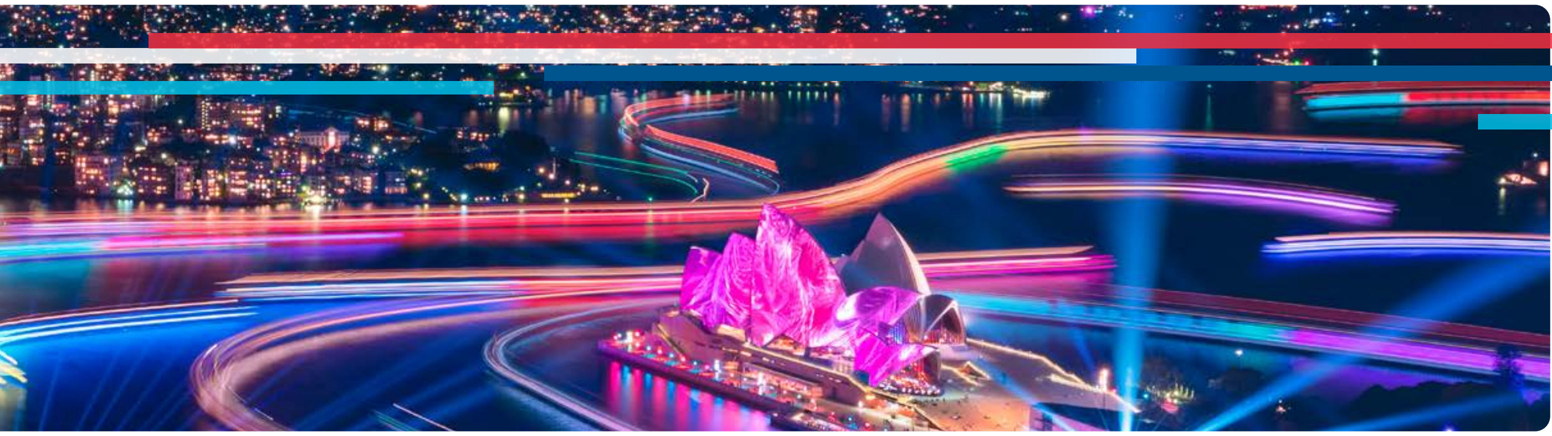
3.2 NON-EXECUTIVE DIRECTOR REMUNERATION STRUCTURE

The aggregate remuneration of Non-Executive Directors is determined and voted on at a general meeting. At the 2010 Annual General Meeting shareholders approved an aggregate remuneration of $1,500,000 per year. The amount of aggregate remuneration to be approved by shareholders, together with the fee structure, is reviewed annually. From time-to-time the Board considers external advice from consultants as well as for fees paid to Non-Executive Directors for comparable companies. The Board is not proposing any change to the aggregate level of remuneration. A breakdown of Director fees is below.

Role	Fee	Summary
Chairperson	$200,000	The Chairman's fees were reduced to zero from 11 March 2020 to 30 June 2020. From July 2020 to December 2020 the Chairman's fee was increased by 50%. From January 2021 to June 2021 the Chairman fee was increased to the pre COVID-19 level. In recognition of the additional time and commitment required (inclusive of Committee fees).
Non-Executive Director	$100,000	Non-Executive Directors' fees were reduced to zero from 11 March 2020 to 30 June 2020. From July 2020 to December 2020 the fee was increased by 50%. From January 2021 to June 2021 the fee was increased to the pre COVID-19 level. In recognition of the time commitment and service to the Group's Board.
Committee Fee – Chairperson Audit & Risk Committee	$25,000	From 11 March 2020 to 30 June 2020 the Committee fee was reduced to zero. July 2020 the fee was increased by 50%. January 2021 the fee was increased to the pre COVID-19 level. The additional fee paid to the Chairperson of the Audit & Risk Committee. The Committee fee is not paid to the Board Chairman.

The remuneration of Non-Executive Directors for the years ended 30 June 2021 and 30 June 2020 is detailed in the following statutory table.

The process for review of Non-Executive Directors' performance is explained in the Corporate Governance Statement.



3.3 NON-EXECUTIVE DIRECTOR REMUNERATION

NON-EXECUTIVE DIRECTOR	Short-term benefits Cash salary ($)	Post-employment benefits Superannuation ($)	Total ($)
Garry Hounsell (Chairman)			
2021	143,808	14,289	158,096
2020	154,385	13,812	168,197
Mike Ferraro			
2021	88,943	8,930	97,874
2020	91,346	8,678	100,024
Andrew Finch			
2021	-	-	-
2020	-	-	-
2021 TOTAL	**232,751**	**23,219**	**255,970**
2020 TOTAL	**245,731**	**22,490**	**268,221**

Since his appointment to the Board on 1 January 2017, Andrew Finch has not received Director fees. This is by agreement; no fees are paid to Qantas Airways Limited for his Directorship.

During the reported periods material changes were made in respect of Director fees. Commencing 1 July 2021, the Chairman of the Board and the Chairman of the Audit & Risk Committee agreed to a reduction in Director's fees of 25%:

3.4 NON-EXECUTIVE DIRECTOR SHAREHOLDINGS

NON-EXECUTIVE DIRECTOR	Number of shares at 1 July 2020	Movement	Number of shares at 30 June 2021
Garry Hounsell (Chairman)	138,500	15,390	153,890
Mike Ferraro	17,569	1,953	19,522
Andrew Finch	-	-	-
TOTAL	**156,069**	**17,343**	**173,412**

Both Garry Hounsell and Mike Ferraro participated in the Offer, acquiring 15,390 and 1,953 shares, respectively.

This concludes the remuneration report, which has been audited.

AUDITOR INDEPENDENCE

On 16 February 2021 Helloworld Travel announced the appointment of Ernst & Young as auditor of the Company. The appointment follows the conclusion of a tender process. In accordance with the process the Company has received the resignation of PricewaterhouseCoopers as auditor and the Australian Securities and Investment Commission's consent for the resignation. Ernst & Young will hold office until the Company's Annual General Meeting at which shareholder approval will be sought for the reappointment of Ernst & Young.

The Directors received the declaration of independence on page 55 from Ernst & Young, the auditor of Helloworld Travel. This declaration confirms the auditor's independence and forms part of the Directors' Report.

NON-AUDIT SERVICES

During the year the Company's auditors performed minimal other services in addition to their statutory duties. Consistent with written advice provided by the Audit & Risk Committee, the Directors have resolved and are satisfied that the provision of these non-audit services is compatible with, and did not compromise, the general standard of independence of auditors imposed by the auditor independence requirements in the Corporations Act 2001. All non-audit services were subject to the corporate governance procedures adopted by the Company and reviewed by the Audit & Risk Committee to ensure no impact on the integrity and objectivity of the auditor. The non-audit services provided do not undermine the general principles relating to auditor independence, as set out in APES 110 Codes of Ethics for Professional Accountants, as no own audit work was reviewed by the auditor. The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 55 and forms part of the Directors' Report for the financial year ended 30 June 2021. Details of the amounts paid to Ernst & Young for audit and non-audit services are set out in note 27 of the Financial Statements on page 102 of the Financial Report.

ROUNDING

The amounts contained in this Directors' Report and in the Financial Report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under Australian Securities & Investments Commission ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Made in accordance with a resolution of the Directors.

Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 6 September 2021

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Auditor's independence declaration to the directors of Helloworld Travel Limited

As lead auditor for the audit of the financial report of Helloworld Travel Limited for the financial year ended 30 June 2021, 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 audit; and

b. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Helloworld Travel Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Brett Croft
Partner

Melbourne
6 September 2021

CORPORATE GOVERNANCE STATEMENT

OVERVIEW

The Board of Helloworld Travel Limited (the Company) governs the business on behalf of shareholders with the prime objective of protecting and enhancing shareholder value. The Board is committed to the highest standards of ethics and integrity and ensures that senior management run the Group in accordance with these standards. The Board monitors the Company's governance framework and practices to ensure it fulfils its corporate governance obligations.

This statement has been approved by the Board and outlines the main corporate governance practices employed by the Company. The Company endorses the ASX Corporate Governance Principles and Recommendations (4th Edition) released in February 2019 by the ASX Corporate Governance Council (ASX CGP) and where it has not adopted a recommendation, a detailed explanation is provided.

This statement is current at 6 September 2021.

1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The relationship between the Board and senior management is critical to the Company's long-term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance competing objectives in the best interests of the Group as a whole. The key aims of the Board are to ensure that the Company is properly managed and has an appropriate corporate governance structure to ensure the protection of shareholder value.

The role and responsibilities of the Board, the Chairman and individual Directors are set out in the Company's Board Charter. A copy of the Board Charter is available from the Corporate Governance section of the Company's website at www.helloworldlimited.com.au.

The Board's key responsibilities and matters expressly reserved to the Board are set out in the Board Charter and include:

- Setting the strategic direction of the Company and monitoring the implementation of that strategy by management;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the CEO, CFO and Company Secretary;
- Board and Executive Management development and succession planning;
- Approving the annual operating budget;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions/ divestitures;
- Monitoring compliance with legal, tax and regulatory obligations;
- Reviewing and ratifying systems of risk management, governance, internal compliance and controls, code of ethics and conduct, continuous disclosure, legal compliance and other significant corporate policies;
- Reviewing the effectiveness of the Company's risk management systems;
- Approving and monitoring financial and other reporting to the market; and
- Appointment, reappointment or replacement of the external auditor.

Day-to-day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO, the CFO and other senior executives. Authority for these matters is delegated to the CEO, CFO and senior management under the Delegations of Authority Policy and the delegations are subject to certain specified value thresholds. These matters include:

- Incurring budgeted and unbudgeted operating expenditure;
- Incurring budgeted and unbudgeted capital expenditure;
- Write-downs, bad debts, asset or equity disposals and acquisitions; and
- Approval of entry into contracts.

Prior to a Director's appointment, the Board ensures that appropriate checks including background and reference checks are conducted, which may be conducted by external consultants and by other Directors of the Company. Candidates also meet with each existing Director prior to the Board's decision to appoint them.

To ensure that Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them.

SENIOR EXECUTIVE PERFORMANCE

With the assistance of the Remuneration Committee, the Chairman undertakes an annual review of the performance of the CEO against key performance indicators.

The CEO reviews the performance of his direct reports against key performance indicators and reports this to the Remuneration Committee.

2 STRUCTURE OF THE BOARD

BOARD COMPOSITION

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently five Directors appointed to the Board.

Under the Board Charter, the appointment and removal of the Company Secretary is the responsibility of the Board. The Company Secretary reports directly to the Chairman in relation to all matters relating to the proper functioning of the Board.

The Company uses a Board Skills Matrix to ensure that its membership includes an appropriate mix of skills, experience and expertise and to assist in identifying the skills most desired in potential candidates for appointment to the Board. The matrix is also a tool for identifying professional development opportunities for existing Directors to develop and maintain the skills and knowledge required to effectively perform their role as Directors.

Board Skills Matrix	Number out of 5 directors
Travel Industry Experience - Australia	4
Travel Industry Experience - International	4
Franchise Operations	2
Technology & Digital Economy	3
Brand Development, Marketing	4
Governance & Compliance	4
Listed Company Experience	4
Relationships/Stakeholder Management	5
Remuneration, Human Resources	5
Legal	3
Wide Industry Experience	4
Financial Experience	3
Strategic Planning & Risk	5
Health & Safety	5

Further detail regarding the Directors' qualifications, special responsibilities, skills, experience and expertise (including the period of office held by each Director) is set out in the Directors' Report on pages 22 to 25.

DIRECTOR INDEPENDENCE

As at 30 June 2021, based on the factors relevant to assessing the independence of Directors included in the ASX CGP, two Directors, Garry Hounsell and Mike Ferraro, are deemed to be independent.

The remainder of the Board is not independent for the following reasons:

- Andrew Finch is an executive of Qantas, the ultimate holding company of QH Tours Limited, a substantial shareholder of Helloworld Travel Limited and a company having a material business relationship with the Company as a supplier of product and a customer for distribution services;
- Andrew Burnes is the Company's Chief Executive Officer and Managing Director, and a substantial shareholder of the Company; and
- Cinzia Burnes is the Company's Group General Manager - Wholesale & Inbound, Executive Director and a substantial shareholder of the Company.

The length of each Directors' tenure as a director is set out in the Directors' Report on pages 22 to 25.

INDEPENDENT DECISION MAKING

During the reporting period, the role of Chairman was held by Garry Hounsell. Mr Hounsell is an independent director of the Company.

For the whole of the year Andrew Finch was the nominated member to the Board by QH Tours Limited. Mr Finch brought to the Board the requisite skills which are complementary to those of the other Directors and enabled him to adequately discharge his responsibilities as a Non- Executive Director.

As Executive Directors, Andrew Burnes in his role as CEO and Managing Director and Cinzia Burnes in her role as Group General Manager - Wholesale & Inbound, are not considered by the Board to be Independent Directors.

All Directors bring independent judgement to bear on their decisions.

The materiality thresholds used to assess Director independence are set out in the Board Charter. The Board believes that the interests of the shareholders are best served by:

- the current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report; and
- the Independent Directors providing an element of balance as well as making a considerable contribution in their fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgement:

- a standing item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- all Directors must act at all times in the interests of the Company; and
- Directors meet regularly without management present.

Adoption of these measures ensures that the interests of shareholders, as a whole, are not jeopardised by a lack of independence.

A majority of the Board are not independent and the Company recognises that this is a departure from Recommendation 2.4 of the ASX CGP.

NOMINATIONS AND GOVERNANCE COMMITTEE

The company has a Nominations & Governance Committee. It's key responsibilities are the nomination, appointment and re-election of directors and are set out in the Nominations and Governance Committee's charter, which is available in the Corporate Governance section of the Company's website.

The following Directors were members of the Nominations and Governance Committee:

- Garry Hounsell (Chairman)
- Andrew Burnes
- Cinzia Burnes
- Mike Ferraro
- Andrew Finch

Details of these Directors' qualifications, their attendance at Nominations and Governance Committee meetings, and the number of meetings held during FY21 are set out in the Directors' Report on pages 22 to 26.

The terms of reference, role and responsibility of the Nominations and Governance Committee are consistent with ASX CGP 2.1 except that the majority are not Independent Directors. The Chairman of the Committee is an independent Director and the Committee members are considered to have the appropriate experience to serve on the committee.

REMUNERATION COMMITTEE

During the year, the following Non-Executive Directors were members of the Remuneration Committee:

- Garry Hounsell (Chairman)
- Mike Ferraro
- Andrew Finch

Details of these Directors' qualifications, their attendance at Remuneration Committee meetings, and the number of meetings held during FY21 are set out in the Directors' Report on pages 22 to 26.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It reviews the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operations of the Company.

Directors are nominated, appointed and re-elected to the Board in accordance with the Board's policy on these matters set out in the Charter, the Company's Constitution and the ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered along with an assessment of the nature of the skills, experience, expertise, diversity and other attributes which would benefit the Board in fulfilling its responsibilities.

BOARD PERFORMANCE

The Board undertakes an annual self-assessment of its collective performance and the performance of its committees, by way of a series of questionnaires. The results are collated and discussed at a Board meeting and any action plans are documented together with specific performance goals which are agreed for the coming year.

The outcomes from this Board and Committee performance review were:

- That the Board was functioning well with very open communication between management and the Board;
- The mix of skills and experience of the Board is appropriate for the size and complexity of the company with all Directors making a strong contribution; and
- The focus of the Board will be to ensure the company is well positioned to manage through the COVID-19 pandemic and be in a strong position to take advantage of the opportunities as they arise.

An assessment of individual Director's performance was undertaken during the year. This assessment consisted of a self-assessment questionnaire completed by each Director and an individual discussion with the Board Chairman. The assessment and discussion in relation to the Chairman's performance was undertaken by the Chairman of the Audit & Risk Committee.

ACCESS TO INFORMATION

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of the Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

3 ETHICAL AND RESPONSIBLE DECISION MAKING

The Company has a Code of Ethics and Conduct in place to promote ethical and responsible practices and expectations for Directors, Employees and Consultants of the Company in the discharge of their responsibilities. This Code reflects the Directors' and senior executive's intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Code of Ethics and Conduct is available to all employees and is also available in the Corporate Governance section of the Company's website.

DIVERSITY

The Board has established a Diversity Policy which supports the commitment of the Company to an inclusive workplace that embraces and promotes diversity and provides a framework for new and existing diversity related initiatives, strategies and programs within the business. A copy of the policy is available in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP4.

In accordance with this policy and ASX CGP4, the Board has established the following measurable objectives in relation to gender diversity:

- The Board will encourage suitable women applicants for Board vacancies;
- The proportion of females on the Board should not fall below current levels unless a transparent process fails to succeed in attracting a suitable woman candidate; and
- The proportion of females reporting to the CEO should not fall below the current levels unless a transparent process fails to succeed in attracting suitable women candidates.

During the current year, no new Directors were appointed and no Director retired. The percentage of female personnel reporting directly to the CEO was 20% at 30 June 2021 and 17% at 30 June 2020.

During the year the Company offered the following:

- Further revised our methods in talent attraction and selection in the recruitment of people from diverse backgrounds by removing unconscious biases;
- Enhanced our employee health and hygiene activities particularly in the context of a COVID-19 safe workplace
- Promoted awareness of mental health services available to our employees and immediate family members. In the support of people who are experiencing mental, financial or legal duress.

PROPORTION OF WOMEN IN THE ORGANISATION

There are 572 female employees in the Group representing 64.6% of the workforce. There is one female employee in executive role representing 20% of employees who report directly to the CEO. There is one female on the Board which represents 20% of the Board.

SHARE TRADING

The Company's Share Trading Policy sets out the guidelines designed to protect the Directors and employees from intentionally or unintentionally breaching the law. The Share Trading Policy prohibits employees from dealing in the securities of the Company while in possession of material non-public information.

In addition, employees and Non-Executive Directors are:

- Prohibited from dealing in Helloworld securities during defined closed periods; and
- Required to comply with 'request to deal' procedures prior to dealing in Helloworld securities outside of defined closed periods.

A copy of the policy is available in the Corporate Governance section of the Company's website.

PROTECTED DISCLOSURES

The Group's Whistle-blower Policy encourages employees to report concerns in relation to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions. The Whistle-blower Policy is available to all Helloworld Travel employees and is also available in the Corporate Governance section of the Company's website.

4 INTEGRITY OF FINANCIAL REPORTING

The Board has an Audit & Risk Committee to assist the Board in the discharge of its responsibilities.

During the reporting period, the following Non-Executive Directors were members of the Audit & Risk Committee:

- Mike Ferraro (Chairman)
- Andrew Finch
- Garry Hounsell

The Audit & Risk Committee Charter is available in the Corporate Governance section of the Company's website and the composition, operation and responsibilities of the Committee are consistent with the requirements of ASX CGP 4.1.

Mike Ferraro, an independent Director, has been the Committee Chairman for the full year. Details of the member Directors' qualifications and attendance at Audit & Risk Committee meetings are set out in the Directors' Report on pages 22 to 26.

Both the Board and Audit & Risk Committee closely monitor the independence of the external auditors, including, but not limited to the rotation of the external audit engagement partner every five years.

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

5 TIMELY AND BALANCED DISCLOSURE

The Company has a written Continuous Disclosure Policy in relation to the market disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities in order to ensure compliance with its obligations under the ASX Listing Rules.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website.

6 RIGHTS OF SHAREHOLDERS

The Helloworld Travel Limited Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at Annual General Meetings. The policy which deals with communication through the ASX, the Share Registry, shareholder meetings and the Annual Report is available in the Corporate Governance section of the Company's website. All the Company's announcements to the market can also be accessed through the Company's website and copies of the Helloworld Travel Limited Annual Reports since 2014 are available.

Copies of Charters and policies associated with the governance of the Company are available on the Company's website.

The Company ensures that the explanatory notes accompanying its 'Notice of Annual General Meeting' provide shareholders with all required information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director at an Annual General Meeting, including a recommendation from the Board.

These notices are available under Investor and ASX Releases on the Company's website.

The Chairman ensures that shareholders are provided with the opportunity to ask questions of the Board specific to the operations of the Company at the Annual General Meeting and other shareholder meetings. Shareholders are also afforded the opportunity to question the Company auditors at that meeting concerning matters related to the audit of the Company's financial statements. Shareholders who are unable to attend the meeting are provided with the opportunity to submit questions and comments prior to the meeting to the Company or to the auditor.

The CEO and CFO will endeavour to answer questions from shareholders and analysts, providing the information requested is not price sensitive.

Shareholders have the option to receive and send communications to the Company and its share registry electronically if they wish to do so. Online voting on resolutions to be put at the Company's Annual General Meetings is available to shareholders.

7 RECOGNISING AND MANAGING RISK

The Company has a policy in place for the oversight and management of its material business risks. The Group takes a proactive approach to risk management. The Board and Audit & Risk Committee are primarily responsible for ensuring that risks are identified and reviewed in a timely manner. A copy of the Risk Management Policy is available in the Corporate Governance section of the Company's website.

Under the Risk Management Policy, the Board is responsible for:

- Overseeing and approving the Company's risk management, internal controls and compliance systems;
- Reviewing the effectiveness of the Company's risk management, internal control and compliance systems at least annually, and satisfying itself that management is adhering to the requirements of the policy; and
- Approving the delegations of authority for day-to-day management of the Company's operations.

Under the Risk Management Policy, the Audit & Risk Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities regarding:

- The reliability and integrity of information for inclusion in the Company's financial statements;
- Enterprise-wide risk management;
- Compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
- The integrity of the Company's internal control framework; and
- Safeguarding the independence of the external and internal auditors.

The Company's Executive Management Team (EMT) also plays a role in identifying, assessing, monitoring and managing risks. The EMT, supported by the Helloworld Group Risk team, are responsible for assisting the Audit & Risk Committee to ensure that robust risk management exists within the business. The EMT ensures that sufficient levels of risk analysis is applied to critical decisions and provides assurance to the Audit & Risk Committee that risk processes at all levels are effective and compliant with the Company's Risk Management Policy.

The Board has received a report from Management as to the effectiveness of the Company's management of its material business risks during the year. The Board has also received from the CEO and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Information in relation to the economic, environmental and social sustainability risks facing the Company and the way these are managed are included in the Operating and Financial Review on pages 39 to 43 of the Annual Report.

INTERNAL AUDIT

The Company does not have an in-house internal audit function and has not engaged external consultants this financial year due to the continued impacts of COVID-19.

8 REMUNERATING FAIRLY AND RESPONSIBLY

Helloworld Travel's remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report, which forms part of the Directors' Report.

DIRECTORS

The total annual fees paid to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees and Committee Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. No retirement benefits are paid and Non-Executive Directors do not participate in equity-based remuneration schemes.

Details of the remuneration arrangements for the Company's Executive Directors are set out in the Remuneration Report.

REMUNERATION

The Board has established a Remuneration Committee to assist it in the discharge of its duties relating to remuneration.

The Non-Executive Directors who were members of the Remuneration Committee during the financial year are set out in the Remuneration Committee section of this Corporate Governance Statement.

The Remuneration Committee Charter is available in the Corporate Governance section of the Company's website. The composition and operation of this committee is consistent with ASX CGP 8.1. Details of the Directors' qualifications and attendance at Remuneration Committee meetings are set out in the Directors' Report on pages 22 to 26.

EXECUTIVE MANAGEMENT

Remuneration for executive management is set to be competitive, to both retain executives and attract appropriately skilled and qualified executives to the Company. Remuneration comprises of a fixed cash element and variable incentive component. Payment of the variable components is reliant on the Company's financial performance and the executive's personal performance against pre-determined key performance indicators ("KPIs").

The Company's Share Trading Policy prohibits executives participating in the equity based remuneration scheme from entering into any arrangement that operates, or is intended to operate, to limit their exposure to risk in relation to these shares.

A copy of the Share Trading Policy is available in the Corporate Governance section of the Company's website.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED 2021 $'000	2020 $'000
Revenue		68,107	278,002
Other Income		26,066	16,877
TOTAL REVENUE AND OTHER INCOME	2	**94,173**	**294,879**
Employee benefit expenses	3	(80,697)	(133,009)
Advertising and marketing expenses		(3,264)	(24,433)
Selling expenses		(1,839)	(39,264)
Communication and technology expenses		(12,050)	(18,354)
Occupancy expenses		(2,756)	(4,343)
Operating expenses		(8,873)	(41,888)
Depreciation and amortisation expense	3	(29,219)	(32,742)
Impairment expense	3	(426)	(67,947)
Finance expense	4	(3,637)	(4,099)
Profit/(loss) on disposal of investments		(112)	1,075
Share of profit/(loss) of associates accounted for using the equity method	12	(790)	1,246
LOSS BEFORE INCOME TAX		**(49,490)**	**(68,879)**
Income tax benefit/(expense)	6	13,605	(1,106)
LOSS AFTER INCOME TAX FOR THE YEAR		**(35,885)**	**(69,985)**
LOSS FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(389)	(111)
Owners of Helloworld Travel Limited		(35,496)	(69,874)
		(35,885)	**(69,985)**
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges	25	-	(359)
Income tax benefit on cash flow hedges	25	-	109
Exchange differences on translation of foreign operations	25	(551)	(2,318)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(551)**	**(2,568)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(36,436)**	**(72,553)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(389)	(111)
Owners of Helloworld Travel Limited		(36,047)	(72,442)
		(36,436)	**(72,553)**
		Cents	Cents
Basic earnings per share	8	**(23.3)**	**(56.5)**
Diluted earnings per share	8	**(23.3)**	**(56.5)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Note	CONSOLIDATED 2021 $'000	2020 $'000
CURRENT ASSETS			
Cash and cash equivalents	9	131,024	131,861
Trade and other receivables	10	27,108	39,991
Accrued revenue	11	18,333	34,482
Inventories		522	540
TOTAL CURRENT ASSETS		**176,987**	**206,874**
NON-CURRENT ASSETS			
Trade and other receivables	10	5,774	4,692
Investments accounted for using the equity method	12	16,699	17,436
Property, plant and equipment	13	12,735	14,697
Right of use assets	14	25,042	24,538
Intangible assets	15	291,404	300,747
TOTAL NON-CURRENT ASSETS		**351,654**	**362,110**
TOTAL ASSETS		**528,641**	**568,984**
CURRENT LIABILITIES			
Trade and other payables	17	108,551	123,401
Lease liabilities	18	8,028	9,145
Provisions	20	22,156	20,914
Deferred revenue	21	19,852	24,368
Income tax payable		-	5,748
TOTAL CURRENT LIABILITIES		**158,587**	**183,576**
NON-CURRENT LIABILITIES			
Borrowings	19	80,711	100,519
Lease liabilities	18	22,962	20,614
Deferred tax liabilities	22	33,079	40,512
Provisions	20	1,572	5,639
Other non-current liabilities	23	1,240	1,445
TOTAL NON-CURRENT LIABILITIES		**139,564**	**168,729**
TOTAL LIABILITIES		**298,151**	**352,305**
NET ASSETS		**230,490**	**216,679**
EQUITY			
Issued capital	24	468,199	419,466
Reserves	25	(1,554)	(2,517)
Accumulated losses	26	(237,136)	(201,640)
EQUITY ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED		**229,509**	**215,309**
Non-controlling interest		981	1,370
TOTAL EQUITY		**230,490**	**216,679**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

CONSOLIDATED	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
BALANCE AT 1 JULY 2019	**416,219**	**693**	**(106,255)**	**1,481**	**312,138**
Profit after income tax expense (restated)	-	-	(69,874)	(111)	**(69,985)**
Other comprehensive loss (restated)	-	(2,568)	-	-	**(2,568)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**-**	**(2,568)**	**(69,874)**	**(111)**	**(72,553)**
Transfer of predecessor accounting reserve to accumulated losses		(844)	844		
Transactions with owners in their capacity as owners net of tax:					
LTIP expensed	-	195	-	-	**195**
Franchise loyalty plan expensed	-	7	-	-	**7**
Issue of new shares, net of transaction costs	277	-	-	-	**277**
Sale of forfeited shares, net of transaction costs	669	-	-	-	**669**
Proceeds on repayment of LTIP related loans	2,301	-	-	-	**2,301**
Acquisition of shares	(671)	-	-	-	**(671)**
Issue of shares to employees	671	-	-	-	**671**
Dividends	-	-	(26,815)	-	**(26,815)**
Dividends associated with LTIP	-	-	460	-	**460**
BALANCE AT 30 JUNE 2020	**419,466**	**(2,517)**	**(201,640)**	**1,370**	**216,679**

CONSOLIDATED	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
BALANCE AT 1 JULY 2020	**419,466**	**(2,517)**	**(201,640)**	**1,370**	**216,679**
Loss after income tax	-	-	(35,496)	(389)	(35,885)
Other comprehensive loss	-	(551)	-	-	(551)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**-**	**(551)**	**(35,496)**	**(389)**	**(36,436)**
Transactions with owners in their capacity as owners net of tax:					
LTIP expenses reversed for shares that did not meet vesting conditions	-	(710)	-	-	**(710)**
Issue of new shares, net of transaction costs	48,733	-	-	-	**48,733**
COVID related retention benefit plan expensed	-	2,224	-	-	**2,224**
BALANCE AT 30 JUNE 2021	**468,199**	**(1,554)**	**(237,136)**	**981**	**230,490**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	CONSOLIDATED 2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)(i)		680,799	2,711,242
Payments to suppliers and employees (inclusive of GST)(i)(ii)		(691,550)	(2,749,226)
Interest received		656	2,313
Finance costs paid		(3,444)	(4,007)
Income taxes paid		-	(1,761)
NET CASH USED IN OPERATING ACTIVITIES	28	**(13,539)**	**(41,439)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangibles	15	(6,361)	(16,596)
Payments for property, plant and equipment	13	(2,836)	(2,878)
Payments for acquisition of controlled entities, net of cash acquired	35	175	(21,751)
Payments for disposal of controlled entities, net of cash disposed	36	(2,122)	(1,215)
Proceeds from disposal of property, plant and equipment		38	101
Dividends from associates	12	-	68
NET CASH USED IN INVESTING ACTIVITIES		**(11,106)**	**(42,271)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue, net of costs	24	48,733	-
Repayment of borrowings	19	(20,000)	44,000
Proceeds from loan funded LTIP repayments	24	-	2,301
Dividends paid to company shareholders	7	-	(26,355)
Loans provided to related parties for equity accounted investments		-	(245)
Loans repaid from related parties for equity accounted investments		-	104
Payments for shares acquired by employee share trust	37	-	(671)
Principal elements of lease payments		(6,996)	(7,769)
NET CASH FROM USED IN FINANCING ACTIVITIES		**21,737**	**11,365**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,908)**	**(72,345)**
Cash and cash equivalents at the beginning of the financial half year		131,861	204,755
Effects of exchange rate changes on cash and cash equivalents		2,071	(549)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	9	**131,024**	**131,861**

(i) Receipts from customers and payment to suppliers and employees include certain amounts received and paid on behalf customers.
(ii) Includes receipts relating to government wage subsidies.

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(A) REPORTING ENTITY

Helloworld Travel Limited (the Company) is incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange (ASX).

The financial statements of Helloworld Travel Limited and its controlled entities (the Group), for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 6 September 2021.

Helloworld Travel Limited is a for profit entity and its principal activities were the selling of international and domestic travel products and services and the operation of retail distribution networks of travel agents.

(B) PRESENTATION AND MEASUREMENT

(i) Statement of compliance

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

The report has been prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due, refer section (c).

(ii) Basis of accounting

The financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities (including derivative instruments) measured at fair value.

(iii) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Group's functional currency.

(iv) Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(v) Consistent application of accounting policies

Details of the Group's principle accounting policies which have been applied in the preparation of the financial statements are included in note 39: significant accounting policies. The accounting policies adopted are consistent with the previous financial year.

(vi) Comparative periods

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

(C) GOING CONCERN

The continued COVID-19 pandemic has caused unprecedented impacts to travel and tourism as a result of border closures, mandatory quarantine periods and restrictions on domestic and international travel.

Since the global pandemic was officially announced by the World Health Organisation (WHO) on 11 March 2020 there continues to be a high level of uncertainty regarding the near-term outlook for the global travel industry. As a result, the Chief Executive Officer and the Board (the Chief Operating Decision Makers or CODM's) have carefully considered the Group's ability to continue as a going concern for the next 12 months from the date the financial statements are issued. Based on their assessment, it has been concluded that the Group will continue to operate as a going concern. As a result, the financial statements have been prepared on this basis.

The key considerations used by the CODM's to assess Helloworld Travel's ability to continue to operate are outlined below:

Liquidity considerations:

- At 30 June 2021, the Group had a cash balance of $131.1 million.
- At 30 June 2021, short dated facilities (A,B & C) totalling $90.0 million were extended until March 2023.
- Net leverage and interest coverage covenants are suspended for the calculation dates between September 2020 and the quarter ending June 2022.
- The Group prepaid $20.0 million of borrowings in October 2020 which can be redrawn if required with Westpac's consent. This has reduced our interest costs by approximately $420,000 per annum at current rates.
- At the end of July 2021, the Group had circa $31.6 million of headroom on existing facilities. This is believed to be sufficient to manage through a prolonged period of disruption to the global travel industry.
- A monthly liquidity requirement has been agreed at $55.0 million from June 2021 through to the end of September 2021, $50.0 million until the end of December 2021 and $45.0 million until the quarter ending June 2022. The amount of $45.0 million is subject to negotiation in good faith after 1 June 2022.
- The Group has complied with the financial covenants of its borrowing facilities during the relevant periods.

Future cash flow considerations:

- As a result of COVID-19, action was taken to progressively reduce Helloworld Travel's cost base. Management has remained agile in responding to impacts of lockdowns to manage the cost base in line with requirements. Cost reductions have been carefully considered to ensure that the Group is able to respond effectively once travel volumes recover. The Group has a diversified business with a mix of domestic and international leisure travel, corporate travel and wholesale travel. This means that Helloworld is well placed to benefit from a recovery in both domestic and international travel.

  The Group has a diversified business with a mix of domestic and international leisure travel, entertainment, film and event travel, corporate travel and wholesale travel. This means that Helloworld is well placed to benefit from a recovery in both domestic and international travel.

  The key cost saving initiatives below have been included in Helloworld's financial modelling and sensitivity testing:

  - Implementation of hiring and salary freezes and restructuring of non-essential contractors and staff.
  - Eliminating all non-essential expenditure including short term capital expenditure (travel, marketing, IT development).
  - Negotiating reduced rental across Helloworld Travel's property portfolio.
  - Implementing staff stand downs and reduced working hours across the business.
  - Directors and direct reports to the CEO agreed to reduced salaries during the reporting period.

Refer to note 1 (d) (i) for more information regarding the impact of COVID-19 on Helloworld Travel.

(D) USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) COVID-19 Pandemic

On 11 March 2020 the World Health Organisation (WHO) declared a global pandemic as a result of the outbreak and spread of COVID-19. As a result, governments across the world took action to close country borders and limited people to only essential travel. Both Australia and New Zealand governments imposed these restrictions which resulted in a significant adverse impact on Helloworld Travel's ability to derive revenue from the sale of travel products and services.

As at 30 June 2021, many of these border restrictions across the world remained in place. Uncertainty remains with regard to when they may open. The actions taken by Helloworld to address the decline in revenue have been outlined in note 1 (c).

As a result of COVID-19, there has been an increase in estimation uncertainty when preparing the financial statements. The key estimates and judgements used have been outlined in the notes to the financial statements. These include the recoverability of assets, valuation of assets measured at fair value and the timeline regarding the eventual recovery of the travel industry, the return of agents on a full-time basis throughout the network and the recovery of loans.

(ii) Impairment of non-financial assets

The Group determines impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Management's estimation of the recoverable amount requires the use of judgement and assumptions. The estimation of the recoverable amount is most relevant to goodwill and intangible assets with indefinite useful lives, which are tested on an annual basis. Refer note 15: intangible assets for the key assumptions, including a sensitivity analysis, used in this estimation of recoverable amount of CGU's to which goodwill and intangible assets with indefinite useful lives are allocated.

All other non-financial assets are tested for impairment when indicators of impairment exist. Refer note 12: Investments accounted for using the equity method for further information.

(iii) Business acquisitions

Business acquisitions require key judgements in the identification, recognition and measurement of intangible assets recognised on acquisition. For certain acquisitions, the Group is required to assess and value any contingent consideration payable including the valuation of potential future purchases of non-controlling interests for existing put options. Refer to note 29: financial risk management for details regarding the techniques and inputs used in the valuation of contingent consideration.

In accordance with applicable accounting standards, Helloworld Travel has twelve months from the date of acquisition to finalise the acquisition accounting for additional information obtained after the acquisition about circumstances that existed at the acquisition date, including any purchase price allocation and income tax finalisation. The key judgements used for business acquisitions undertaken are outlined in note 35: business acquisitions. In addition, the accounting policies for acquisitions undertaken are outlined in note 39: significant accounting policies.

(iv) Override commission revenue

The Group enters into override commission revenue contracts with airlines and other suppliers. The override commission revenue accrual process is inherently judgemental and requires the use of accounting estimates.

Override commission is calculated for the contract period with a supplier, based on the value of eligible travel during the period at the expected contracted applicable override rates. Eligible travel for the financial year is calculated based on detailed booking information and is reviewed by management considering current and historical booking trends. To estimate the appropriate override rate to use in the calculation of the estimated override commission, the expected eligible travel sales for the contract period are estimated (based on actual sales, forecast bookings and historical trends) and compared to the contractual performance tiers. The Company has also considered the prevailing level of uncertainty in the travel industry and the impact of COVID-19 on the estimates.

A significant portion of override commission contract periods do not correspond to the Group's financial year end. Judgements and estimation techniques are required to determine anticipated future flown revenues over the remaining contract year and the associated override commission rates applicable to these forecast levels.

The accounting policy for override commission revenue is outlined in note 39: significant accounting policies.

(v) Lease terms of contracts with extension options

Extension and termination options are included in a number of the Group's property leases. In determining the lease term, which forms part of the initial measurement of the right of use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(E) NEW AND AMENDED ACCOUNTING STANDARDS IMPACTING THE GROUP

(i) New and amended accounting standards for the year ended 30 June 2021

The adoption of the accounting standard amendments and interpretation did not have any impact on the amounts recognised in the current period or any prior period and is not expected to materially affect future periods.

2. REVENUE AND OTHER INCOME

The disaggregation of revenue and other income by key types is provided as follows:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Commissions	23,080	191,470
Transaction and services fees	25,259	40,170
Marketing related activities	3,995	24,463
Other revenue from contracts with customers (including freight and call-centre revenue)	15,773	21,899
REVENUE FROM CONTRACTS WITH CUSTOMERS	**68,107**	**278,002**
Rents and sublease rentals	-	324
Finance income	656	2,313
Government wage subsidies (i)	22,977	12,692
Sundry income	2,433	1,548
OTHER INCOME	**26,066**	**16,877**
TOTAL REVENUE AND OTHER INCOME	**94,173**	**294,879**

(i) During the current year, Helloworld Travel Limited received government wage subsidies for eligible employees in both Australia and New Zealand, in the form of JobKeeper of $21.9 million (2020: $10.5 million) and New Zealand wage subsidy of $1.1 million (2020: $2.2 million) payments. The NZ wage subsidy scheme finished on 6 September 2020. These subsidies were made available to companies to assist with the financial impacts of the COVID-19 pandemic. Government wage subsidies for FY20 have been reclassified from employee expenses to other income to align with current year financial statements.

3. EXPENSE ITEMS

	CONSOLIDATED	
	2021 $'000	2020 $'000
LOSS BEFORE INCOME TAX EXPENSE INCLUDES THE FOLLOWING SPECIFIC EXPENSE ITEMS:		
Defined contribution superannuation expense	(4,865)	(8,928)
LTIP expense	710	(195)
Employee share plan expense (inc COVID-19 Related Retention Benefit Plan (iv))	(2,224)	(671)
Other employee benefits expense including salaries	(74,318)	(123,215)
TOTAL EMPLOYEE BENEFITS EXPENSE	**(80,697)**	**(133,009)**
Depreciation of property, plant and equipment (note 13)	(3,920)	(6,029)
Depreciation of right of use assets (note 14)	(8,039)	(8,823)
Amortisation of intangible assets (note 15)	(17,260)	(17,890)
TOTAL DEPRECIATION AND AMORTISATION	**(29,219)**	**(32,742)**
Impairment of investments accounted for using the equity method (note 12)	-	(850)
Impairment of right of use assets (note 14)	(426)	(90)
Impairment of commercial agreements (note 15)	-	(1,507)
Impairment of goodwill (note 15)	-	(65,500)
IMPAIRMENT OF NON-CURRENT ASSETS	**(426)**	**(67,947)**
Fair value adjustment on contingent consideration receivable (i)	(170)	(883)
Fair value adjustment on redemption liability (ii)	1,200	3,600
FAIR VALUE ADJUSTMENTS RELATING TO FINANCIAL ASSETS AND LIABILITIES	**1,030**	**2,717**
Gain/(loss) on disposal of the US Wholesale Division (iii) (note 36)	(112)	1,075
PROFIT ON DISPOSAL OF INVESTMENTS	**(112)**	**1,075**
Loss allowance on trade receivables and accrued revenue	(1,771)	(7,666)
Business acquisition related expenses	(58)	(1,198)
Franchise loyalty plan expense	-	(7)
Other provision	(2,473)	(2,639)
Payments relating to Tempo Holidays and Bentours collapse	-	(702)
Rent concessions (v)	-	977
Restructuring costs (vi)	(5,597)	(6,877)
Bargain purchase on ITM acquisition (note 35)	228	-
Disposal and modification of leases	(270)	-

(i) The contingent consideration receivable relating to the sale of Insider Journeys is a financial asset recorded at fair value through profit or loss in accordance with applicable accounting standards. As at 30 June 2021, the contingent consideration receivable has been remeasured to its fair value of $nil (30 June 2020: $170,000) and the resulting fair value change of $170,000 has been recognised within operating expenses in the consolidated statement of profit and loss.

(ii) The redemption liability relates to the put option liability to acquire the non-controlling 40.0% ownership interest in Keygate Holdings Pty Ltd on 1 July 2022. The put option is a financial liability recorded at fair value through profit or loss in accordance with applicable accounting standards. Due to border restrictions across Asia, the fair value of the redemption liability has been remeasured to $nil (2020: $1.2 million) as at 30 June 2021 and the resulting fair value change of $1.2 million (2020: $3.6 million) has been recognised within operating expenses in the consolidated statement of profit and loss. Refer note 29: financial risk management for further details.

(iii) During the current year, Helloworld Travel updated the U.S Wholesale division disposal accounting to reflect the payment of the preliminary adjustment which was paid on 1 December 2020. The payment amounted to $2.1 million, resulting in an adjustment of $0.1 million in the current year. Refer note 36 for more information.

(iv) On 18 December 2020, Helloworld Travel granted 905,000 shares under the omnibus incentive plan mechanism. The shares were issued to a number of staff, none of whom are Directors. All those personnel have been working reduced days for a sustained period since March 2020. Shares were issued for nil consideration and have a non-market vesting condition of remaining an employee at Helloworld Travel through to the vesting date of 1 July 2021.

At the vesting date, employees that have satisfied the required conditions of the plan will be issued with their allocated shares at nil consideration. All omnibus incentive plan shares rank equally in all respects with existing shares from the date of their issue.

The fair value of the shares issued under the plan is based on the number of shares issued at the closing price on 18 December 2020 which was $2.46 per share and is being brought to account over the vesting period. As a result, the total share-based payment expense recognised in the current year in the statement of profit or loss and other comprehensive income amounts to $2.22 million.

(v) Helloworld Travel received rent concessions from certain landlords as a direct result of the COVID-19 pandemic and has elected to use the practical expedient available under Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions. Rent concessions that have not resulted in a lease modification, are considered variable lease payments. Any difference between the remeasurement of the lease liability and the right of use asset is recognised within occupancy expenses in the consolidated statement of profit or loss and other comprehensive income.

(vi) In response to the change in the travel market due to the COVID-19 pandemic, Helloworld Travel has undertaken initiatives to deliver cost savings and efficiencies while preserving the key operations to support the eventual recovery of both domestic and international travel. Refer note 1(c) for further information.

4. FINANCE INCOME AND EXPENSE

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
RECOGNISED IN PROFIT OR LOSS		
FINANCE INCOME RECOGNISED IN REVENUE	**656**	**2,313**
Finance expense (i)	(2,575)	(3,029)
Finance expense on lease liabilities	(1,062)	(1,030)
Finance expense on make good provisions	-	(40)
FINANCE EXPENSE	**(3,637)**	**(4,099)**
NET FINANCE EXPENSE RECOGNISED IN LOSS BEFORE INCOME TAX	**(2,981)**	**(1,786)**

(i) Finance expense includes $0.2 million (2020: $0.3 million) of non-cash amortised borrowing costs.

5. OPERATING SEGMENTS

(A) DESCRIPTION OF SEGMENTS

The reporting structure is based on a geographical basis of where the Group's businesses are managed. Internal reports reviewed and used by the Chief Executive Officer and the Board (the Chief Operating Decision Makers or CODMs) in assessing performance and making strategic decisions are prepared on this basis.

The Group has the following three segments:

- Australia;
- New Zealand; and
- Rest of World.

Australia and New Zealand segments each have retail distribution operations, air ticketing, wholesale and inbound, and travel management businesses. Australia and New Zealand also contain corporate support units performing shared service functions, which are fully allocated to all segments and are reported within segment expenses. The Rest of World segment consists of an inbound travel business in Fiji, and Tourist Transport Fiji (TTF), being a vehicle transport service provider in Fiji. The Group disposed of its U.S Wholesale Division on 30 June 2020. This business previously formed part of the Group's Rest of World segment.

(B) SEGMENT INFORMATION PROVIDED TO THE CODMs

The CODMs assess the performance of the operating segments based on a financial measure of Underlying EBITDA, which is not a measure prescribed by Australian Accounting Standards.

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to:

- include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16; and
- exclude large non-recurring items described in part (c) of this note

A reconciliation of Underlying EBITDA to loss before income tax expense is provided in part (c) of this note.

Segment results for the Group are shown below:

CONSOLIDATED	Australia $'000	New Zealand $'000	Rest of World $'000	Total $'000
YEAR ENDED 30 JUNE 2021				
Commissions	19,270	3,708	102	**23,080**
Transaction and services fees	23,119	2,140	-	**25,259**
Marketing related activities	3,785	210	-	**3,995**
Other revenue from contracts with customers (including freight and call-centre revenue)	15,773	-	-	**15,773**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**61,947**	**6,058**	**102**	**68,107**
Government wage subsidies	21,898	1,079	-	**22,977**
Other revenue	2,411	654	24	**3,089**
SEGMENT REVENUE	**86,256**	**7,791**	**126**	**94,173**
Segment expenses	(84,957)	(12,729)	(657)	**(98,343)**
Depreciation of right of use assets	(6,787)	(1,139)	(114)	**(8,040)**
Interest expense on lease liabilities	(868)	(188)	(6)	**(1,062)**
Equity accounted losses	(790)	-	-	**(790)**
UNDERLYING EBITDA	**(7,146)**	**(6,265)**	**(651)**	**(14,062)**

CONSOLIDATED	Australia $'000	New Zealand $'000	Rest of World $'000	Total $'000
YEAR ENDED 30 JUNE 2020				
Commissions	152,801	34,224	4,445	**191,470**
Transaction and services fees	35,475	4,328	367	**40,170**
Marketing related activities	18,756	5,530	177	**24,463**
Other revenue from contracts with customers (including freight and call-centre revenue)	18,776	496	2,627	**21,899**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**225,808**	**44,578**	**7,616**	**278,002**
Government wages subsidies	10,474	2,218	-	**12,692**
Other revenue	3,530	497	158	**4,185**
SEGMENT REVENUE	**239,812**	**47,293**	**7,774**	**294,879**
Segment expenses	(193,729)	(41,395)	(9,350)	**(244,474)**
Depreciation of right of use assets	(6,964)	(1,204)	(655)	**(8,823)**
Interest expense on lease liabilities	(885)	(153)	(32)	**(1,070)**
Equity accounted profits	1,246	-	-	**1,246**
Trading losses relating to U.S Wholesale Division (i)	-	-	2,284	**2,284**
UNDERLYING EBITDA	**39,480**	**4,541**	**21**	**44,042**

(i) Trading losses relating to U.S Wholesale Division represents the EBITDA losses, excluding share service allocations, associated with U.S Wholesale Division which was disposed of on the 30 June 2020.

(C) OTHER SEGMENT INFORMATION

(i) EBITDA

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16 and exclude large non-recurring items. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments and it is not subject to auditor review.

A reconciliation of Underlying EBITDA to loss before income tax is provided as follows:

	CONSOLIDATED	
	2021 $'000	2020 $'000
UNDERLYING EBITDA	**(14,062)**	**44,042**
Impairment of non-current assets (note 14)	(426)	(67,947)
Restructuring expense	(5,597)	(6,877)
COVID-19 Related Retention Benefit Plan	(2,224)	-
Increase in loss allowance	(1,771)	(7,118)
Disposal and modification of leases	(270)	-
Bargain purchase on ITM acquisition	228	-
Other provisions	(2,473)	(2,639)
Trading losses relating to U.S Wholesale Division	-	(2,284)
Business acquisition related and other expenses	(58)	(2,198)
Fair value adjustment on contingent consideration receivable (Insider Journeys)	(170)	(883)
Payments relating to Tempo Holidays and Bentours collapse	-	(702)
Fair value adjustment on redemption liability (Keygate Holdings)	1,200	3,600
Gain/(loss) on disposal of the US Wholesale Division	(112)	1,075
TOTAL SIGNIFICANT ITEMS	**(11,673)**	**(85,973)**
Depreciation of property, plant and equipment	(3,920)	(6,029)
Amortisation of intangible assets	(17,260)	(17,890)
Finance expense on borrowings	(2,575)	(3,029)
LOSS BEFORE INCOME TAX	**(49,490)**	**(68,879)**

Interest income on client funds is included within segment revenue and underlying EBITDA.

(ii) Segment assets

The internal management reports provided to the CODMs report total assets on a basis consistent with that of the consolidated financial statements. These reports do not allocate assets based on the operations of each segment or by geographical location.

Total non-current assets, other than deferred tax assets, located in Australia total $320.8 million (2020: $331.5 million). Total non-current assets located in other countries total $28.5 million (2020: $30.7 million). Under the current management reporting framework, total assets are not reviewed to a specific reporting segment or geographic location.

(iii) Segment liabilities

The internal management reports provided to the CODMs report total liabilities on a basis consistent with that of the consolidated financial statements. Under the current management reporting framework, total liabilities are not reviewed to a specific reporting segment or geographic location.

6. INCOME TAX

The major components of income tax recognised in the consolidated statement of profit or loss and other comprehensive income are:

(A) INCOME TAX

	CONSOLIDATED	
	2021 $'000	2020 $'000
Current income tax (expense)/benefit	6,947	(5,361)
Deferred income tax (expense)/benefit	6,680	4,944
Adjustment in respect of current tax expense of previous year	(22)	(689)
INCOME TAX BENEFIT/(EXPENSE)	**13,605**	**(1,106)**
Deferred income tax expense relates to the origination and reversal of temporary differences and comprises:		
(Increase)/decrease in deferred tax assets	1,310	(4,573)
Increase/(decrease) in deferred tax liabilities	5,880	9,517
DEFERRED INCOME TAX	**7,190**	**4,944**

(B) RECONCILIATION OF INCOME TAX AND TAX AT THE STATUTORY RATE

	CONSOLIDATED	
	2021 $'000	2020 $'000
LOSS BEFORE INCOME TAX	**(49,490)**	**(68,879)**
Tax at the statutory tax rate of 30%	14,847	20,664
Add/(deduct) tax effect of:		
Gain on disposal of non-current assets	(394)	(231)
Non-deductible amortisation	(415)	(526)
Non-deductible non-cash impairment	(61)	(19,650)
Share based payment expense	(497)	(59)
Non-assessable income	431	(751)
Tax losses	-	18
Differences in overseas tax rates	(284)	100
Tax offset for franked dividends from equity accounted investments	-	18
Under provision in prior year	(22)	(689)
INCOME TAX BENEFIT/(EXPENSE)	**13,605**	**(1,106)**

(C) TAX EXPENSE RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

	CONSOLIDATED	
	2021 $'000	2020 $'000
Cash flow hedges	-	(109)
TOTAL TAX (BENEFIT)/EXPENSE RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME	-	**(109)**

(D) TAX LOSSES NOT RECOGNISED

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit at statutory tax rates	-	-

All unused tax losses were incurred by non-Australian entities that are not part of the Australian tax consolidated group.

(E) UNRECOGNISED TEMPORARY DIFFERENCES

The Group had undistributed earnings for controlled entities which if paid out as dividends would be non-assessable exempt income and not subject to tax in the hands of the recipient. Therefore, no deferred tax liability has been recorded in relation to the undistributed earnings.

7. DIVIDENDS PAID AND PROPOSED

(A) DIVIDENDS

No dividends were declared or paid during the year. In FY20, an interim dividend of 9.0 cents per share was declared and paid.

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Final dividend for the year ended 30 June 2019 (12.5 cents per share, distributed on 17 September 2019)	-	15,590
Final dividends associated with LTIP	-	(298)
Interim dividend for the year ended 30 June 2020 (9.0 cents per share, distributed on 19 March 2020)	-	11,225
Interim dividends associated with LTIP	-	(162)
DIVIDENDS PAID PER STATEMENT OF CASH FLOWS	**-**	**26,355**

The interim dividend for the year ended 30 June 2020 was paid out of the 2020 financial half year profits.

No interim or final dividend has been proposed for the year ended 30 June 2021.

Pursuant to the Group's financing arrangements, dividends made prior to 01 June 2022 may be made with Westpac's consent.

(B) FRANKING CREDITS

The Group's available franking credits are summarised below:

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Franking credits available at the reporting date	25,486	20,231
Franking credits that will arise from income tax (receivable)/payable as at year end	-	5,255
TOTAL AMOUNT OF FRANKING CREDITS AVAILABLE FOR THE SUBSEQUENT FINANCIAL YEARS	**25,486**	**25,486**

The ability to utilise the franking credits is dependent upon the Company meeting solvency based tests for payment of dividends set out in the Corporations Amendments (Corporate Reporting Reform) Act 2010. Pursuant to the Group's financing arrangements, dividends made prior to 01 June 2022 may be made with Westpac's consent. In accordance with tax consolidation legislation, the Company, as the head entity in the Australia tax consolidated group, has assumed the benefit of franking credits of all entities.

8. EARNINGS PER SHARE

(A) BASIC AND DILUTED EARNINGS PER SHARE (EPS)

	CONSOLIDATED	
	2021 cents	2020 cents
Basic EPS attributable to the ordinary equity holders of the Company	(23.3)	(56.5)
Diluted EPS attributable to the ordinary equity holders of the Company	(23.3)	(56.5)

(B) RECONCILIATION OF EARNINGS USED IN CALCULATING EPS

	CONSOLIDATED	
	2021 $'000	2020 $'000
Loss after income tax expense	(35,885)	(69,985)
Adjusted for loss attributable to the non-controlling interest	389	111
NET LOSS FOR THE YEAR USED IN CALCULATING EPS	**(35,496)**	**(69,874)**

(C) WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)

	CONSOLIDATED	
	2021 Number of shares	2020 Number of shares
WANOS USED IN CALCULATING BASIC EPS	**152,088,337**	**123,737,691**
Adjustment for shares issued under franchise loyalty plan	-	2,466
WANOS USED IN CALCULATING DILUTED EPS	**152,088,337**	**123,740,157**

The franchise loyalty shares prior to vesting date are included in diluted EPS, reflecting the forward non-market vesting conditions and the nil consideration paid on the issue of the shares. No further shares remain under the franchise loyalty plan at 30 June 2021.

The LTIP shares prior to vesting date are excluded from diluted EPS, until the forward market vesting conditions attached to these shares have been met. For the year ended 30 June 2021, Helloworld Travel has a weighted average number of potential ordinary shares relating to the LTIP of Nil (2020: 980,685) which have been excluded from diluted EPS. At 30 June 2021, there are nil (2020: 850,000) shares issued under the LTIP that have that have not yet vested and are subject to future performance criteria.

Refer note 37: share based payments for further details on the nature of shares issued under the franchise loyalty plan and the LTIP.

(D) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

As at 30 June 2021, the Company had 155,027,845 (2020: 124,720,842) ordinary shares on issue. Refer note 24: issued capital for further details on the movement of ordinary shares during the current year.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Cash at bank and on hand (i)	110,830	103,510
Restricted cash at bank (ii)	20,194	28,351
CASH AND CASH EQUIVALENTS	**131,024**	**131,861**

(i) Cash at bank and on hand

Includes client cash which is not International Air Transport Association (IATA) restricted.

(ii) Restricted cash at bank

Includes cash held of $20.2 million (2020: $28.4 million) within legal entities of the Group that have IATA requirements as part of providing ticketing travel arrangements.

10. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Trade receivables	16,342	27,986
Loss allowance	(2,487)	(4,517)
TRADE RECEIVABLES NET OF LOSS ALLOWANCE	**13,855**	**23,469**
Prepayments	5,502	9,062
Other receivables	7,751	7,460
OTHER RECEIVABLES	**13,253**	**16,522**
CURRENT TRADE AND OTHER RECEIVABLES	**27,108**	**39,991**
Loans to related parties	4,395	4,397
Contingent consideration receivable (i)	-	170
Other receivables	1,379	125
NON-CURRENT TRADE AND OTHER RECEIVABLES	**5,774**	**4,692**

Trade receivables are non-interest bearing and are generally on 7 to 30 day payment terms from the date of invoice.

Fair value and credit risk

Due to the short-term nature of current trade and other receivables, their carrying value generally approximates their fair value. The maximum exposure to credit risk is the carrying value of the receivables. Collateral is not held as security, nor is it the Group's policy to transfer receivables to special purpose entities.

(i) The contingent consideration receivable relating to the sale of Insider Journeys is a financial asset recorded at fair value through profit or loss in accordance with applicable accounting standards. As at 30 June 2021, the contingent consideration receivable has been remeasured to its fair value of $nil (30 June 2020: $170,000) and the resulting fair value change of $170,000 has been recognised within operating expenses in the consolidated statement of profit and loss.

Helloworld Travel has also considered the prevailing level of uncertainty in the travel industry and the impact of COVID-19 on Helloworld's ability to recover outstanding receivables from customers. These factors have been included in the expected credit loss provision, refer note 29: financial risk management for more information.

Credit, foreign exchange and interest rate risk

Details regarding credit, foreign exchange and interest rate risk exposure are disclosed in note 29: financial risk management.

11. ACCRUED REVENUE

	CONSOLIDATED 2021 $'000	2020 $'000
Accrued override commission	7,334	34,773
Other accrued revenue	14,199	3,409
Loss allowance	(3,200)	(3,700)
ACCRUED REVENUE	**18,333**	**34,482**

Accrued revenue relates to amounts owed to the Group at balance sheet date that have not yet been invoiced to the customer or received as cash from the customer. The Group's accrued revenue consists of:

- Accrued override commission, which relates to the estimate of override commission earned during the respective customer contract period, but not yet invoiced at balance date; and
- Other accrued revenue, which relates to other revenue earned, but not yet invoiced.

Accrued override commission is considered a contract asset in accordance with applicable accounting standards. The Group generates override commission from its contracts with airlines and leisure partners and the revenue accrual process is inherently judgemental, refer note 1(d): use of critical accounting estimates and judgements for further details.

Accrued override commission is transferred to trade receivables, when the contract period with the airline or leisure partner is completed and the final amount of the override commission has been calculated and invoiced in accordance with the contract.

Once invoiced, override commissions are settled in line with the credit terms from the invoice date under normal commercial terms and conditions

The contract periods with airline and leisure partners for override commission varies from one month to twelve months. As a result, the accrued revenue recorded on the consolidated statement of financial position as at 30 June is invoiced and settled in the following financial year. The estimated accrued override commission is subsequently adjusted for any differences between Helloworld Travel's initial estimate and finalisation with the respective contractual partner. These prior year true ups mainly result from a change in the achievement of performance tiers which were estimated while the contracts were in progress. Commission revenue adjustments in the current year of $0.6 million (2020: $1.3 million) relate to prior year revenue true ups from the finalisation of commission revenue that was estimated at the end of the financial year.

As at 30 June 2021, the balance of accrued override commission has decreased by $27.4 million to $7.3 million reflecting the impact of COVID-19.

Helloworld Travel has also considered the prevailing level of uncertainty in the travel industry and the impact of COVID-19 on Helloworld's ability to recover outstanding override commissions from all airlines. These factors have been included in the expected credit loss provision, refer note 29: financial risk management for more information.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	2021 $'000	2020 $'000
Investment in associates	16,699	17,436
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**16,699**	**17,436**

(A) INTERESTS IN ASSOCIATES

Information relating to associates is set out below:

		OWNERSHIP INTEREST	
NAME	**COUNTRY OF INCORPORATION**	2021 %	2020 %
Mobile Travel Holdings Pty Limited and its subsidiaries (i)	Australia	50.0	50.0
Hunter Travel Group Pty Limited	Australia	12.0	12.0
HTG Australia Pty Limited	Australia	25.0	25.0
Cooney Investments Pty Limited	Australia	20.0	20.0
Inspire Travel Management Pty Limited	Australia	-	40.0

(i) The majority of the balance as at 30 June 2021 relates to Helloworld Travel's investment in Mobile Travel Holdings Pty Limited and its subsidiaries, refer section (c).

(ii) Inspire Travel Management ceased to be an equity accounted investment in FY21, refer note 35 for more information.

(B) MOVEMENT IN CARRYING AMOUNTS

	CONSOLIDATED	
	2021 $'000	2020 $'000
OPENING BALANCE	**17,436**	**17,109**
Share of (loss)/ profit after income tax expense (i)	(790)	1,246
Dividends received	-	(68)
Impairment (i)	-	(850)
Other movements	53	(1)
CLOSING BALANCE	**16,699**	**17,436**

(i) Share of profit after income tax expense

During the current year, investments accounted for using the equity method were impacted by COVID-19. This resulted in a loss being recognised against the investment in the current year.

Helloworld Travel recognised an impairment charge in FY20 due to a decrease in future forecasted cash flows.

(C) INVESTMENT IN MOBILE TRAVEL HOLDINGS PTY LIMITED AND ITS SUBSIDIARIES (MTA)

MTA's mobile travel consultants provide home based travel consulting services throughout Australia.

Helloworld Travel has a call option to acquire the remaining 50.0% ownership interest in MTA on 1 December 2021. The associate party has a put option to sell its remaining 50.0% ownership interest to Helloworld Travel 30 days after the expiry of the call option period. Refer note 30 (c) (i) for more information.

(i) Reconciliation of the Group's investment in MTA

Reconciliation of movement of investment in MTA:

	CONSOLIDATED	
	2021 $'000	2020 $'000
OPENING CARRYING AMOUNT	**16,148**	**14,878**
Share of (loss)/ profit after income tax expense	(783)	1,270
Dividends received	-	-
CLOSING CARRYING AMOUNT	**15,365**	**16,148**

The closing carrying amount of investment in MTA is reconciled as follows:

	CONSOLIDATED	
	2021 $'000	2020 $'000
50% share in net assets of MTA	1,469	2,252
Intangible assets acquired on acquisition (Goodwill)	13,896	13,896
CLOSING CARRYING AMOUNT	**15,365**	**16,148**

(ii) Summarised MTA financial information

The tables below provide summarised financial information for the equity accounted investment in MTA, which is considered a significant equity accounted investment for the Group. The information disclosed reflects the amounts presented in the financial statements of MTA and not Helloworld Travel's share of the amounts.

Summarised statement of financial position

	MTA	
	2021 $'000	2020 $'000
Total current assets	12,609	18,132
Total non-current assets	665	726
TOTAL ASSETS	**13,274**	**18,858**
Total current liabilities	10,153	14,172
Total non-current liabilities	182	182
TOTAL LIABILITIES	**10,335**	**14,354**
NET ASSETS	**2,939**	**4,504**

Summarised statement of profit or loss and other comprehensive income

	MTA	
	2021 $'000	2020 $'000
Revenue	1,584	9,607
Operating expenses	(3,529)	(5,418)
Depreciation and amortisation	(301)	(554)
PROFIT/(LOSS) BEFORE INCOME TAX	**(2,246)**	**3,635**
Income tax expense	680	(1,095)
PROFIT/(LOSS) AFTER INCOME TAX	**(1,566)**	**2,540**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(1,566)**	**2,540**

(D) CONTINGENT LIABILITIES

There are no contingent liabilities recognised by an associate or joint venture for which the Group has a legal obligation to settle.

13. PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	Land and buildings $'000	Equipment including motor vehicles $'000	Leasehold improvements $'000	Total $'000
BALANCE AT 1 JULY 2019	**675**	**11,578**	**5,355**	**17,608**
Additions	-	2,793	85	**2,878**
Additions through business combinations (note 35)	-	233	60	**293**
Disposals	-	(3)	-	**(3)**
Foreign currency differences	16	(45)	(21)	**(50)**
Depreciation charge (note 3)	(11)	(4,344)	(1,674)	**(6,029)**
BALANCE AT 30 JUNE 2020	**680**	**10,212**	**3,805**	**14,697**
AT 30 JUNE 2020				
Cost	749	26,878	9,176	**36,803**
Accumulated depreciation	(69)	(16,666)	(5,371)	**(22,106)**
NET BOOK AMOUNT	**680**	**10,212**	**3,805**	**14,697**
BALANCE AT 1 JULY 2020	**680**	**10,212**	**3,805**	**14,697**
Additions	-	2,260	576	**2,836**
Disposals	-	(296)	(546)	**(842)**
Foreign currency differences	(31)	-	(5)	**(36)**
Depreciation charge (note 3)	(11)	(3,300)	(609)	**(3,920)**
BALANCE AT 30 JUNE 2021	**638**	**8,876**	**3,221**	**12,735**
AT 30 JUNE 2021				
Cost	718	28,842	9,201	**38,761**
Accumulated depreciation	(80)	(19,966)	(5,980)	**(26,026)**
NET BOOK AMOUNT	**638**	**8,876**	**3,221**	**12,735**

14. RIGHT OF USE ASSETS

CONSOLIDATED	Property $'000	Motor Vehicles $'000	Total $'000
BALANCE AT 1 JULY 2019	**24,487**	**42**	**24,529**
Additions (ii)	3,670	58	**3,728**
Additions through business combinations (note 36)	2,968	-	**2,968**
Disposals (ii)	(1,888)	-	**(1,888)**
Modifications to lease terms (ii)	4,204	(1)	**4,203**
Foreign currency differences	(87)	(2)	**(89)**
Impairment (i) (note 3)	(90)	-	**(90)**
Depreciation charge (note 3)	(8,776)	(47)	**(8,823)**
BALANCE AT 30 JUNE 2020	**24,488**	**50**	**24,538**
AT 30 JUNE 2020			
Cost	47,169	69	**47,238**
Accumulated deprecation	(22,681)	(19)	**(22,700)**
NET BOOK AMOUNT	**24,488**	**50**	**24,538**
BALANCE AT 1 JULY 2020	**24,488**	**50**	**24,538**
Additions (ii)	9,698	18	**9,716**
Disposals (ii)	(3,629)	(39)	**(3,668)**
Modifications to lease terms (ii)	2,958	-	**2,958**
Foreign currency differences	(37)	-	**(37)**
Impairment (i) (note 3)	(426)	-	**(426)**
Depreciation charge (note 3)	(8,027)	(12)	**(8,039)**
BALANCE AT 30 JUNE 2021	**25,025**	**17**	**25,042**
AT 30 JUNE 2021			
Cost	56,160	48	**56,208**
Accumulated depreciation and impairment	(31,135)	(31)	**(31,166)**
NET BOOK AMOUNT	**25,025**	**17**	**25,042**

(i) Impairment of right of use assets

Right of use assets are assessed for impairment periodically. During the current year, right of use assets relating to certain Australian operations have been impaired and as a result, $0.4 million has been recognised as an impairment loss in the profit or loss in the current year.

(ii) Property - right of use assets

Property right of use assets relate to the benefits derived from various leased offices under non-cancellable agreements. During the current year, Helloworld Travel entered into an additional lease and renewed existing leases resulting in additions of $9.7 million. In addition, the Group exited leases resulting in disposals of $3.7 million. Due to COVID-19, a number of leases were renegotiated which resulted in modifications of $2.9 million.

15. INTANGIBLE ASSETS

CONSOLIDATED	Goodwill $'000	Retail distribution systems $'000	Agent network $'000	Commercial agreements $'000	Customer bases $'000	Brand names and trademarks $'000	Technology assets $'000	Total $'000
BALANCE AT 1 JULY 2019	**167,706**	**104,400**	**8,756**	**21,207**	**-**	**1,165**	**35,212**	**338,446**
Additions (i)	-	-	-	2,904	-	-	7,861	**10,765**
Additions through internally generated projects (i)	-	-	-	-	-	-	6,778	**6,778**
Adjustments to business combinations – FY19 (ii)	(1,373)	-	-	-	1,506	857	-	**990**
Additions through business combinations – FY20	21,145	-	-	-	7,200	500	234	**29,079**
Foreign currency differences	(524)	-	-	(145)	-	-	255	**(414)**
Impairment (note 3)	(65,500)	-	-	(1,507)	-	-	-	**(67,007)**
Amortisation charge (note 3)	-	-	(50)	(3,383)	(282)	(165)	(14,010)	**(17,890)**
BALANCE AT 30 JUNE 2020	**121,454**	**104,400**	**8,706**	**19,076**	**8,424**	**2,357**	**36,330**	**300,747**
AT 30 JUNE 2020								
Cost	510,673	104,400	8,810	26,951	8,706	10,500	98,106	**768,146**
Accumulated amortisation and impairment	(389,219)	-	(104)	(7,875)	(282)	(8,143)	(61,776)	**(467,399)**
NET BOOK AMOUNT	**121,454**	**104,400**	**8,706**	**19,076**	**8,424**	**2,357**	**36,330**	**300,747**
BALANCE AT 1 JULY 2020	**121,454**	**104,400**	**8,706**	**19,076**	**8,424**	**2,357**	**36,330**	**300,747**
Additions (i)	-	-	-	-	-	-	3,234	**3,234**
Additions through internally generated projects (i)	-	-	-	-	-	-	3,127	**3,127**
Additions through business combinations – FY21 (note 35)	1,531	-	-	-	-		-	**1,531**
Foreign currency differences	-	-	-	(18)	-	-	43	**25**
Amortisation charge (note 3)	-	-	(396)	(3,306)	(1,089)	(230)	(12,239)	**(17,260)**
BALANCE AT 30 JUNE 2021	**122,985**	**104,400**	**8,310**	**15,752**	**7,335**	**2,127**	**30,495**	**291,404**
AT 30 JUNE 2021								
Cost	512,204	104,400	8,810	26,933	8,706	10,500	104,510	**776,063**
Accumulated amortisation and impairment	(389,219)	-	(500)	(11,181)	(1,371)	(8,373)	(74,015)	**(484,659)**
NET BOOK AMOUNT	**122,985**	**104,400**	**8,310**	**15,752**	**7,335**	**2,127**	**30,495**	**291,404**

(i) During the current year, $3.2m of Technology assets were added and $3.1m of internal labour costs on IT related projects was capitalised. An amount of $5.7 million in the capital works balance in progress is included in Technology Assets.

(ii) On 30 November 2020, Helloworld Travel announced the acquisition for 100% of the CruiseCo business (CruiseCo), a specialist cruise package wholesaler. The acquisition will allow Helloworld Travel to expand its cruise offerings in Australia and New Zealand, complementing the existing cruise wholesale business. The assets and liabilities of CruiseCo acquired by Helloworld Travel are recorded at fair value for accounting purposes, resulting in goodwill of $1.5 million which was capitalised.

In accordance with applicable accounting standards, Helloworld Travel has 12 months from the date of acquisition to finalise the acquisition accounting. Refer note 35: business acquisitions for details on the acquisitions undertaken.

(A) NATURE OF INTANGIBLE ASSETS

(i) Goodwill and retail distribution systems

Goodwill and retail distribution systems were acquired as part of business combinations and are not amortised for accounting purposes. Further details on the nature of these intangible assets and the results of the annual impairment testing is outlined in section (b) of this note.

(ii) Agent networks

The agent networks represent agreements with travel agents for the provision of Wholesale and Inbound travel products such as packaged tours. The agent network intangible assets have been acquired as part of business combinations.

The agent networks of $8.8 million includes $8.3 million relating to the agent network acquired from the AOT merger in FY16. This asset is considered an indefinite life asset and not amortised for accounting purposes. Further details on the nature of this intangible asset and the results of the annual impairment testing is outlined in section (b) of this note.

(iii) Commercial agreements

Commercial agreements represent the value attributable to agreements entered into with travel agents, servicing leisure and corporate travel, that are part of the Helloworld Travel member network. In addition, this intangible asset category includes long term supplier agreements relating to revenue contracts that were acquired as part of a business combination.

As a result of COVID-19, commercial agreements have been assessed for impairment. Commercial agreements are amortised over their useful life (between 3 to 12 years).

(iv) Customer bases

Customer bases represents the value attributable to key customer relationships with within the corporate business. The customer bases intangible assets have been acquired as part of business combinations and are amortised over their useful life between 8 and 14 years.

(v) Brand names and trademarks

Brand names and trademarks are intangible assets acquired as part of a past business acquisition and include the wholesale business brands which are being amortised over their respective useful life of 20 years.

(vi) Technology assets

Technology assets consist of external software, website and other technology assets that were acquired through external suppliers or via business combinations, which provide future economic benefits to the Group. In addition, technology assets also include capitalised internal labour costs incurred by the Group in the development and enhancement of the Group's technology platforms.

Technology assets are amortised over a useful life of 2.5 years to 5 years, except for the booking system and related website technology acquired from the Flight Systems Group that is being amortised over 10 years.

(B) INDEFINITE LIFE INTANGIBLE ASSETS

(i) Goodwill by cash generating unit (CGU) group

	CONSOLIDATED 2021 $'000	2020 $'000
Australia retail distribution operations	34,610	34,610
Australia wholesale and inbound	45,049	43,518
Australia travel management	29,101	29,101
New Zealand	14,225	14,225
GOODWILL, NET OF IMPAIRMENT	**122,985**	**121,454**

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is allocated to the Group's CGUs, which are expected to benefit from the business combination.

Australia retail distribution operations CGU, Australia wholesale and inbound CGU and Australia travel management CGU make up the Australia reportable segment for management reporting purposes. CruiseCo, acquired on 30 November 2020, is reported as part of the Australia wholesale and inbound CGU. The New Zealand CGU equates to the New Zealand reportable segment for management reporting purposes. There is no goodwill allocated to the Rest of World CGU, which equates to the Rest of World reportable segment for management reporting purposes.

The recoverable amount of the Group's CGU's is determined based on the value in use calculations given the Group derives its value through use. The key assumptions used in the calculation are outlined in section (c).

(ii) Retail distribution systems

	CONSOLIDATED 2021 $'000	2020 $'000
Retail distribution systems	97,400	97,400
Magellan distribution systems	7,000	7,000
TOTAL RETAIL DISTRIBUTION SYSTEMS – INDEFINITE LIFE	**104,400**	**104,400**

Retail distribution system assets are acquired as part of business acquisitions undertaken and result in separate identification and valuation of indefinite life intangible assets.

The retail distribution systems are the integrated system of methods, procedures, techniques and other systems which facilitate the day-to-day running of the retail business. This includes access to products/inventory, brands, marketing, advertising, promotional techniques, training and operational manuals of the network. Due to the inter-dependencies between these components, the Group considers these assets to be complementary and are recognised as single identifiable assets. The Group has determined that these retail distribution systems have an indefinite useful life due to the ongoing effectiveness of the systems which support the Australia retail network and are allocated to the Australian retail distribution operations CGU.

The recoverable amount of the retail distribution systems has been assessed at 30 June 2021. The key assumptions used in the calculation are outlined in section (c).

The impairment testing undertaken for the year ended 30 June 2021 supports the carrying value of the retail distribution systems and no impairment was recognised.

(iii) Agent network

	CONSOLIDATED	
	2021 $'000	2020 $'000
AGENT NETWORK – INDEFINITE LIFE	**8,310**	**8,706**

The indefinite life agent network asset was separately identified and valued as part of the merger with AOT Group Limited.

The agent network represents the agreements with travel agents for the provision of wholesale and inbound domestic travel product such as packaged tours. The Group considers that the agent network has an indefinite useful life as there are no indications that these relationships will not continue to provide future benefits and is entirely allocated to the Australia wholesale and inbound CGU.

The recoverable amount of the agent network has been assessed at 30 June 2021. The key assumptions used in the calculation are outlined in section (c).

The impairment testing undertaken for the year ended 30 June 2021 supports the carrying value of the agent network and no impairment was recognised.

Key assumptions

The Group's rationale and explanation of the assumptions used in the value in use calculations are described below.

AREA	COMMENTARY
DOMESTIC TRAVEL RESTRICTIONS	The impact of COVID-19 has continued to evolve. Various states are using spot lockdowns to manage the spread of the virus. These actions adversely impact domestic travel and tourism. Despite border restrictions, domestic bookings are strong when borders are relatively stable.
INTERNATIONAL TRAVEL RESTRICTIONS	The Group's forecasts assume that current restrictions on Australian residents travelling overseas have been extended to the end of 2021. Additional travel bubbles to be added as vaccination rates increase and will grow as a proportion of TTV when compared to historical levels. International travel is forecast to gradually increase from early-mid 2022 which is predicated upon further easing of international border restrictions. In the absence of a high vaccination rate, international border openings likely dependent on containment of COVID-19 in such countries and the establishment of additional screening in airports and ports which are currently being explored by international agencies such as IATA and the World Health Organisation.
TOTAL TRANSACTION VALUE (TTV)	
Australia retail distribution operations CGU	The majority of TTV has historically been derived from outbound international travel. FY22 TTV is forecast to be 70.0% lower than FY19 levels, before gradually recovering to FY19 levels by FY26, consistent with IATA's estimates.
Australia wholesale and inbound CGU	The majority of TTV has historically been derived from international travel. FY22 TTV forecast to be 88.4% lower than FY19 levels. FY26 TTV is expected to approximate FY19 levels.
Australia travel management CGU	FY22 TTV forecast to be 69.6% lower than FY19 levels. Relative to FY19 levels, TTV is forecast to recover to FY19 levels by FY25. This CGU has a higher relative proportion of domestic travel by corporate customers when compared to the Australia retail distribution operations CGU and Australia wholesale and inbound CGU.
New Zealand	The New Zealand CGU comprises inbound and outbound leisure and corporate travel. FY22 TTV forecast to be 85.1% lower than FY19 levels. FY26 TTV is expected to approximate FY19 levels.
REVENUE MARGINS	Revenue margins are forecast to remain at historical levels for each revenue stream, allowing for changes in TTV mix within the respective CGU.
OPERATING EXPENSES	
Employee benefits expenses	Employee benefits expensesEmployee benefits are forecast based on the significantly reduced cost structure implemented as a result of COVID-19. Expenditure is forecast to increase in dollar terms from FY22 to FY26 in line with the forecast TTV trends outlined above and assumes the extension of reduced a workforce until travel returns and attrition. As a percentage of revenue, employee benefits expenses are forecast to revert to pre-COVID-19 levels between FY23 and FY26.
Other expenses	Variable costs have been forecast as a percentage of TTV or revenue. Fixed costs are forecast to remain at historical levels, adjusted only for discretionary expenditure and committed cost reductions.
TAX	Tax is forecast based on the prevailing corporate tax rates that apply to the CGU.
CAPITAL EXPENDITURE	Forecast capital expenditure is based on historical levels, adjusted to exclude relocation costs and expansion or growth related items which have been incurred in prior years.
WORKING CAPITAL	Working capital movements are forecast net of movements in client cash. Working capital is forecast based on forecast revenues. Employee leave entitlements are forecast to reduce (resulting in cash outflows) through attrition between FY22 – FY26 as the Group's workforce reduces to levels commensurate with TTV.
LONG-TERM GROWTH	The terminal value calculations have an equivalent revenue and operating expense growth assump-tion of 2.0% (2020: 2.0%), with the exception of Australia Wholesale and Inbound CGU 0.5%; (2020: 0.5%). Revenue and operating expense growth projections have been benchmarked against long-term infla-tion estimates.
DISCOUNT RATES	Discount rates applied in the testing of recoverable amounts reflect the post-tax weighted average cost of capital. An 11.5% discount rate has been applied to the respective CGU's with goodwill allo-cated (2020: 11.5%).

Sensitivity analysis

It is not certain how long the current domestic and international travel restrictions will continue, and the recovery profile as travel restrictions are eased, while we acknowledge there are plans and targets in place that will enable the return to restrictions free travel. The following outlines the impacts of changes in material assumptions.

The recoverable amount is based on operating and cashflow performance stabilising, however the timing of cashflow benefits arising from initiatives could be influenced by market conditions. The recoverable amount is sensitive to changes in all of the key assumptions. The impact of these changes in key assumptions is shown in the table below and has been calculated in isolation from other changes. In the event that multiple changes took place simultaneously, this may result in an impairment.

	RESULTANT IMPAIRMENT CHANGE			
	TTV reduction to key assumption (notes i and ii) 5.0%	EBITDA reduction to key assumption 2%	Long-term growth decrease 0.5%	Discount rate increase 0.5%
GOODWILL				
Australia retail distribution operations	No impairment	No impairment	No impairment	No impairment
Australia wholesale and inbound	No impairment	No impairment	No impairment	No impairment
Australia travel management	No impairment	No impairment	No impairment	No impairment
New Zealand	No impairment	No impairment	No impairment	No impairment
MTA	No impairment	No impairment	No impairment	No impairment

(i): TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to auditor review. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. TTV does not represent the Group cash inflows as some transactions are settled directly between the customer and the supplier.

(ii): a reduction in forecast TTV has a corresponding impact on forecast revenues and variable operating expenditures, working capital and tax.

In the year ended 30 June 2020, the Wholesale and Inbound CGU was impaired in line with the analysis completed at that time, in the event that similar changes were to impact this CGU, it may result in additional impairment.

Significant judgements or estimates

The allocation of goodwill to the cash-generating units as well as the computation of the recoverable amount is subject to the judgement of management. This encompasses the estimation of future cash flows, the determination of the discount rate, and the growth rates on the basis of historical data and current forecasts.

16. DEFERRED TAX ASSETS

(A) DEFERRED TAX ASSETS

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Employee benefits	3,960	6,644
Payables and accruals	8,835	7,636
Property, plant and equipment	188	695
Lease liabilities	9,162	8,854
Tax losses	3,167	667
Other	3,454	2,606
GROSS DEFERRED TAX ASSETS	**28,766**	**27,102**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	**(28,766)**	**(27,102)**
NET DEFERRED TAX ASSETS	**-**	**-**
Amount expected to be recovered within 12 months	17,840	16,793
Amount expected to be recovered after more than 12 months	10,926	10,309
GROSS DEFERRED TAX ASSETS	**28,766**	**27,102**

(B) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

CONSOLIDATED	Employee benefits $'000	Payables and accruals $'000	Property plant and equipment $'000	Lease liabilities $'000	Tax losses $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2019	**5,138**	**11,452**	**1,715**	**8,549**	**2,054**	**1,486**	**30,394**
(Charged)/credited							
- to profit or loss	1,506	(5,189)	(1,020)	305	(1,387)	1,212	**(4,573)**
- to other comprehensive income	-	-	-	-	-	(92)	**(92)**
Additions through business combinations	-	1,373	-	-	-	-	**1,373**
BALANCE AT 30 JUNE 2020	**6,644**	**7,636**	**695**	**8,854**	**667**	**2,606**	**27,102**
BALANCE AT 1 JULY 2020	**6,644**	**7,636**	**695**	**8,854**	**667**	**2,606**	**27,102**
(Charged)/credited							
- to profit or loss	(2,684)	1,199	(507)	308	2,500	848	**1,664**
BALANCE AT 30 JUNE 2021	**3,960**	**8,835**	**188**	**9,162**	**3,167**	**3,454**	**28,766**

17. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Trade payables	89,652	86,990
Accruals	10,652	27,390
Other payables	8,247	9,021
TRADE AND OTHER PAYABLES	**108,551**	**123,401**

Trade payables are non-interest bearing and are normally settled within 7 to 30 day payment terms from the date of invoice. Non trade payables and accruals are non interest bearing. The Group's contractual arrangements generally allow the Group to defer payment of travel related payables until funds have been received from the customer or agent.

Details regarding foreign exchange risk exposure are disclosed in note 29: financial risk management.

18. LEASE LIABILITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Lease liabilities	8,028	9,145
CURRENT LEASE LIABILITIES	**8,028**	**9,145**
Lease liabilities	22,962	20,614
NON-CURRENT LEASE LIABILITIES	**22,962**	**20,614**

(A) MOVEMENTS IN LEASE LIABILITIES

Movements in each class of lease liability (current and non-current) during the financial year, are set out below:

CONSOLIDATED	Property $'000	Motor Vehicles $'000	Total $'000
BALANCE AT 1 JULY 2019	**28,453**	**42**	**28,495**
Additions (i)	3,450	25	**3,475**
Additions through business combinations	2,888	-	**2,888**
Disposals (i)	(1,167)	(3)	**(1,170)**
Disposals through business sales	(197)	-	**(197)**
Interest expense	1,028	2	**1,030**
Lease payments (ii)	(8,748)	(51)	**(8,799)**
Modifications to lease terms (i)	3,771	36	**3,807**
Other adjustments to lease liabilities	360	-	**360**
Foreign currency differences	(129)	(1)	**(130)**
BALANCE AT 30 JUNE 2020	**29,709**	**50**	**29,759**
Current	9,122	23	**9,145**
Non-current	20,587	27	**20,614**
BALANCE AT 30 JUNE 2020	**29,709**	**50**	**29,759**
BALANCE AT 1 JULY 2020	**29,709**	**50**	**29,759**
Additions (i)	9,865	17	**9,882**
Disposals (i)	(4,210)	(29)	**(4,239)**
Disposals through business sales	-	-	**-**
Interest expense	1,061	1	**1,062**
Lease payments (ii)	(8,035)	(23)	**(8,058)**
Modifications to lease terms (i)	2,590	1	**2,591**
Foreign currency differences	(7)	-	**(7)**
BALANCE AT 30 JUNE 2021	**30,973**	**17**	**30,990**
Current	8,016	12	**8,028**
Non-current	22,957	5	**22,962**
BALANCE AT 30 JUNE 2021	**30,973**	**17**	**30,990**

(i) Property – current and non-current lease liabilities

Lease liabilities payment obligations relate to various leased offices under non-cancellable agreements. During the current year, Helloworld Travel entered into an additional Normanby Road lease and renewed existing leases resulting in additions of $9.9 million. In addition, the Group exited leases at Mascot and Robina resulting in disposals of $4.2 million. Due to COVID-19, leases were renegotiated which resulted in modifications of $3.2 million.

(ii) Amounts recognised in the consolidated statement of cash flows

The total cash outflow for lease liabilities during the year ended 30 June 2021 was $8.0 million (2020: $8.8 million), comprising of interest expense on lease liabilities of $1.0 million (2020: $1.0 million), recognised as 'operating activities', and principal elements of lease liabilities of $7.0 million (2020: $7.8 million), recognised as 'financing activities'.

(B) FUTURE RENTAL PAYMENTS EXCLUDED FROM LEASE LIABILITIES:

In light of COVID-19 and the Group's continual focus on cost reduction and efficiency initiatives, the Group has determined, that uncertainty exists regarding the likelihood of the Group agreeing to extend all lease terms beyond the minimum period. As a result, the potential future rental payments relating to periods following the exercise date of extension options are not included in the lease liabilities. The extension options held are exercisable only by the Group and not by the lessors.

19. BORROWINGS

	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Secured bank loans	81,000	101,000
Deferred borrowings costs	(289)	(481)
NON-CURRENT BORROWINGS	**80,711**	**100,519**

(A) FINANCING ARRANGEMENTS:

The Group has secured financing arrangements with the Westpac Banking Corporation (Westpac) of $119 million (2020: $119.0 million) as outlined below:

	Expiry Date	CONSOLIDATED 2021 $'000	CONSOLIDATED 2020 $'000
Secured bank loan – multi currency	Facility A - March 2023	40,000	40,000
Secured multi-option revolving credit facility	Facility B - March 2023	30,000	30,000
Secured bank loan facility – AUD	Facility C – March 2023	20,000	20,000
Secured bank loan facility – TravelEdge acquisition (i)	Facility D – September 2022	29,000	29,000
TOTAL FACILITIES		**119,000**	**119,000**
Secured bank loan – multi currency		19,500	39,500
Secured multi-option revolving credit facility		17,500	17,500
Secured bank loan facility – AUD		15,000	15,000
Secured bank loan facility – TravelEdge acquisition (i)		29,000	29,000
FACILITIES DRAWN DOWN AT THE REPORTING DATE		**81,000**	**101,000**
Secured multi-option revolving credit facility		4,037	8,623
Secured bank loan facility – AUD		2,412	2,888
BANK GUARANTEES AND LETTERS OF CREDIT AT THE REPORTING DATE		**6,449**	**11,511**
Secured bank loan – multi currency		20,500	500
Secured multi-option revolving credit facility		4,281	3,877
Secured bank loan facility – AUD		6,770	2,112
UNUSED AT THE REPORTING DATE		**31,551**	**6,489**

(B) SECURED MULTI-OPTION REVOLVING CREDIT FACILITY:

During the current year, Helloworld Travel renegotiated the terms and conditions of its Westpac Banking Corporation (Westpac) facility agreements for facilities A, B and C totalling $90.0 million. The key changes are outlined below:

- The terms of facilities (A,B & C) were extended from their original expiration date to March 2023. As a result, all facilities are classified as non-current at 30 June 2021.
- During the current financial year, there have been no breaches of the Westpac debt covenants. Helloworld negotiated for a further waiver of EBITDA related covenants to the quarter ending 30 June 2022. This continuation of covenant waivers emphasises the strong relationship Helloworld has with its bankers to provide Helloworld Travel with additional flexibility to manage its liquidity during the COVID-19 pandemic.
- Helloworld prepaid $20 million of Facility A in October 2020, which can be drawn down with bank consent.

The Group's loans incorporate certain market standard covenants such as interest cover ratio and net leverage ratio. Westpac has agreed to covenant waivers and suspensions of certain financial covenants.

The Group has complied with the financial covenants of its borrowing facilities during the relevant 2021 and 2020 periods.

(C) BANK GUARANTEES AND LETTERS OF CREDIT:

Facilities used at 30 June 2021 of $87.4 million (June 2020: $112.5 million) includes bank guarantees and letters of credit on issue totalling $6.4 million (June 2020: $11.5 million).

(D) SECURED LIABILITIES AND ASSETS PLEDGED AS SECURITY

The total secured liabilities (current and non-current) are as follows:

	CONSOLIDATED	
	2021 $'000	2020 $'000
SECURED BANK LOAN	**81,000**	**101,000**

The financing arrangements are secured over the assets of the entities in the Deed of Cross Guarantee (note 29) and certain New Zealand entities within the Group, which form the "obligor group" as defined under the Westpac facility agreement. The obligor group includes the group parent entity of Helloworld Travel Limited and its investment holdings in subsidiaries.

(E) SET-OFF OF ASSETS AND LIABILITIES:

There are currently no contractual arrangements establishing a legal right to set-off assets and liabilities with any financial institutions.

(F) FAIR VALUES AND RISK EXPOSURES:

Information about the carrying amounts and fair values of interest bearing liabilities, including exposure to interest rate and foreign currency changes, is provided in note 29: financial risk management.

20. PROVISIONS

	CONSOLIDATED	
	2021 $'000	2020 $'000
Employee benefits - annual leave	4,938	5,640
Employee benefits - long service leave	6,793	9,054
Lease make good	-	63
Other (b)	10,425	6,157
CURRENT PROVISIONS	**22,156**	**20,914**
Employee benefits - long service leave	215	1,510
Lease make good	1,357	1,490
Other	-	2,639
NON-CURRENT PROVISIONS	**1,572**	**5,639**

(A) MOVEMENT IN PROVISIONS

Movements in each class of provision (current and non-current) during the financial year, other than employee benefits, are set out below:

CONSOLIDATED	Lease make good $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2019	**2,186**	**166**	**2,352**
Additions through business combinations	80	-	**80**
Provisions charged to fixed assets	242	-	**242**
Provision charged/(released) to income statement	(548)	9,506	**8,961**
Payments made from provision	(407)	(876)	**(1,286)**
BALANCE AT 30 JUNE 2020	**1,553**	**8,796**	**10,349**
Current	63	6,157	**6,220**
Non-current	1,490	2,639	**4,129**
BALANCE AT 30 JUNE 2020	**1,553**	**8,796**	**10,349**
BALANCE AT 1 JULY 2020	**1,553**	**8,796**	**10,349**
Provisions charged to fixed assets	63	-	**63**
Provision charged/(released) to income statement	(196)	4,720	**4,524**
Payments made from provision	(63)	(3,091)	**(3,154)**
BALANCE AT 30 JUNE 2021	**1,357**	**10,425**	**11,782**
Current	-	10,425	**10,425**
Non-current	1,357	-	**1,357**
BALANCE AT 30 JUNE 2021	**1,357**	**10,425**	**11,782**

(B) NATURE AND TIMING OF PROVISIONS

(i) Lease make good

A provision is recognised in respect of existing lease contracts for the estimated present value of expenditure required to complete dismantling and site restoration obligations to the extent required in the associated contracts. Future dismantling and restoration costs are reviewed annually. Any changes are reflected in the present value of the lease make good provision at the end of the reporting period. The effect of unwinding the discounting of the provision is recognised as a finance expense.

During the current year, Helloworld Travel consolidated their operations resulting in the relocation of staff from the Mascot and Robina offices. The recognised make good provisions were adjusted in the current financial year.

A restructure of our New Zealand operations took place which resulted in closure of the Christchurch office and payments made for make good of the premises during the financial year.

(ii) Other

Provisions of $5.9m as at 30 June 2020 has been reclassified from Restructuring provisions to Other due to the nature of expense. Balance provided for at 30 June 2021 are expected to be settled in the following financial year.

(C) AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN THE NEXT 12 MONTHS

The Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

21. DEFERRED REVENUE

	CONSOLIDATED	
	2021 $'000	2020 $'000
Supplier incentives (i)	8,733	8,374
Unearned income (ii)	11,119	15,994
DEFERRED REVENUE	**19,852**	**24,368**

(i) Supplier incentives

Helloworld Travel receives incentives from suppliers upfront when entering into long term contracts. Incentives deferred at 30 June 2021 relate to contracts with terms of between 7 to 10 years. Incentives are recognised in the consolidated statement of profit or loss and other comprehensive income over the life of the contract based on specific performance criteria. During the current year, Helloworld Travel received additional incentives in the form of cash payments from suppliers.

(ii) Unearned Income

The Group also receives monies from customers prior to travel booking finalisation, which is recorded in the statement of financial position as unearned income as at 30 June.

Unearned income is considered a contract liability in accordance with applicable accounting standards. Unearned income commissions are recognised as revenue in the consolidated statement of profit or loss and other comprehensive income when the travel has occurred. The unearned income in both year is expected to become revenue within the following 12 month period.

During the current year, unearned income decreased by $4.9 million to $11.1 million as a result of COVID-19 which resulted in a decline in new bookings and cancellation of travel bookings made prior to COVID-19. Only the commission element earned on these bookings will impact revenue in the consolidated statement of profit or loss and other comprehensive income.

22. DEFERRED TAX LIABILITIES

(A) DEFERRED TAX LIABILITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
Accrued revenue	16,982	19,931
Property, plant and equipment	99	160
Right of use assets	7,424	7,311
Intangibles	35,650	37,156
Other	1,690	3,056
GROSS DEFERRED TAX LIABILITIES	**61,845**	**67,614**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(28,766)	(27,102)
NET DEFERRED TAX LIABILITIES	**33,079**	**40,512**
Deferred tax liabilities expected to be settled within 12 months	6,242	9,199
Deferred tax liabilities expected to be settled after more than 12 months	55,603	58,415
GROSS DEFERRED TAX LIABILITIES	**61,845**	**67,614**

(B) MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR

CONSOLIDATED	Accrued revenue $'000	Property plant and equipment $'000	Right of use assets $'000	Intangibles $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2019	**26,149**	**2,116**	**7,359**	**34,937**	**3,681**	**74,242**
(Charged)/credited						
- to profit or loss	(6,218)	(1,956)	(48)	(91)	(1,204)	(9,517)
- to other comprehensive income	-	-	-	-	(109)	(109)
Additions through business combinations	-	-	-	2,310	688	2,998
BALANCE AT 30 JUNE 2020	**19,931**	**160**	**7,311**	**37,156**	**3,056**	**67,614**
BALANCE AT 1 JULY 2020	**19,931**	**160**	**7,311**	**37,156**	**3,056**	**67,614**
(Charged)/credited						
- to profit or loss	(2,949)	(61)	113	(1,506)	(1,366)	**(5,769)**
Additions through business combinations	-	-	-	-	-	-
BALANCE AT 30 JUNE 2021	**16,982**	**99**	**7,424**	**35,650**	**1,690**	**61,845**

23. OTHER LIABILITIES

	CONSOLIDATED 2021 $'000	2020 $'000
Redemption liability (i)	-	1,200
Deferred payments (ii)	1,030	-
Other non-current liabilities	210	245
OTHER NON-CURRENT LIABILITIES	**1,240**	**1,445**

(i) The redemption liability relates to the estimated consideration payable by Helloworld Travel for the remaining 40.0% non-controlling interest in Keygate Holdings Pty Ltd in FY22. The redemption liability is a financial liability measured at fair value through profit or loss at the end of each reporting period. During the current year, the redemption liability was written back to nil (2020: $1.2 million) and the gain of $1.2 million was recognised in the current year. The remeasurement gain has been excluded from Underlying EBITDA in note 5 operating segments. For further details on the assumptions used in the remeasurement, refer note 29: financial risk management.

(ii) The deferred payment relates to deferred contingent consideration payable by Helloworld Travel for the CruiseCo business acquired on 30 November 2020. A retrospective adjustment has been made since initial recognition of total consideration and a corresponding adjustment has been made to goodwill. Deferred Contingent Consideration was determined in accordance with the terms of sale purchase contract as a percentage of the applicable revenue over the reporting period. Refer note 35: Business acquisitions.

24. ISSUED CAPITAL

(A) SHARES ON ISSUE

	CONSOLIDATED			
	2021 shares	2020 shares	2021 $'000	2020 $'000
Issued capital – fully paid	154,122,845	123,870,842	468,199	419,492
Issued capital – issued, but not vested (i)	905,000	850,000	-	(26)
ISSUED CAPITAL	**155,027,845**	**124,720,842**	**468,199**	**419,466**

Holders of ordinary shares in Helloworld Travel are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Helloworld Travel shareholders' meetings. In the event of the winding up of Helloworld Travel, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation. Ordinary shares have no par value and Helloworld Travel does not have a limited amount of authorised capital.

(i) Issued capital – issued, but not vested

Issued, but not vested capital relates to shares that have been issued under the Omnibus Incentive Plan which have not yet met their future vesting conditions.

(B) MOVEMENTS IN SHARES ON ISSUE

CONSOLIDATED	Date	Number of Shares	$'000
BALANCE	**1 July 2020**	**124,720,842**	**419,466**
Issue of new shares (i)	27 July 2020 to 10 August 2020	30,307,003	50,006
Costs associated with capital raising (net of tax)		-	(1,273)
BALANCE	**30 June 2021**	**155,027,845**	**468,199**

(i) Issue of new shares

Helloworld Travel completed a $50.0 million fully underwritten equity raise to strengthen the balance sheet and provide additional liquidity to manage the prolonged period of disruption to the global travel industry.

The $50.0 million equity raise comprised of an institutional placement and an entitlement offer ($48.7 million net of costs). It resulted in the issue of 30.3 million new fully paid ordinary shares in Helloworld Travel, representing approximately 24.3% of existing shares on issue. The shares ranked equally with existing shares on issue. The issue price of $1.65 per share represented a 16% discount to the last traded price prior to announcement of the equity raise of $1.97 on 15 July 2020.

25. RESERVES

	CONSOLIDATED 2021 $'000	2020 $'000
Foreign currency translation reserve	1,608	2,159
Share based payments reserve	4,038	2,524
Redemption reserve	(7,200)	(7,200)
RESERVES	**(1,554)**	**(2,517)**

(A) MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	Foreign currency translation reserve $'000	Hedging reserve $'000	Share based payments reserve $'000	Redemption reserve $'000	Total $'000
BALANCE AT 1 JULY 2019	**4,477**	**1,094**	**2,322**	**(7,200)**	**693**
Revaluation – gross	-	(359)	-	-	**(359)**
Revaluation - deferred tax	-	109	-	-	**109**
Foreign currency translation	(896)	-	-	-	**(896)**
Share based payment expense	-	-	202	-	**202**
Released to profit or loss on disposal	(1,422)	-	-	-	**(1,422)**
Transfer of predecessor accounting reserve to accumulated losses		(844)			**(844)**
BALANCE AT 30 JUNE 2020	**2,159**	**-**	**2,524**	**(7,200)**	**(2,517)**
BALANCE AT 1 JULY 2020	**2,159**	**-**	**2,524**	**(7,200)**	**(2,517)**
Foreign currency translation	(551)	-	-	-	**(551)**
Share based payment expense	-	-	2,224	-	**2,224**
Reversal of LTIP	-	-	(710)	-	**(710)**
BALANCE AT 30 JUNE 2021	**1,608**	**-**	**4,038**	**(7,200)**	**(1,554)**

(B) NATURE OF RESERVES

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve, as described in note 39: significant accounting policies.

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred, as described in note 39: significant accounting policies. Amounts are reclassified to the consolidated statement of profit or loss and other comprehensive income when the associated underlying hedge transaction also affects profit and loss. As a consequence of COVID-19, the Group has temporarily ceased hedging given the difficulties in reliably estimating the quantum and timing of foreign currency denominated receipts and payments.

(iii) Share based payments reserve

The share-based payments reserve is used to recognise the fair value of shares issued to eligible employees with performance related conditions. In addition, the reserve records the fair value of franchise loyalty shares issued to eligible franchise network members with related conditions. Once the vesting conditions of the respective share schemes are met and the shares are exercised, the accumulated amount of the share-based payment reserve relating to the vested shares is transferred to share capital.

(iv) Redemption reserve

The redemption reserve relates to Helloworld Travel's option to purchase the remaining 40.0% non-controlling interest in Keygate Holdings Pty Limited and was determined in the sale and purchase agreement for the 60.0% controlling interest in the business. Upon exercise or forfeiture, the balance of the redemption reserve will be recycled through accumulated losses. The Group has recognised a financial liability for the estimated amount payable which is subject to remeasurement. Non-cash gains or losses on remeasurement are reflected in the profit or loss at the end of each reporting period and are excluded from underlying EBITDA, refer note 5: operating segments.

26. ACCUMULATED LOSSES

	CONSOLIDATED	
	2021 $'000	2020 $'000
ACCUMULATED LOSSES AT THE BEGINNING OF THE FINANCIAL YEAR	**(201,640)**	**(106,255)**
Loss after income tax attributable to the owners of Helloworld Travel Limited	(35,496)	(69,874)
Dividends	-	(26,815)
Dividends associated with LTIP	-	460
Transfer of predecessor accounting reserve to accumulated losses	-	844
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(237,136)**	**(201,640)**

27. AUDITOR'S REMUNERATION

Ernst & Young (EY) was appointed as the company's auditors from 16 February 2021 following the resignation of Price Waterhouse Coopers (PwC). During the financial year, the following fees were paid or were payable for services provided by EY and PwC, its related practices and unrelated audit firms:

	CONSOLIDATED	
	2021 $	2020 $
AUDIT SERVICES – EY AUSTRALIA		
Audit or review of the financial statements	815,000	-
Other assurance services	-	-
OTHER SERVICES - EY AUSTRALIA		
Consultancy services	-	35,000
TOTAL OTHER SERVICES – EY AUSTRALIA	**-**	**35,000**
TOTAL SERVICES – EY AUSTRALIA	**815,000**	**35,000**
NETWORK FIRMS OF EY AUSTRALIA		
Audit services	122,400	-
Taxation consultancy services	6,647	-
TOTAL SERVICES - NETWORK FIRMS OF EY AUSTRALIA	**129,047**	**-**
AUDIT SERVICES – PWC AUSTRALIA		
Audit or review of the financial statements	-	918,277
Other assurance services	-	20,400
OTHER SERVICES - PWC AUSTRALIA		
Taxation compliance services	-	78,780
Due diligence services	-	906,000
Consultancy services	37,777	152,796
TOTAL OTHER SERVICES – PWC AUSTRALIA	**37,777**	**1,137,576**
TOTAL SERVICES – PWC AUSTRALIA	**37,777**	**2,076,253**
AUDIT SERVICES – PWC AUSTRALIA		
Audit services	87,605	177,725
Taxation compliance services	37,702	36,736
Taxation consultancy services	-	5,212
Compliance services	-	4,814
TOTAL SERVICES - NETWORK FIRMS OF PWC AUSTRALIA	**125,307**	**224,487**
NON-EY/PWC AUDIT FIRMS		
Audit services - unrelated firms	4,917	49,789
Taxation compliance	2,664	21,795
Taxation consultancy	-	38,801
Other services	56,925	11,533
TOTAL SERVICES - NON-EY/PWC AUDIT FIRMS	**64,506**	**121,918**

28. CASH FLOW RECONCILIATION

(A) RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	CONSOLIDATED	
	2021 $'000	2020 $'000
LOSS AFTER INCOME TAX FOR THE YEAR	**(35,885)**	**(69,985)**
Adjustments for:		
Depreciation and amortisation expense	29,219	32,742
Impairment expense	426	67,947
Share based payment expense	1,515	873
Profit on disposal of property, plant and equipment	(39)	(101)
Profit on disposal of investments	(963)	(1,075)
Loss allowance on trade receivables	(3,529)	8,368
Share of profit of associates accounted for using the equity method	790	(1,246)
Fair value adjustment on redemption liability	(1,200)	(3,600)
Fair value adjustment on contingent receivable	170	883
Amortisation of borrowing costs	192	275
Non-cash revaluation of lease liability	(389)	191
Gain on bargain purchase	228	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	13,660	57,109
Decrease in accrued revenue	16,649	31,619
Decrease in derivative financial instruments	-	360
(Increase)/decrease in inventories	20	(69)
(Decrease)/increase in trade and other payables	14,584	(142,869)
Decrease in deferred revenue	(33,951)	(28,975)
Increase in provisions	(2,826)	7,306
(Decrease)/increase in other liabilities	995	(361)
Movements in tax balances	(13,205)	(831)
NET CASH USED IN OPERATING ACTIVITIES	**(13,539)**	**(41,439)**

(B) RECONCILIATION OF ASSETS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

The movements in assets and liabilities impacting financing activities are outlined below:

CONSOLIDATED - 2021	Balance at 1 July 2020 $'000	Cash flows Proceeds of borrowings $'000	Cash flows Payments relating to leases (i) $'000	Non-cash Movement in related party loans $'000	Non-cash Other movements (ii) $'000	Non-cash Foreign exchange movement $'000	Balance at 30 June 2021 $'000
Current and non-current lease liabilities	**29,759**	-	(6,996)	-	8,234	(7)	**30,990**
Non-current borrowings - secured bank loan	**101,000**	(20,000)	-	-	-	-	**81,000**
Non-current receivables - loans to related parties	**(4,397)**	-	-	-	3	-	**(4,394)**
NET DEBT FROM FINANCING ACTIVITIES	**126,362**	**(20,000)**	**(6,996)**	**-**	**8,237**	**(7)**	**107,596**

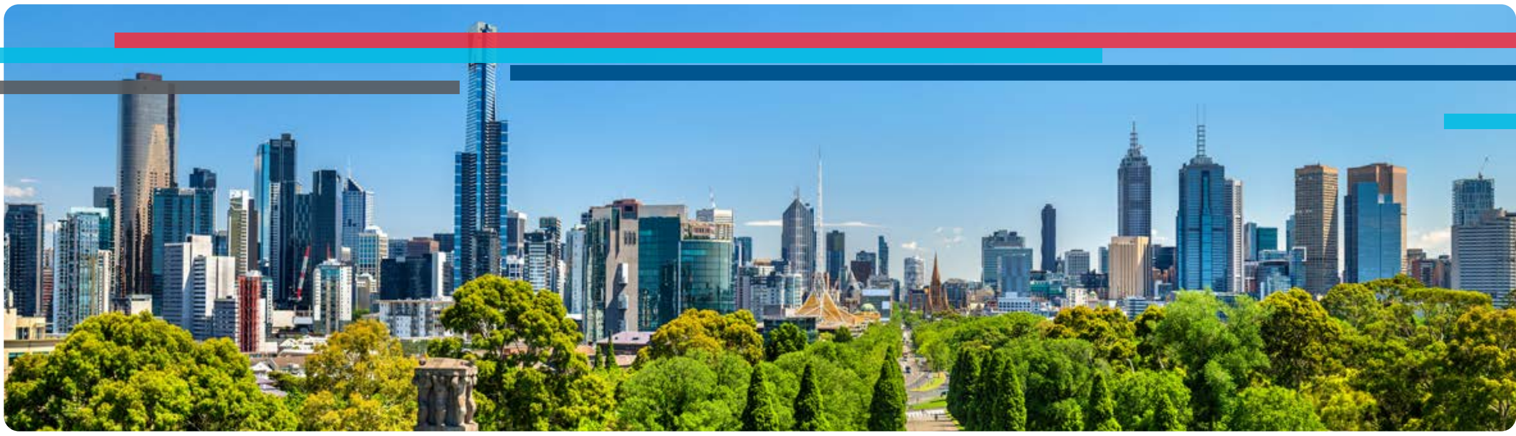
CONSOLIDATED - 2020	Balance at 1 July 2019 $'000	Cash flows Proceeds of borrowings $'000	Cash flows Payments relating to leases (i) $'000	Non-cash Movement in related party loans $'000	Non-cash Other movements (ii) $'000	Non-cash Foreign exchange movement $'000	Balance at 30 June 2020 $'000
Current and non-current lease liabilities	**28,495**	-	(7,769)	-	9,163	(130)	**29,759**
Non-current borrowings - secured bank loan	**57,000**	44,000	-	-	-	-	**101,000**
Non-current receivables - loans to related parties	**(4,501)**	-	-	104	-	-	**(4,397)**
NET DEBT FROM FINANCING ACTIVITIES	**80,994**	**44,000**	**(7,769)**	**104**	**9,163**	**(130)**	**126,362**

(i) Payments relating to leases

Payments relating to leases include principal cash payments relating to lease liabilities.

(ii) Other movements

Lease liabilities other movements include interest paid on lease liabilities as the Group classifies this as cash flows from operating activities. Refer note 18: lease liabilities for further information on lease liabilities non-cash movements.



29. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments are outlined below. Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 39: significant accounting policies.

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and actively manages financial risks in close co-operation with the Group's operating businesses. The Board of Directors set policies covering specific areas, such as liquidity risk, foreign exchange risk, interest rate risk, credit risk and the use of derivative financial instruments and non-derivative financial instruments.

The Group holds the following financial instruments:

	CONSOLIDATED	
	2021 $'000	2020 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	131,024	131,861
Trade and other receivables (excluding contingent consideration receivable)	27,380	35,451
FINANCIAL ASSETS AT AMORTISED COST	**158,404**	**167,312**
Contingent consideration receivable	-	170
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**-**	**170**
DERIVATIVE FINANCIAL INSTRUMENTS	**-**	**-**
FINANCIAL LIABILITIES		
Trade and other payables (excluding contingent consideration payable)	108,551	123,401
Borrowings (excluding deferred borrowings costs)	81,000	101,000
FINANCIAL LIABILITIES AT AMORTISED COST	**189,551**	**224,401**
Deferred Consideration	1,032	-
Redemption liability	-	1,200
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,032**	**1,200**

Trade and other receivables (excluding contingent consideration receivable) consists of current trade and other receivables of $27.1 million (2020: $40.0 million) less prepayments of $5.5 million (2020: $9.1 million), plus non-current trade and other receivables of $5.8 million (2020: $4.7 million) less contingent consideration receivable of $0.0 million (2020: $0.2 million).

(A) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Helloworld Travel manages short term liquidity risk by matching surplus and deficit cash flows throughout the Group. In addition, the Group ensures that there is further excess liquidity based on an ongoing assessment of the current operating environment, in the event that unexpected circumstances should arise.

Management monitors rolling forecasts of the Group's liquidity reserves (comprising the undrawn facilities outlined in note 19: borrowings) and cash and cash equivalents (outlined in note 9: cash and cash equivalents) on the basis of expected cash flows. Financing arrangements, including details on the interest-bearing liabilities and facilities and maturity dates, are contained in note 19: borrowings. Due to the current disruption to the travel industry, Helloworld has taken additional measures to ensure liquidity is managed prudently, refer note 1 (c) going concern.

(i) Maturities of financial liabilities

The tables below analyse and arrange the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

		Contractual maturities of financial liabilities							
CONSOLIDATED - 2021	Carrying value $'000	Less than 6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
NON-DERIVATIVE FINANCIAL INSTRUMENTS									
Trade and other payables	108,551	108,551	-	-	-	-	-	-	**108,551**
Lease liabilities	30,990	4,335	3,934	6,129	5,016	5,054	4,918	3,239	**32,625**
Interest bearing liabilities – secured (i)	81,000	845	831	81,866	-	-	-	-	**83,542**
Bank guarantees and letter of credit	-	-	1,681	877	455	-	461	2,975	**6,449**
Deferred Consideration	-	-	-	1,032	-	-	-	-	**1,032**
TOTAL	**220,541**	**113,731**	**6,446**	**89,904**	**5,471**	**5,054**	**5,379**	**6,214**	**232,199**

		Contractual maturities of financial liabilities							
CONSOLIDATED - 2020	Carrying value $'000	Less than 6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
NON-DERIVATIVE FINANCIAL INSTRUMENTS									
Trade and other payables	93,967	93,967	-	-	-	-	-	-	**93,967**
Lease liabilities (restated)	29,759	4,911	4,772	7,438	5,539	3,403	3,356	2,200	**31,619**
Restructuring provision	5,998	-	5,998	-	-	-	-	-	**5,998**
Redemption liability	1,200	-	-	-	1,200	-	-	-	**1,200**
Interest bearing liabilities – secured (i)	101,000	1,100	1,083	74,025	29,146	-	-	-	**105,354**
Bank guarantees and letter of credit	-	2,730	3,039	1,380	841	455	-	3,066	**11,511**
TOTAL	**231,812**	**102,708**	**14,892**	**82,843**	**36,726**	**3,858**	**3,356**	**5,266**	**249,649**

(i) Excludes deferred borrowing costs.

(B) MARKET RISK

(i) Foreign exchange risk

The Group operates internationally and is exposed in its wholesale operations to foreign exchange risk arising from future cash flows relating to financial instruments denominated in a currency that is different to its local currency. Due to the nature of Helloworld Travel's wholesale operations, revenue is earned in the wholesale businesses' local currency, however the associated cost of sales is settled by Helloworld Travel based on quoted prices in the local currency of the supplier.

Prior to COVID-19, foreign exchange risk was measured through a forecast of highly probably future purchases, with hedge contracts to purchase foreign currencies timed to mature when payments to suppliers are scheduled, in order to minimise the volatility of the Australian dollar cash flows.

The Group's hedging policy requires management to document at the inception of the hedging transaction, the economic relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the cash flows of hedged items.

The Board's risk management policy was to hedge forecasted foreign currency cash flows in the wholesale businesses using forward foreign exchange contracts and to not enter into, issue or hold derivative financial instruments for speculative trading purposes. As a consequence of COVID-19, the Group has temporary ceased hedging foreign currency payables due to the uncertainty as to whether bookings will result in foreign currency payments.

Exposure

As at 30 June 2021, the Group's net exposure to foreign currency risk is set out in the table below. The table includes the following:

- Foreign cash holdings as at year end;
- Receivables including accrued revenue denominated in foreign currencies as at year end;
- Current trade payables and forward payment obligations in foreign currencies as at year end; and
- Foreign currency exchange contracts outstanding as at year end.

	CONSOLIDATED	
	2021 $'000 AUD equivalent	2020 $'000 AUD equivalent
CURRENCY		
USD	-	(3,910)
EUR	-	(448)
GBP	74	(198)
FJD	2,380	(2,352)
NZD	7,094	8,512
Other currencies	1,070	(508)
NET TOTAL FOREIGN CURRENCY EXPOSURE ASSET	**10,618**	**1,096**

Sensitivity

The following table summarises the impact of a 10% increase (strengthening of AUD) and decrease (weakening of AUD) in foreign exchange rates on the net profit in the statement of profit or loss and other comprehensive income. The sensitivity rate represents management's assessment of the reasonable possible change in foreign exchange rates (focusing on New Zealand and Fiji) and is used when reporting foreign currency risk to key management personnel. The sensitivity analysis assumes hedge effectiveness and that all other variables including interest rates, remain constant.

	CONSOLIDATED Impact on net profit before tax	
	2021 $'000	2020 $'000
10% increase (2020: 10%)	(965)	(736)
10% decrease (2020: 10%)	1,180	973

(ii) Interest rate risk

The Group's interest rate risk arises from future cash flows relating to cash assets and cash borrowings with variable interest rates. Helloworld Travel does not hedge its exposure to fluctuations in future cash flows due to changes in market interest rates.

Helloworld Travel manages interest rate risk by ensuring that debt servicing costs are minimised and interest earned is maximised. This includes reviews undertaken, where required, to consider the restructuring of interest bearing debt, the possibility of repaying interest bearing debt and the level of investment of surplus cash in interest bearing accounts.

Exposure

As at 30 June 2021, the Group had term deposits amounting to $9.6 million (2020: $17.1 million) with an average interest rate of 3.0% per annum (2020: 3.0%). In addition, the Group had drawn down borrowings of $81.0 million (2020: $101.0 million) and other cash funds held in operational and foreign currency bank accounts with interest at market rates under normal commercial terms.

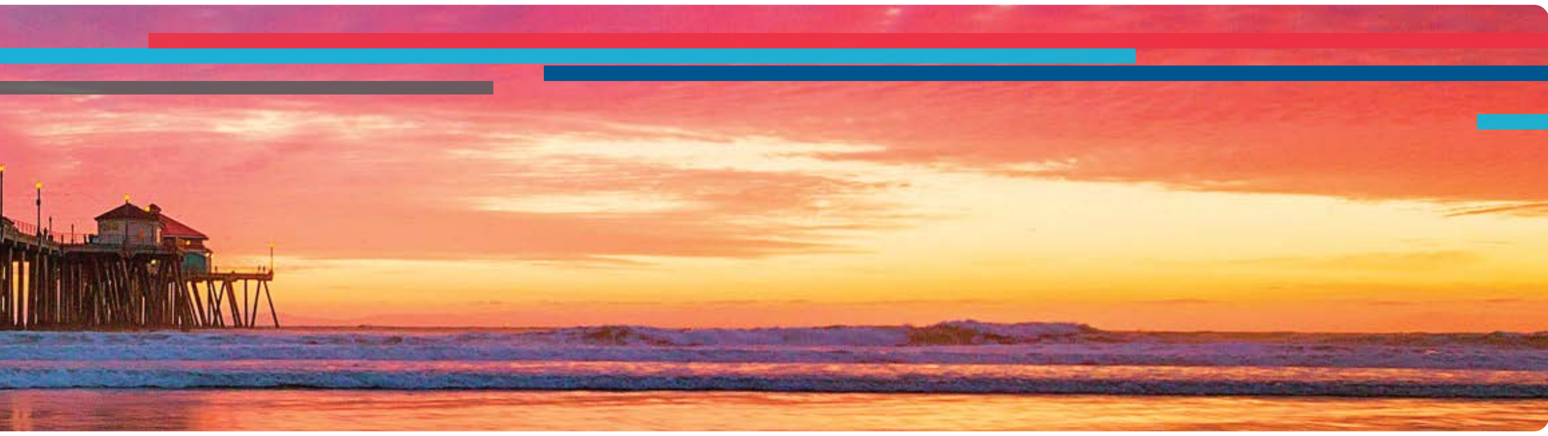
Sensitivity

The information below summarises the impact of a 100 basis points per annum increase and decrease in interest rates on the net profit in the statement of profit or loss and other comprehensive income.

	CONSOLIDATED Impact on net profit before tax	
	2021 $'000	2020 $'000
SHORT TERM DEPOSITS		
Increase by 100 basis points (2020: 100 basis points)	96	171
Decrease by 100 basis points (2020: 100 basis points)	(96)	(171)
BORROWINGS		
Increase by 100 basis points (2020: 100 basis points)	(810)	(1,010)
Decrease by 100 basis points (2020: 100 basis points)	810	1,010

(C) CREDIT RISK

The Group undertakes transactions with a large number of customers and other counterparties in various countries in accordance with Board approved policy. Credit risk arises from the possibility that a counterparty will default on its contractual obligation relating to cash and cash equivalents, trade and other receivables, accrued revenue and favourable derivatives, resulting in financial loss to the Group. Credit risk is measured at fair value.



Risk management

The Group has credit risk associated with travel agents, airlines, industry settlement organisations and direct suppliers. The Group minimises credit risk through the application of stringent credit policies, regular monitoring and accreditation of travel agents through industry programs. A portion of Helloworld Travel's credit risk is also mitigated through offsetting receivable and payable balances between Helloworld Travel and key suppliers. In addition, the Group's key customers include various Australian Government agencies which have a low risk of default.

Where specific credit risk is identified with a counterparty, the Group requires pre-payment for services provided. A reservation for such a counterparty is not confirmed or ticketed prior to receiving payment in full.

Collateral is not held as security, nor is it the Group's policy to transfer receivables to special purpose entities.

Exposure

The Group's maximum exposure to credit risk is the carrying amount of the financial asset, net of any loss allowance.

The table below sets out the maximum exposure to credit risk as at 30 June:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Cash and cash equivalents	131,024	131,861
Trade and other receivables (including contingent consideration receivable) (i)	32,882	44,683
Accrued revenue	18,333	34,482
TOTAL CREDIT RISK EXPOSURE	**182,239**	**211,026**

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Accrued revenue
- Investments and other financial assets at amortised cost (such as other receivables and loans to related parties)

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued revenue, refer note 39: significant accounting policies for more information regarding the calculation of impairment losses.

The Group undertakes a debtor by debtor review with a provision for each debtor calculated based on each debtor's recent and longer-term history of debt repayments. All receivables are issued with a maximum of 30 days terms.

On this basis, the loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for both trade receivables and accrued revenue:

CONSOLIDATED - 2021	Not past due $'000	Past Due 1-30 days $'000	Past due 31-60 days $'000	Past due 61-90 days $'000	More than 90 days $'000	Total $'000
Trade receivables	7,102	3,840	2,442	207	2,751	**16,342**
Accrued revenue	18,333	-	-	-	3,200	**21,533**
GROSS CARRYING AMOUNTS	**25,435**	**3,840**	**2,442**	**207**	**5,951**	**37,875**
Expected loss rate	2.8%	2.5%	4.0%	15.0%	75.0%	
Trade receivables	(199)	(96)	(98)	(31)	(2,063)	**(2,487)**
Accrued revenue	-	-	-	-	(3,200)	**(3,200)**
LOSS ALLOWANCES	**(199)**	**(96)**	**(98)**	**(31)**	**(5,263)**	**(5,687)**
NET CARRYING AMOUNTS	**25,236**	**3,744**	**2,344**	**176**	**688**	**32,188**

The Group recognised a larger allowance for expected credit losses due to the COVID-19 pandemic. The gross carrying amount of trade receivables and accrued revenue as at 30 June 2021 was assessed based on management's judgement using information available at the time. The allowance incorporates management's review of specific debtors which have been individually assessed due to indications that the debt owed may not be repaid.

As at 30 June 2021, trade receivables of $7.0 million (2020: $11.6 million) were aged between 1 and more than 90 days past due but not impaired. These relate to a number of independent counterparties for whom there is no recent history of default.

CONSOLIDATED - 2020	Not past due $'000	Past Due 1-30 days $'000	Past due 31-60 days $'000	Past due 61-90 days $'000	More than 90 days $'000	Total $'000
Trade receivables	12,145	1,214	1,371	7,898	5,358	**27,986**
Accrued revenue	38,182	-	-	-	-	**38,182**
GROSS CARRYING AMOUNTS	**50,327**	**1,214**	**1,371**	**7,898**	**5,358**	**66,168**
Expected loss rate	7.9%	1.6%	1.5%	13.0%	59.6%	
Trade receivables	(253)	(20)	(20)	(1,029)	(3,195)	**(4,517)**
Accrued revenue	(3,700)	-	-	-	-	**(3,700)**
LOSS ALLOWANCES	**(3,953)**	**(20)**	**(20)**	**(1,029)**	**(3,195)**	**(8,217)**
NET CARRYING AMOUNTS	**46,374**	**1,194**	**1,351**	**6,869**	**2,163**	**57,951**

Movements in the loss allowance for both trade receivables and accrued revenue are as follows:

	CONSOLIDATED 2021 $'000	2020 $'000
BALANCE AT 1 JULY	**8,217**	**724**
Acquisitions through business combinations	-	20
Additional loss allowance recognised	2,614	7,788
Writeback of loss allowance	(5,144)	(61)
Receivables written off during the year as uncollectable	-	(272)
Other	-	18
BALANCE AT 30 JUNE	**5,687**	**8,217**

During the current year, a loss allowance of $2.6 million (2020: $7.7 million) relating to receivables and accrued revenue arising from contracts with customers was recognised in the statement of profit or loss and other comprehensive income.

Impairment of other financial assets at amortised cost

There are no significant other receivables, or classes of receivables, that have been recognised that would otherwise, without negotiation, be past due or impaired. It is expected that all other amounts will be received when due. The Group does not hold any collateral in relation to receivables.

(D) NET FAIR VALUES

The fair values of current cash and cash equivalents and non-interest bearing current financial assets and current financial liabilities approximate their carrying values due to their short maturity.

The fair values of interest bearing financial assets and liabilities, together with their carrying amounts in the statement of financial position, are as follows:

CONSOLIDATED	2021 Carrying amount $'000	2021 Fair value $'000	2020 Carrying amount $'000	2020 Fair value $'000
Interest bearing assets – non-current	4,394	4,394	4,397	4,397
TOTAL ASSETS	**4,394**	**4,394**	**4,397**	**4,397**
Interest bearing liabilities – non-current	81,000	81,000	100,519	101,000
TOTAL LIABILITIES	**81,000**	**81,000**	**100,519**	**101,000**

(E) FAIR VALUE HIERARCHY

Certain judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. The different levels have been defined as follows:

- Level 1: fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.
- Level 2: fair value of financial instruments that are not traded in an active market 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.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

The table below analyses financial instruments carried at fair value, by valuation method.

CONSOLIDATED - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Interest bearing assets (i)	-	-	4,394	**4,394**
TOTAL ASSETS	**-**	**-**	**4,394**	**4,394**
Deferred Consideration (ii)	-	-	1,032	**1,032**
Interest bearing liabilities(iii)	-	-	81,000	**81,000**
TOTAL LIABILITIES	**-**	**-**	**82,032**	**82,032**

CONSOLIDATED - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Contingent consideration receivable (i)	-	-	170	**170**
Interest bearing assets	-	-	4,397	**4,397**
TOTAL ASSETS	**-**	**-**	**4,567**	**4,567**
Redemption liability (ii)	-	-	1,200	**1,200**
Interest bearing liabilities	-	-	101,000	**101,000**
TOTAL LIABILITIES	**-**	**-**	**102,200**	**102,200**

(i) Interest bearing assets are made up of loans to related parties. Refer to note 31: Related Party Transactions
(ii) Deferred consideration relates to the acquisition of CruiseCo. Refer to note 35: Business Acquisitions
(iii) Interest bearing liabilities are loans from Westpac to Helloworld. Refer to note 19: Borrowings

(F) CAPITAL MANAGEMENT

(i) Capital Structure

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board continually monitors the return on capital, the level of dividends to ordinary shareholders, cash flow generation and the debt to equity mix in determining its appropriate capital structure.

In order to maintain or adjust the capital structure, the Board considers the following:

- Potential repayment of debt obligations;
- Future fixed asset investment;
- Funding of any future proposed acquisitions via either debt or equity instruments; and
- The appropriate level of future dividends to ordinary shareholders to support investor returns.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(ii) Loan covenants

Under the terms of the borrowing facility, the Group is required to comply with certain loan covenants. The Group has complied with these covenants throughout the current and prior year, with no breaches of loan covenants noted. Earnings based covenant waivers have been provided until June 2022. With the liquidity covenant of $55.0 million, reducing by $5.0 million in October 2021 and a further $5.0 million in January 2022.

30. COMMITMENTS AND CONTINGENCIES

(A) COMMITMENTS

The Group has no commitments as at 30 June 2021.

The Group has not entered into any material new lease agreements post 30 June 2021.

(B) GUARANTEES

The Group has on issue bank guarantees and letters of credit as at 30 June 2021 totalling $7.95 million (2020: $11.5 million). In addition, Helloworld Travel Limited has entered into a Deed of Cross Guarantee with certain Australian wholly owned controlled entities as outlined in note 33: parent entity information.

(C) BUSINESS ACQUISITION COMMITMENTS

(i) Purchase of remaining ownership interest in MTA

In FY17, Helloworld Travel acquired 50.0% ownership in MTA for a total consideration of $14.2 million. The sale and purchase agreement for the original 50.0% interest purchased outlines the conditions and mechanism for determining the basis of the consideration for the remaining 50.0% ownership interest. Helloworld Travel has a call option to acquire the remaining 50.0% ownership interest in MTA on 1 December 2021. The associate party has a put option to sell its remaining 50.0% ownership interest to Helloworld Travel 30 days after the expiry of the call option period.

(ii) Commercial agreements entered into with BCD Travel and Gilpin Travel include options to purchase 100% of the ownership interests in these businesses

During the year ended 30 June 2019, Helloworld Travel entered into commercial agreements for the distribution of travel products. Two agreements included conditions on the future potential purchase these businesses in the financial year ending 2024. In addition, the owners of the businesses have a put option to sell 100% of their ownership interest to Helloworld Travel at the same point in time.

The value of the commitment for these arrangements is based on a future valuation of the financial performance of the respective business in the preceding financial year prior to the exercise of the option, at a set market based valuation multiple. As there is no current ownership control by Helloworld Travel in these businesses, no put option financial instrument valuation is included in the 2021 financial statements.

(D) CONTINGENCIES

As at 30 June 2021, there are no significant contingent assets or contingent liabilities.

31. RELATED PARTY TRANSACTIONS

(A) SUBSIDIARIES

Details relating to subsidiaries are included in note 32: particulars in relation to controlled entities.

(B) ULTIMATE AND DIRECT PARENT

Helloworld Travel Limited is the legal owner of the Group. Refer to note 33: parent entity information for further information.

(C) ASSOCIATES

Helloworld Travel undertake transactions with its associates. The list of associates and joint ventures held by Helloworld Travel are outlined in note 12: investments accounted for using the equity method.

(D) ENTITIES WITH SIGNIFICANT INFLUENCE

The following entities were considered to have significant influence over the Group during the year:

- Entities related to Andrew Burnes and Cinzia Burnes hold 27.2% as at 30 June 2021 (2020: 31.4%) of the ordinary shares of Helloworld Travel Limited following the FY16 merger with the AOT Group and its controlled entities. Andrew Burnes is the CEO and Managing Director of Helloworld Travel Limited. Cinzia Burnes is an Executive Director of the Company.
- QH Tours Limited, a wholly owned subsidiary of Qantas Airways Limited, holds 12.4% as at 30 June 2021 (2020: 15.4%) of the ordinary shares of Helloworld Travel Limited and has an executive member, Andrew Finch on the Board.

(E) KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

	CONSOLIDATED	
	2021 $	2020 $
Short term employee benefits	2,046,677	3,505,048
Long term employee benefits	85,872	56,649
Share based payment benefits	405,900	232,000
Post-employment benefits	135,959	112,148
TOTAL KMP COMPENSATION	**2,674,408**	**3,905,845**

Detailed remuneration disclosures are provided in the remuneration report, contained within the Directors Report.

(F) TRANSACTIONS WITH RELATED PARTIES

	CONSOLIDATED	
The following trading transactions occurred with related parties:	2021 $'000	2020 $'000
(i) Revenue derived from:		
Associates and joint ventures	161	887
Entities with significant influence over the Group	-	28,542
(ii) Expenses incurred as a result of transactions with:		
Associates and joint ventures	2,038	5,104
Entities with significant influence over the Group	6,364	6,955
(iii) Receivables as at 30 June:		
Associates and joint ventures	191	769
Entities with significant influence over the Group	2,677	5,555
(iv) Payables as at 30 June:		
Associates and joint ventures	521	824
Entities with significant influence over the Group	3,513	1,156

Terms and conditions and nature of related party trading transactions

Sales to and purchases from related parties are made at arm's length at normal market prices and on normal commercial terms. Andrew and Cinzia Burnes are both Directors of Normanby Road Holdings Pty Limited (ATF 179 Normanby Road Trust), which owns and leases to Helloworld Travel, the head office premises for the Group's operations. Helloworld Travel derived revenue from Qantas Airways Limited and its controlled entities (Qantas), through commercial agreements and incur expenses under an agreement with Qantas for services including shared services, IT services, labour recharges, frequent flyer arrangement, intellectual property rights and website agreements. Transactions and balances with these entities are included in part (f) above.

Related party trade receivables are non-interest bearing and are generally on 30 day terms from invoice. The Group settles related party trade payables according to the payment conditions confirmed by the supplier of services and are non-interest bearing and generally on 30 day terms from invoice.

The following loan transactions occurred with related parties:	CONSOLIDATED 2021 $'000	2020 $'000
(i) Interest revenue from:		
Associates of the Group	91	130
(ii) Non-current loans as at 30 June:		
Associates of the Group	4,344	4,344

Terms and conditions of related party loan transactions

(i) Hunter Travel Group Pty Limited (HTG):

On 31 August 2017, Helloworld Travel provided a five year loan to the owners of HTG, amounting to $1.3 million. In the prior year, Helloworld Travel provided an additional five year loan to the owners of HTG, amounting to $2.5 million. During the current year, no repayments were made by the owners. As at 30 June 2021, the outstanding loan balance amounts to $3.4 million (2020: $3.4 million).

The loan was provided to the HTG business to support its strategic business expansion. The loan was made on an arm's length basis under normal commercial terms and conditions and is secured by the assets of the business. Interest accrues daily and is invoiced on a quarterly basis on 30 day terms. The interest rate is based on the Australian Bank Bill swap reference plus a commercial mark-up margin. Under the terms of the loan agreement, Helloworld Travel has the right to convert some of the outstanding loan balance to HTG shares at specified conversion periods in three to five years from the loan date, to increase its possible shareholding in HTG from 12% up to a maximum of 25%.

(ii) Cooney Investments Pty Limited:

On 29 August 2018, Helloworld Travel provided a five year loan to the owners of Cooney Investments Pty Limited, amounting to $1.6 million. During the current year, no repayments were received (2020: $0.2 million). As at 30 June 2021, the outstanding loan balance amounts to $1.0 million (2020: $1.0 million).

(G) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

During the current year, the LTIP shares previously allocated to John Constable were forfeited as a result of his resignation. In relation to the shares previously granted to Nick Sutherland, the Board determined that the TSR share-based performance criteria KPI was not achieved and accordingly these lapsed.

As at 30 June 2021, there are nil (2020: 700,000) shares allocated under the LTIP program to KMP. The loans were provided to each participant equal to the number of shares issued at market value. As at 30 June 2021, the loan to the KMP amounts to nil (2020: $2.9 million) due to forfeiture of shares failing to vest and loans extinguished during the year.

The loans provided were interest free and non-recourse and are accordingly not recorded as receivables on the Group's balance sheet.

Set out below is the summary of the shares and loan value with the KMP:

Year ended 30 June 2021		Number of Shares					Loan Value ($)		
Name	Role	Opening Balance	Addition as KMP	Fortified/ lapsed	Vested	Closing Balance	Opening Balance	Movement	Closing Balance
J Constable	Group GM - Retail & Commercial	500,000	-	(500,000)	-	-	2,184,028	(2,184,028)	-
N Sutherland	Group GM - Corporate	200,000	-	(200,000)	-	-	678,697	(678,697)	-
		700,000	**-**	**(700,000)**	**-**	**-**	**2,862,725**	**(2,862,725)**	**-**

Year ended 30 June 2020		Number of Shares					Loan Value ($)		
Name	Role	Opening Balance	Addition as KMP	Granted	Vested	Closing Balance	Opening Balance	Movement	Closing Balance
M Burnett	Chief Financial Officer	500,000	-	-	(500,000)	-	1,349,427	(1,349,427)	-
S McKearney	Group GM - New Zealand	150,000	-	-	(150,000)	-	404,828	(404,828)	-
J Constable	Group GM - Retail & Commercial	500,000	-	-	-	500,000	2,265,421	(81,393)	2,184,028
N Sutherland	Group GM - Corporate	200,000	-	-	-	200,000	711,254	(32,557)	678,697
		1,350,000	**-**	**-**	**(650,000)**	**700,000**	**4,730,930**	**(1,868,205)**	**2,862,725**

The detailed KMP remuneration disclosures are provided in the Remuneration Report, contained within the Directors Report.

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES AS AT 30 JUNE 2021

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 40. The proportion of ownership interest shown in this table is equal to the proportion of voting power held.

NAME	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %
Helloworld Travel Limited [1,2]	Australia	N/A	N/A
12518 Pty Limited [3]	Australia	100.0	-
20118181 Pty Limited [3]	Australia	100.0	-
2012518 Pty Limited 3	Australia	100.0	-
ACN 003 683 967 Pty Limited [2]	Australia	100.0	100.0
AOT Group Limited [2]	Australia	100.0	100.0
AOT Inbound Pty Limited [2]	Australia	100.0	100.0
AOT Retail Pty Limited [2]	Australia	100.0	100.0
ATS Logistics Pty Limited [3]	Australia	70.0	-
ATS Pacific Pty Limited [2]	Australia	100.0	100.0
Aus STS Holdco II Pty Limited [2]	Australia	100.0	100.0
Australian Online Travel Pty Limited [2]	Australia	100.0	100.0
Best Flights Pty Limited [2]	Australia	100.0	100.0
Communico Services Pty Limited [2]	Australia	100.0	100.0
FB Freight Pty Limited [3]	Australia	70.0	-
Flight Systems Pty Limited [2]	Australia	100.0	100.0
Granted Worldwide Pty Limited [2]	Australia	100.0	100.0
GSS Travel NZ Pty Limited [2]	Australia	100.0	100.0
Harvey Holidays Pty Limited [2]	Australia	100.0	100.0
Harvey World Travel Franchises Pty Limited [2]	Australia	100.0	100.0
Harvey World Travel Group Pty Limited [2]	Australia	100.0	100.0
Helloworld Franchising Pty Limited [2]	Australia	100.0	100.0
Helloworld Group Pty Limited [2]	Australia	100.0	100.0
Helloworld IP Pty Limited [2]	Australia	100.0	100.0
Helloworld Services Pty Limited [2]	Australia	100.0	100.0
Helloworld Travel Services (Australia) Pty Limited	Australia	100.0	100.0
Helloworld Travel Services Group Pty Limited [2]	Australia	100.0	100.0
Helloworld Travel Services Holdings Pty Limited [2]	Australia	100.0	100.0
Helloworld Travel Southland Pty Limited [2]	Australia	100.0	100.0
Inspire Travel Management Pty Limited [3]	Australia	100.0	40.0
Jetset Pty Limited [2]	Australia	100.0	100.0
Jetset Travelworld Network Pty Limited [2]	Australia	100.0	100.0
JTG Corporate Pty Limited [2]	Australia	100.0	100.0
Keygate Holdings Pty Limited	Australia	60.0	60.0
Luxury Getaways Pty Limited [2]	Australia	100.0	100.0
Magellan Travel Pty Limited [2]	Australia	100.0	100.0
Nexus Point Travel Pty Limited [2]	Australia	100.0	100.0
Pillowpoints Pty Limited [2]	Australia	100.0	100.0
Viva Holidays II Limited [2,3]	Australia	100.0	100.0
QBT Pty Limited [2]	Australia	100.0	100.0
Quay Services Pty Limited [2]	Australia	100.0	100.0
Retail Travel Investments Pty Limited [2]	Australia	100.0	100.0
Show Group Freight Pty Limited [3]	Australia	70.0	-
Show Group Pty Limited [2]	Australia	100.0	100.0
Skiddoo IT Pty Limited [2]	Australia	100.0	100.0
Skiddoo Pty Limited [2]	Australia	100.0	100.0
Sunlover Holidays Pty Limited [2]	Australia	100.0	100.0
Transonic Travel Pty Limited [2]	Australia	100.0	100.0

NAME	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021 %	2020 %
Traveledge Pty Limited	Australia	100.0	100.0
Travelpoint Pty Limited [2]	Australia	100.0	100.0
Travelscene Pty Limited [2]	Australia	100.0	100.0
Travelworld Pty Limited [2]	Australia	100.0	100.0
Viva Holidays Pty Limited [2]	Australia	100.0	100.0
AOT Business Consulting (Shanghai) Limited	China	100.0	100.0
Allied Tour Service (Pacific) Pte Limited	Fiji	100.0	100.0
Coral Sun (Fiji) Pte Limited	Fiji	60.0	60.0
Great Sights (Fiji) Pte Limited	Fiji	60.0	60.0
Tourist Transport (Fiji) Pte Limited	Fiji	60.0	60.0
Helloworld Travel Services Greece M.I.K.E	Greece	100.0	100.0
AOT India PVT Limited	India	100.0	100.0
AOT New Zealand Limited	New Zealand	100.0	100.0
Atlantic and Pacific Business Travel Limited	New Zealand	100.0	100.0
Australian Travel Service (Pacific) Limited	New Zealand	100.0	100.0
Atlas Limited	New Zealand	100.0	100.0
Biztrav Limited	New Zealand	76.6	76.6
GP Holiday Shoppe Limited	New Zealand	100.0	100.0
Gullivers Pacific Limited	New Zealand	100.0	100.0
Harvey World Travel (2008) Limited	New Zealand	100.0	100.0
Helloworld NZ Franchising Limited	New Zealand	100.0	100.0
Helloworld NZ Limited	New Zealand	100.0	100.0
Helloworld Travel Services (NZ) Limited	New Zealand	100.0	100.0
Just Tickets Limited	New Zealand	100.0	100.0
Pacific Leisure Group Limited	New Zealand	100.0	100.0
Show Group (NZ) Limited	New Zealand	100.0	100.0
Sunlover Holidays Limited	New Zealand	100.0	100.0
Travel Brokers Limited	New Zealand	100.0	100.0
United Travel Limited	New Zealand	100.0	100.0
Williment Travel Group Limited	New Zealand	100.0	100.0
Skiddoo Management Inc.	Philippines	100.0	100.0
Skiddoo Philippines Inc.	Philippines	100.0	100.0
Helloworld Travel Singapore Pte. Limited [3]	Singapore	-	100.0
Skiddoo Pte. Limited	Singapore	100.0	100.0
QBT USA Inc.[3]	United States of America	100.0	-

1. Helloworld Travel Limited

Helloworld Travel Limited is the legal owner of the Group. Refer note 33: parent entity information for further details.

2. Deed of cross guarantee

These entities are included in the Deed of Cross Guarantee, refer note 34: deed of cross guarantee for further details. Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, these controlled entities are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of standalone financial statements.

3. Changes to controlled entities during the current year

During the current year, the following entities were established or acquired following a business acquisition:

- On 31 October 2020, Helloworld Travel acquired an additional 60% of Inspire Travel Management (ITM) a joint venture between Helloworld Travel and In Travel Group, an indigenous travel management company. As a result, Helloworld Travel now owns 100% of ITM, a travel management business providing services throughout Australia. Helloworld Travel's previous investment in ITM was accounted for using the equity method.
- On 12 February 2021, Helloworld Travel began FB Freight Pty Ltd, a controlled entity with a minority interest held by DEF Venture Capital Pty Ltd as trustee for DEF Venture Capital Trust (DEF). Helloworld Travel has a 70.0% interest, with the remaining 30.0% owned by DEF. The results of FB Freight are consolidated into the Groups results.
  FB Freight Pty Limited provides freight and logistic services for the entertainment, sports, theatre, and concert industries throughout Australia.
  This company registered two new legal entities as wholly owned subsidiaries during the year:
  - ATS Logistics Pty Ltd (registered 22nd March 2021)
  - ShowGroup Freight Pty Ltd (registered 29th March 2021)
- On 1 January 2021, Helloworld Travel registered a new wholly owned entity in the United States, QBT USA Inc.
- On 23 April 2021, Helloworld Travel registered a new wholly owned entity, Discovery Travel Centre Cammeray Pty Limited.
- On 19 May 2021, Helloworld Travel registered two new wholly owned entities:
  - 12518 Pty Limited
  - 20118181 Pty Limited
- On 2 June 2021, Helloworld Travel registered a new wholly owned entity, 2012518 Pty Limited
- On 8 April 2021 Helloworld Travel deregistered one Singapore entity:
  - Helloworld Travel Singapore Pte Limited
- During the current year, Qantas Holidays Limited changed its name to Viva Holidays II Limited.

33. PARENT ENTITY INFORMATION

The legal parent company of the Group is Helloworld Travel Limited. Set out below is the supplementary information about the parent entity.

(A) RESULTS OF PARENT ENTITY

Summarised statement of profit or loss and other comprehensive income

	PARENT	
	2021 $'000	2020 $'000
Profit/(loss) after income tax	2,650	(82,122)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**2,650**	**(82,122)**

Summarised statement of financial position

	PARENT	
	2021 $'000	2020 $'000
Total current assets	118,327	71,656
Total non-current assets	160,575	159,662
TOTAL ASSETS	**278,902**	**231,318**
Total current liabilities	156	5,469
TOTAL LIABILITIES	**156**	**5,469**
NET ASSETS	**278,746**	**225,849**
EQUITY		
Issued capital	625,033	576,300
Share based payments reserve	4,040	2,525
Accumulated losses	(350,327)	(352,976)
TOTAL EQUITY	**278,746**	**225,849**

(B) PARENT ENTITY GUARANTEES IN RESPECT OF DEBTS OF ITS SUBSIDIARIES

The legal parent Helloworld Travel Limited has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 34: deed of cross guarantee.

(C) PARENT ENTITY TAX LIABILITIES IN RESPECT OF ITS SUBSIDIARIES

The parent entity has entered into a tax funding agreement with the effect that the Company guarantees tax liabilities of other entities in the tax consolidated group. As at 30 June 2021 the tax consolidated group had a tax receivable of $0.5 million (2020: $5.4 million payable).

(D) PARENT ENTITY CONTINGENCIES

As at 30 June 2021, there are no significant contingent assets or contingent liabilities.

(E) PARENT ENTITY ISSUED CAPITAL

The issued capital of the parent entity does not equal the issued capital of the consolidated Group due to reverse acquisition business combinations previously undertaken by the Group.

34. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the entities identified in note 33: particulars in relation to controlled entities are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial statements and Directors' reports.

Helloworld Travel has had a Deed of Cross Guarantee in place since 25 May 2007, which has been amended from time to time to add or remove entities. On 20 June 2018, a replacement Deed of Cross Guarantee was entered into which included the addition of certain wholly owned Australia controlled entities in the prior year. The effect of the Deed is that Helloworld Travel Limited has guaranteed to pay any deficiency in the event of the winding up of the controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. The controlled entities which are party to the Deed have also given a similar guarantee in the event Helloworld Travel Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee.

During the current year, no entities were added into the Deed of Cross Guarantee and no entities were deregistered or removed from the Deed of Cross Guarantee.

The consolidated income statement and statement of financial position have been prepared in accordance with the accounting policy note 40: significant accounting policies comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee and is set out below.

(A) CLOSED GROUP STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

	CLOSED GROUP	
	2021 $'000	2020 $'000
TOTAL REVENUE AND OTHER INCOME	**65,397**	**157,732**
Employee benefits expenses	(55,700)	(84,406)
Advertising, selling and marketing expenses	(3,460)	(27,212)
Communication and technology expenses	(7,060)	(10,860)
Occupancy expenses	(843)	(2,000)
Operating expenses	(6,054)	(29,605)
Depreciation and amortisation expense	(11,360)	(12,982)
Impairment charges	(2,678)	(66,350)
Finance expense	(3,166)	(3,372)
Profit on disposal of investments	(112)	1,075
Share of profit in associates accounted for using the equity method	(8)	(25)
LOSS BEFORE INCOME TAX BENEFIT	**(25,044)**	**(78,005)**
Income tax benefit	7,788	6,918
LOSS AFTER INCOME TAX BENEFIT	**(17,256)**	**(71,087)**
OTHER COMPREHENSIVE LOSS		
Exchange differences on translation of foreign operations	4	570
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(17,252)**	**(70,517)**

Prior year revenue includes $10.0 million in dividends received from Australian entities outside the Closed Group. These dividends are not assessable income for tax purposes. No dividends were received from entities outside the Closed Group in the current year.

(B) CLOSED GROUP MOVEMENT IN ACCUMULATED LOSSES

	CLOSED GROUP	
	2021 $'000	2020 $'000
ACCUMULATED LOSSES AT THE BEGINNING OF THE FINANCIAL YEAR	**(247,320)**	**(185,866)**
Loss after income tax benefit	(17,256)	(71,087)
Dividends	-	(26,815)
Dividends associated with LTIP	-	460
Retained earnings transferred in due to change in closed group	-	35,818
Transfer of predecessor accounting reserve to accumulated losses	(3,698)	170
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(268,274)**	**(247,320)**

(C) CLOSED GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	CLOSED GROUP 2021 $'000	CLOSED GROUP 2020 $'000
CURRENT ASSETS		
Cash and cash equivalents	106,970	87,933
Trade and other receivables	23,271	26,168
Accrued revenue	14,262	6,607
Inventories	180	185
TOTAL CURRENT ASSETS	**144,683**	**120,893**
NON-CURRENT ASSETS		
Trade and other receivables	4,471	4,474
Property, plant and equipment	818	1,091
Right of use assets	17,129	16,399
Intangible assets	179,206	180,461
Deferred tax assets	19,727	23,605
Investments	85,611	88,243
TOTAL NON-CURRENT ASSETS	**306,962**	**314,273**
TOTAL ASSETS	**451,645**	**435,166**
CURRENT LIABILITIES		
Trade and other payables	173,973	132,355
Lease liabilities	5,837	6,220
Provisions	19,768	21,461
Income tax payable	17,512	42,086
Deferred revenue	-	5,239
TOTAL CURRENT LIABILITIES	**217,090**	**207,361**
NON-CURRENT LIABILITIES		
Borrowings	80,711	100,519
Lease liabilities	16,311	13,922
Deferred tax liabilities	20,798	25,820
Provisions	1,082	997
Other non-current liabilities	1,234	1,419
TOTAL NON-CURRENT LIABILITIES	**120,136**	**142,677**
TOTAL LIABILITIES	**337,226**	**350,038**
NET ASSETS	**114,419**	**85,128**
EQUITY		
Contributed equity	386,060	337,327
Reserves	(3,367)	(4,879)
Accumulated losses	(268,274)	(247,320)
TOTAL EQUITY	**114,419**	**85,128**

35. BUSINESS ACQUISITIONS

(A) ACQUISITION OF THE CRUISECO BUSINESS (CRUISECO)

(i) Summary of acquisition

On 30 November 2020, Helloworld Travel completed the acquisition for 100% of the CruiseCo business (CruiseCo), a specialist cruise package wholesaler. The acquisition will allow Helloworld Travel to expand its cruise offerings in Australia and New Zealand, complementing the existing cruise wholesale business.

Details of the purchase consideration, net assets acquired and goodwill of CruiseCo are as follows:

	$'000
Purchase price	174
Deferred consideration	1,032
PURCHASE CONSIDERATION	**1,206**

The provisional assets and liabilities recognised from the CruiseCo acquisition are as follows:

	$'000
Cash and cash equivalents	283
Trade and other payables	(466)
Provisions	(142)
NET ASSETS ACQUIRED (EXCLUDING GOODWILL)	**(325)**
Goodwill resulting from the acquisition	1,531
PROVISIONAL FAIR VALUE OF NET ASSETS ACQUIRED	**1,206**

The assets and liabilities of CruiseCo acquired by Helloworld Travel are recorded at fair value for accounting purposes, resulting in goodwill of $1.5 million. The acquisition accounting was provisionally determined at 30 June 2021 and subsequent adjustments may arise within 12 months of the acquisition date, including finalisation of the fair value of the net assets acquired, the allocation of the purchase price to the separate identifiable intangible assets and the impact of tax finalisation.

The provisional goodwill acquired primarily represents the enlarged product and service offering that Helloworld Travel can now provide to its customers, future synergy opportunities and the future profitability of the business. The provisional goodwill has been allocated to the Australia wholesale and inbound cash generating unit and is not deductible for tax purposes.

(ii) Purchase consideration – cash outflow

	$'000
Cash paid	(174)
Cash and cash equivalents acquired	283
NET INFLOW OF CASH – INVESTING ACTIVITIES	**109**

(iii) Revenue and profit before income tax expense contribution

From the date of the acquisition to 30 June 2021, the revenue and net profit/(loss) before income tax expense contributed by CruiseCo was immaterial to the Group's result.

If the date of acquisition had been 1 July 2020, the Group revenue and net profit before income tax expense for the period ended 30 June 2021 would not have been significantly impacted due to COVID-19.

(iv) Acquisition related costs

Acquisition related costs of less than $0.1 million were incurred in the acquisition and are included in other expenses in the consolidated statement of profit or loss and other comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(B) ACQUISITION OF INSPIRE TRAVEL MANAGEMENT (ITM)

(i) Summary of acquisition

On 31 October 2020, Helloworld Travel acquired an additional 60% of Inspire Travel Management (ITM). As a result, Helloworld Travel now owns 100% of ITM, a travel management business providing services throughout Australia. Helloworld Travel's previous investment in ITM was accounted for using the equity method and was remeasured to fair value immediately prior to the acquisition of the remaining 60.0% ownership interest.

Details of the purchase consideration, net assets acquired and gain on bargain purchase of ITM are as follows:

	$'000
Purchase price	-
PURCHASE CONSIDERATION	**-**

Helloworld Travel paid the nominal amount of $1 to acquire the remaining 60% of ITM.

The provisional assets and liabilities recognised from the ITM acquisition are as follows:

	$'000
Cash and cash equivalents	66
Trade and other receivables	7
Accrued revenue	35
Deferred tax asset	162
Trade and other payables	(29)
Provisions	(13)
NET ASSETS ACQUIRED	**228**
Purchase price	-
PROVISIONAL GAIN ON BARGAIN PURCHASE	**228**

Helloworld Travel had a pre-existing arrangement with ITM that arose due to an existing 40.0% ownership interest. Under applicable accounting standards, the settlement of pre-existing arrangements is excluded from the business acquisition. As a result, the purchase consideration paid by Helloworld Travel and net assets acquired from ITM exclude any amounts relating to the settlement of pre-existing arrangements.

The assets and liabilities of ITM acquired by Helloworld Travel are recorded at fair value for accounting purposes, resulting in a gain of $0.2 million recognised in the consolidated statement of profit or loss and other comprehensive income. The acquisition was provisionally determined at 30 June 2021 and subsequent adjustments may arise within 12 months of the acquisition date, including the identification and measurement of separate intangible assets and impact of tax finalisation.

Helloworld Travel recognised a gain in the consolidated statement of profit or loss and other comprehensive income relating to the acquisition of ITM. Helloworld Travel's pre-existing arrangements and specific circumstances affecting the seller that arose due to COVID-19 resulted in a bargain purchase on acquisition of the remaining 60.0% of share capital. Helloworld Travel reassessed all assets acquired, and liabilities assumed, including the existing 40.0% investment in ITM, to ensure that they were measured at fair value.

(ii) Purchase consideration – cash outflow

	$'000
Cash paid	-
Cash and cash equivalents acquired from controlled entities	66
NET INFLOW OF CASH – INVESTING ACTIVITIES	**66**

(iii) Revenue and profit before income tax expense contribution

From the date of the acquisition, 30 November 2020 to 30 June 2021, the revenue and net profit/(loss) before income tax expense contributed by ITM was immaterial to the Group's result.

If the date of acquisition had been 1 July 2020, the revenue and net profit/(loss) before income tax expense contributed by ITM would have been immaterial to the Group's result.

(iv) Acquisition related costs

Acquisition related costs of less than $0.1 million were incurred in the acquisition and are included in other expenses in the consolidated statement of profit or loss and other comprehensive income and in operating cash flows in the consolidated statement of cash flows.

UPDATE ON BUSINESS ACQUISITIONS UNDERTAKEN IN THE PRIOR YEAR 30 JUNE 2020

During the current period, there were no significant updates made to acquisition accounting relating to TravelEdge Group, Atlas Limited or the Show Group business.

36. BUSINESS DISPOSALS

(A) PRIOR YEAR DISPOSAL OF U.S WHOLESALE DIVISION

In the prior financial year, Helloworld Travel divested its U.S Wholesale division.

During the current year, Helloworld Travel updated the disposal accounting to reflect the payment of the preliminary settlement adjustment payable, which was paid on 1 December 2020.

The final consideration and resulting profit on disposal is outlined below:

	Provisional at 30 June 2020 $'000	Adjustments $'000	Final at 30 June 2021 $'000
Settlement adjustment payable	(1,860)	(112)	(1,972)
Carrying amount of net liabilities sold	1,663	-	1,663
LOSS ON DISPOSAL OF NET LIABILITIES SOLD	**(197)**	**(112)**	**(309)**
Foreign currency translation reserve released to profit or loss on disposal	1,422	-	1,422
Transaction costs	(150)	-	(150)
PROFIT/LOSS ON DISPOSAL OF U.S WHOLESALE DIVISION	**1,075**	**(112)**	**963**

37. SHARE BASED PAYMENTS

(A) OMNIBUS INCENTIVE PLAN

Background

At the Helloworld Travel Annual General Meeting held on 14 November 2019, the Group's shareholders voted for the adoption of the Helloworld Travel Limited Omnibus Incentive Plan (the Plan). Under the Plan, the Group can reward and incentivise employees, directors (including both executive and non-executive directors), contractors and consultants by offering shares, performance rights or options. Any financial instruments granted under the Plan are held via an employee share trust (the Trust) established with Perpetual Corporate Trust Limited.

Key attributes and valuation of the FY21 grants

On 18 December 2020, Helloworld Travel granted 905,000 shares under the omnibus incentive plan mechanism. The shares were issued to a number of staff, none of whom are Directors. All those personnel have been working reduced days for a sustained period since March 2020. Shares were issued for nil consideration and have a non-market vesting condition of remaining an employee at Helloworld Travel through to the vesting date of 01 July 2021.

At the vesting date, all employees satisfied the required conditions of the plan will be issued with their allocated shares at nil consideration. All omnibus incentive plan shares rank equally in all respects with existing shares from the date of their issue.

The fair value of the shares issued under the plan is based on the number of shares issued at the closing price on 18 December 2020 which was $2.46 per share and is being brought to account over the vesting period. As a result, the total share based payment expense recognised in the current year in the statement of profit or loss and other comprehensive income amounts to $2.2 million.

(B) LOAN FUNDED LONG TERM INCENTIVE PLAN (LTIP)

Key attributes and valuation

The key attributes of the plan and grants provided since inception are:

	FY19 grants	FY18 grants		FY17 grant
Grant date	26 March 2019	1 April 2018	1 July 2017	1 July 2016
Vesting date	31 December 2020	31 December 2020	1 July 2020	1 July 2019
Number of shares issued	150,000	700,000	850,000	2,600,000
Issue and exercise price	$4.67 per share	$4.67 per share	$3.81 per share	$3.00 per share
50% vesting	$5.50 share price	$5.50 share price	$5.50 share price	$4.50 share price
100% vesting	$6.50 share price	$6.50 share price	$6.50 share price	$5.50 share price
Performance criteria	TSR and KPIs	TSR and KPIs	TSR and KPIs	TSR and KPIs

A total of 4,300,000 loan funded LTIP shares have been issued over the three year period since the inception of the program. During the current year, nil (2020: nil) shares were granted under the LTIP.

A loan is provided to the participant at grant date equal to the share value at the scheme commencement multiplied by the number of shares issued. The loan is repaid to the company after vesting conditions are met. The loan is non-recourse and interest free. A holding restriction is placed on the shares until the vesting date has been reached and the performance criteria have been assessed. Should the shares vest, they will be removed from the holding restriction. If the shares fail to vest, then the shares will be forfeited and the loan extinguished.

The shares attract dividends as per ordinary paid up shares. The dividends earned are offset against any future loan payable by the eligible employees under the scheme.

The fair value of the shares granted includes the loan instruments attached to the shares. The fair value was calculated in accordance with AASB 2: Share based payments. The fair value was determined using a version of the Black Scholes model incorporating a Monte Carlo simulation analysis to value the market-based performance conditions

The fair value of the respective grants with key assumptions used in determining its value is outlined as follows:

	FY19 grants	FY18 grants		FY17 grant
Grant date	26 March 2019	1 April 2018	1 July 2017	1 July 2016
Vesting date	31 December 2020	31 December 2020	1 July 2020	1 July 2019
Fair value of instrument	$0.99	$0.99	$0.78	$0.77
The fair value incorporates:				
Expected price volatility (i)	30% to 40%	30% to 40%	35% to 45%	35% to 45%
Expected dividend yield	3.40%	3.40%	3.75%	2.00%
Risk free interest rate	2.50%	2.50%	2.41%	1.78%

(i) The expected price volatility was based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Financial summary

The movement in the number of shares held under the loan funded LTIP is summarised as follows:

Year ended 30 June 2021

				Number of shares under holding restriction					
Grant Date	Start of performance period	End of performance period	Exercise price ($)	Opening balance	Granted (i)	Lapsed (ii)	Vested (iii)	Closing balance (iv)	Vested and exercisable at the end of the year (v)
01-Jul-17	01-Jul-17	1-Jul-20	3.81	**200,000**	-	(200,000)	-	-	-
01-Apr-18	01-Apr-18	1-Jan-21	4.67	**500,000**	-	(500,000)	-	-	-
26-Mar-19	01-Apr-18	1-Jan-21	4.67	**150,000**	-	(150,000)	-	-	-
TOTAL				**850,000**	**-**	**(850,000)**	**-**	**-**	**-**

Year ended 30 June 2020

				Number of shares under holding restriction					
Grant Date	Start of performance period	End of performance period	Exercise price ($)	Opening balance	Granted (i)	Lapsed (ii)	Vested (iii)	Closing balance (iv)	Vested and exercisable at the end of the year (v)
01-Jul-16	1-Jul-16	1-Jul-19	3.00	**2,200,000**	-	-	(2,200,000)	-	-
01-Jul-17	01-Jul-17	1-Jul-20	3.81	**200,000**	-	-		**200,000**	
01-Apr-18	01-Apr-18	1-Jan-21	4.67	**700,000**	-	(200,000)		**500,000**	-
26-Mar-19	01-Apr-18	1-Jan-21	4.67	**150,000**	-			**150,000**	-
TOTAL				**3,250,000**	**-**	**(200,000)**	**(2,200,000)**	**850,000**	**-**

(i) During the current year, nil (2020: nil) shares were granted under the loan funded LTIP;

(ii) During the current year, 650,000 (2020: 200,000) shares lapsed due to the resignation of certain employees and 200,000 shares (2020: nil) lapsed due to not meeting vesting conditions.

(iii) On 1 July 2019, 2,200,000 loan funded LTIP shares met their vesting conditions as determined by the Board, based on meeting TSR and individual KPI targets over the three year vesting period. As at 30 June 2021, nil (2020: 850,000) LTIP shares remain with future vesting conditions to be met.

(iv) During the current year, 350,000 loan funded LTIP shares under the grant dates of 1 July 2017 and 1 April 2018 did not met their vesting conditions as determined by the Board, based on meeting TSR and individual KPI targets over the three year vesting period. In September 2020, 500,000 loan funded LTIP shares lapsed due to staff departure.

(v) As at 30 June 2021, nil shares (2020: nil) had met vesting conditions, which had not yet been exercised.

(C) EXPENSES ARISING FROM SHARE BASED PAYMENT TRANSACTIONS

Total expenses arising from share based payment transactions recognised during the period are as follows:

	CONSOLIDATED 2021 $'000	2020 $'000
Share based payment expense/(reversal) under loan funded LTIP	(710)	195
Share based payment expense under franchise loyalty plan	-	7
Share based payment expense under omnibus incentive plan	2,224	671
TOTAL SHARE BASED PAYMENTS EXPENSE	**(1,514)**	**873**

The share based payment expenses relating to the loan funded LTIP and franchise loyalty plan were recognised in the share based payments reserve, which forms part of the reserves in the consolidated statement of financial position. The share based payment expense relating to the omnibus incentive plan was recognised as an increase in share capital.

38. EVENTS AFTER THE REPORTING PERIOD

Lockdowns across Australia and New Zealand may have an impact on the Group's operations should they continue indefinitely, the increasing vaccination rates across both countries also has the potential to bring forward unrestricted international travel ahead of the Group's current forecast.

With this exception, no matter or circumstance has arisen since 30 June 2021 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.

39. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Helloworld Travel Limited and its subsidiaries (referred to in this financial report as the Group) as at 30 June 2021 and for the year then ended.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

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 after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost including acquisition related costs, that are adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee (in Group profit or loss) and the Group's share of movements in other comprehensive income (OCI) of the investee (in Group OCI). Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceed its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Group.

The carrying amount of associates is tested for impairment in accordance with the policy described at note 39(l).

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Helloworld Travel Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

(B) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interest issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred, except if related to the issue of debt or equity securities, in which case are recognised directly in equity.

Goodwill is recognised when there is an excess of, consideration transferred, any amount of any non-controlling interest in the acquired entity; and the acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability and subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Unless the adjustment relates to additional information obtained within twelve months from the date of acquisition, about circumstances that existed at the acquisition date,

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired entity is remeasured to fair value on the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

(C) FOREIGN CURRENCY TRANSLATION

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains or losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss in profit or loss and OCI.

(ii) Investments in foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at the average exchange rates or the exchange rate at the date of the transaction if considered more appropriate; and
- all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(D) REVENUE RECOGNITION

The principal activities of the Group are those of acting as an agent for tour, travel and accommodation suppliers for which the Group earns revenue, predominantly in the form of commissions.

Revenue is recognised when the performance obligations under the relevant revenue contracts have been met. The specific accounting policies for the Group's key revenue streams are outlined below:

(i) Commissions

Commissions consist of at source commissions and override commissions which are based on achievement of volume based sales targets with specific airline and leisure partners. The Group acts in the capacity of an agent rather than principal with the facilitation of tour, travel and accommodation services as the Group's customer is a travel agent or supplier. As a result, commission revenue is recognised as the net amount of commission received or receivable by the Group. The revenue policy for the various types of commissions across the Group is outlined below:

At source commissions - retail and travel management businesses

The Group's retail and travel management businesses receive at source commission from suppliers for the arrangement of travel, tours and travel related products. Revenue is recognised at the point of time when tickets, itineraries or travel documents are issued (ticketed date) as this is when the performance obligation is met to the travel agent or supplier.

At source commissions - Wholesale and Inbound

The Group's wholesale business work with hotels, transportation providers (air, rail and cruise) and attractions to purchase individual travel components from them at agreed rates. Those components are packaged into marketable holiday travel packages and tours for the travel leisure market to local and overseas destinations. The commission revenue recognised is the margin received between the arranged purchase price of travel products and the retail price of the holiday package, net of commissions paid to travel agents. Revenue is recognised at the point of time when all aspects of holiday packaged travel, including booking, ticketing and management amendments have been arranged (departure date), as this is when the performance obligation has been met to the travel agent or supplier.

The Group's Inbound business in Australia, New Zealand and Fiji receive at source commission for the arrangement of airline tickets, tours and travel. Revenue is recognised at the point of time when the traveller's tour or travel has commenced (departure date) as this is when the performance obligation has been met to the travel agent or supplier.

Other types of at source commissions

The Group also receives commissions from sales of travel related products such as insurance, foreign currency purchasing services and incentives from suppliers. These commissions are recognised as revenue at a point of time on an accrual basis when the performance obligation is met and the amount can be reliably measured.

Override commission revenue

The Group also receives variable consideration in relation to the above performance obligations in the form of volume based override commissions from airline and leisure partners across the air, land and cruise travel products sold. Generally, override commissions are only received on departed travel sales (for air and cruise) or on commencement of hotel stays (for land). On this basis, revenue is recognised on departure date or commencement date as this reflects the point in time when this variable consideration is highly probable of not being subject to significant reversal.

Each supplier has separate contractual agreements with the Group and the contractual rates, performance tiers and contract periods vary accordingly. Override commission revenue is calculated and recognised using the applicable tiered earning rates per the agreements.

(ii) Transaction and service fees

The Group's travel management businesses charge customers a transaction fee when travel arrangements are booked through either the Group's online system or using a travel management consultant. Transaction fees are levied in accordance with their contractually agreed rates for the type of product booked. Transaction and service fees are recognised as revenue at the point of time when tickets are issued (ticketed date) as this is when the performance obligation is met to the consumer for the booking of travel arrangements and the transaction price is fixed. Where amendments occur after the initial transaction, these are treated separately and additional transaction fees will apply.

(iii) Marketing related activities

The Group receives contributions from suppliers to compensate for the costs incurred in relation to the production of brochures, in relation to marketing campaigns and activities, and for travel conferences organised by the Group. Revenue is recognised at a point of time when the marketing related activity is undertaken as the performance obligation to the supplier has been met.

(iv) Other revenue from contracts with customers

Other revenue from contracts with customers consists of franchise fees generated across the rental distribution network, transport and logistics revenue generated in the corporate business in Australia, the tourist transport business in Fiji and revenue generated from the operation of call centres to support various COVID-19 contact tracing programmes. Franchise fees mainly consist of network fees and information technology service fees relating to services provided to the Group's retail network members. Network membership fees are recognised over a period of time on a straight line basis over the life of the contract and information technology service fees are recognised over time when the services are undertaken. Revenue for transport and logistics services is recognised at a point of time on a gross basis as the Group is acting as the principal in the delivery of the service and performance obligation to the customer.

(v) Other revenue

Other revenue consists primarily of finance income earned from cash and term deposits and sundry income relating to all other ancillary income. Rental income is recognised over a period of time based on the term of the lease. Finance income and sundry income are recognised on an accrual basis at a point of time.

(E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand and short term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Interest income is earned on cash and term deposits and is recognised on an accrual basis in the statement of profit or loss.

Restricted cash includes cash held within legal entities of the Group that have International Air Transport Association (IATA) requirements as part of providing ticketing travel arrangements.

(F) TRADE RECEIVABLES

Trade receivables relate to contracts with customers and are recognised initially at the transaction price of the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less any loss allowance. Trade receivables are generally collected within 7 to 30 days from the date of invoice. They are presented as current assets unless collection is not expected within 12 months from the reporting date. Bad debts are written off as incurred. Non-current receivables are carried at the present value of future net cash inflows expected to be received.

Collectability of receivables (including accrued revenue) is reviewed on an ongoing basis at an operating business unit level. Individual debts that are known to be uncollectable are written off when identified. The Group applies the simplified approach to measuring expected credit losses which, uses a lifetime expected loss allowance for receivables. To measure the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due.

The expected loss rates applied to receivables at 30 June are based on historical loss rates adjusted to reflect current and forward looking market factors.

The loss allowance is recognised in profit or loss within operating expenses. Subsequent recoveries of amounts previously written off are recognised within operating expenses in profit or loss.

(G) ACCRUED REVENUE

Accrued revenue relates to amounts owed to the Group at balance sheet date that have not yet been invoiced to the customer or received as cash from the customer. The Group's accrued revenue mainly relates to the estimate of conditional override commission revenue earned during the respective customer contract period but not yet invoiced at balance date. In addition, accrued revenue includes other unconditional commission revenue earned, but not yet invoiced from the passage of time.

(H) PREPAYMENTS

Prepayments consist of travel products purchased prior to revenue recognition of the associated travel booking and prepaid operating expenditure.

(I) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to allocate the cost of items of property, plant and equipment (less their estimated residual values) using the straight-line method over their estimated useful lives and is recognised in profit or loss. Leasehold improvements are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term or extend the initial lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Land and buildings — 40 years
- Equipment including motor vehicles — 2.5 to 10 years
- Leasehold improvements — 5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(J) INTANGIBLE ASSETS

(i) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets and the goodwill measurement policy is outlined in note 40(b). Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units (CGUs) for impairment testing purposes. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Other intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (where applicable). The useful lives of intangible assets are assessed to be either finite or indefinite.

The following intangible assets are considered finite life intangible assets. They are amortised using the straight-line method over the following periods:

• Commercial agreements	5 to 12 years
• Brand names and trademarks	7 to 20 years
• Technology assets	2.5 to 10 years
Customer bases	8 years

Amounts paid for the development of software and website intangible assets are capitalised only when the following criteria are met:

- the technical feasibility of completing the intangible asset is confirmed, so that it will become available for use or sale;
- management intends on completing the intangible asset for use or sale;
- the business has the ability to use or sell the intangible asset;
- it is established how the intangible asset will generate probable future economic benefits. Among other things, including being able to demonstrate the existence of a market for the intangible asset or, if it is to be used internally, the usefulness of the intangible asset to the business; and
- management can reliably measure the expenditure attributable to the intangible asset during its development.

Costs capitalised include external direct costs of materials and service, and direct payroll and payroll related costs of employees' time spent on the project.

Intangible assets with finite lives are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Retail distribution systems and the AOT agent network asset are considered indefinite life intangible assets. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually on an individual basis. The indefinite life assumption of an intangible asset is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is applied prospectively.

(K) INVESTMENTS AND OTHER FINANCIAL ASSETS

Financial assets measured at amortised cost and fair value through OCI are initially measured at fair value plus directly attributable transaction costs. Financial assets measured at fair value through profit or loss are initially measured at fair value.

Investments and other financial assets are classified, at initial recognition, and subsequently into the following measurement categories, financial assets at amortised cost, fair value through profit or loss or fair value through OCI. The initial and subsequent classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

- Amortised cost – relates to assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Assets are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- Fair value through profit or loss – relates to assets that are not held for collection of contractual cash flows nor held to sell at a future date. As a result, the assets that do not meet the criteria for amortised cost or fair value through OCI are subsequently measured at fair value. Gains and losses are recognised net in the profit or loss in the period in which they arise.
- Fair value through OCI – relates to assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and held to sell at a future date. Assets are subsequently measured at fair value with movements in the carrying amount recognised in other comprehensive income, except for impairment, interest income and foreign exchange gains or losses which are recognised in the profit or loss. When a financial asset is derecognised, the gain or loss is reclassified from equity to the profit or loss.

Purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(L) IMPAIRMENT OF NON FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non financial assets including property, plant and equipment, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss relating to non financial assets is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or CGUs. Non financial assets, other than goodwill, that were impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

(M) TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They include amounts owing to participating retail travel agents under the Group's incentive program, reported within selling expenses in the statement of profit or loss and OCI, which is assessed based on the volume of completed sales made with designated preferred suppliers of the Group.

Trade and other payables are unsecured and are normally settled within 7 to 30 day payment terms from the date of invoice. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at their amortised cost.

(N) LEASES

(i) Nature of leasing activities

The Group has leases relating to commercial office premises, retail properties and motor vehicles. The Group's leases are typically for fixed periods between 3 to 10 years and may include extension options. Lease terms are negotiated on an individual lease basis and contain a wide range of different terms and conditions. None of the Group's lease agreements impose any covenants, however leased assets may not be used as security for borrowing purposes.

(ii) Measurement and recognition

The Group determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. Upon determining the contract is a lease, the Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. A right of use asset representing the right to use the underlying asset and a corresponding lease liability representing the obligation to make lease payments are recognised at the date at which the leased asset is available for use by the Group.

Right of use asset

The right of use asset is measured at cost, comprising the following:

- initial measurement of the lease liability;
- lease payments made in advance of the lease commencement date less any incentives received;
- initial direct costs; and
- estimate of any costs to dismantle and remove the asset at the end of the lease.

The Group depreciates the right of use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use assets for impairment when such indicators exist, refer note 40(l) impairment of non financial assets for more information.

Subsequent to initial measurement, when the lease liability is remeasured, a corresponding adjustment is made to the value of the right of use asset, or the profit and loss statement if the right of use asset is already reduced to zero.

Subsequent to initial measurement, when the lease liability is remeasured, a corresponding adjustment is made to the value of the right of use asset, or the profit and loss statement if the right of use asset is already reduced to zero.

Lease liability

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease where that rate is readily available or using the Group's incremental borrowing rate for the respective period the lease was entered.

Lease payments included in the measurement of the lease liability consist:

- fixed payments less any incentives receivable;
- variable payments based on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from options reasonably certain to be exercised.

On initial recognition of the right of use asset and the lease liability, a corresponding deferred tax asset and deferred tax liability are recognised to reflect the temporary differences that arise.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest incurred. The liability is remeasured to reflect any reassessment or modification, or if there are changes relating to in-substance fixed payments. In addition, the liability is adjusted when an index or rate change takes effect resulting in an increase in variable lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Helloworld Travel has elected to use the practical expedient available under Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions when recognising rent concessions received from certain landlords as a direct result of the COVID-19 pandemic. Helloworld Travel has elected to not assess whether rental concessions have resulted in a lease modification. Rent concessions that have not resulted in a lease modification, are considered variable lease payments. The difference between the remeasurement of the lease liability and the right of use asset is recognised within occupancy expenses in the consolidated statement of profit or loss and other comprehensive income.

(iii) Incremental borrowing rate

The Group cannot determine the interest rate implicit in the lease, therefore, the Group's estimated incremental borrowing rate has been used to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The Group has estimated the incremental borrowing rate using market based interest rates adjusted for entity specific conditions.

(iv) Variable lease payments

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event of condition that triggers the payment occurs.

(v) Short term leases and leases of low value assets

The Group has elected to apply the recognition exemptions to short term leases and leases of low value assets available under AASB 16. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term. Short term leases are leases with a lease term of 12 months or less. Low value assets comprise small items of office and information technology related equipment.

(vi) Extension and termination options

Extension and termination options are included in a number of the Group's property leases. These extension options are at the discretion of Helloworld and provide management with the flexibility to manage the leased-asset portfolio in line with the Group's needs. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(O) EMPLOYEE BENEFITS

(i) Short term employee benefits

Liabilities for wages and salaries, short term bonuses and annual leave (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The annual leave liability is presented as current employee benefit obligations in the balance sheet. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefits

The liability for long service leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. The fair value of long term employee benefits is determined using the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds that match, as closely as possible, the estimated future cash outflows. Remeasurement from experience adjustments and changes in assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share based payments

Share based compensation benefits are provided in the form of the omnibus Incentive plan, loan funded share instruments (long term incentive plan) to employees and a deferred share scheme (franchise loyalty plan) to franchisees. Information relating to these schemes is set out in note 37: share based payments.

Long term incentive plan and franchise loyalty plan

The fair value of the share based payments for the loan funded LTIP and the franchise loyalty plan are recognised as an employee benefits expense or operating cost respectively with a corresponding increase in equity in the share based payment reserve. The total amount to be expensed is determined by reference to the fair value of the instrument granted as follows:

- including any market performance conditions such as share price;
- excluding the impact of any service and non-market performance vesting conditions such as employees achieving certain KPIs; and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to the original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the instrument vests, the Company releases the holding restrictions on the appropriate amount of shares for the employee or franchisee. The proceeds received (if any) net of any directly attributable transactions costs are recognised directly to equity.

Omnibus incentive plan

The fair value of the share based payments for omnibus incentive plan is recognised as an employee benefits expense with a corresponding increase in equity in issued capital. The total amount expensed is determined by reference to the fair value of the instrument granted on the grant date. The instruments issued under the omnibus incentive plan have no conditions that impact the fair value of the shares.

(iv) Defined contribution plans

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits from an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(P) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation arising from past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance expense.

Dividends are only recognised in the financial year in which the dividend is paid as the decision to pay a dividend may be revoked by the Board at any time before payment.

(Q) DEFERRED REVENUE

The Group receives monies from customers prior to the travel booking finalisation, which are recorded in the statement of financial position as deferred revenue.

At the end of each financial year, the amount recorded on the balance sheet consists of monies that Helloworld Travel will pay its suppliers for the purchase of travel products in the next financial year and the revenue commission that will be earned in the future. The revenue commission from these transactions will be released to the profit or loss in the next financial year in accordance with the revenue recognition policy outlined in note 39 (d).

(R) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Establishment fees of the loan facilities are recognised as borrowing costs of the loan as the facility has been drawn down. The establishment fees are netted against the borrowings and amortised on a straight line basis over the term of the facility. As a result, finance expense in the consolidated statement of profit or loss includes interest expense recorded on an accrual basis and the unwinding of the deferred borrowing costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(S) DERIVATIVES AND HEDGING ACTIVITIES

The Group holds derivative financial instruments to hedge its foreign currency exposures.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as a hedge of its foreign currency exposures.

The Group documents at the inception of the hedging transaction the economic relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges are recognised in OCI and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in OCI is transferred to the carrying amount of the asset when the asset is recognised. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(T) INCOME TAX

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

(i) Tax consolidation legislation

Helloworld Travel Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Helloworld Travel Limited, and its 100% wholly-owned subsidiaries in the Australian income tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the Australian income tax consolidated group continues to be a standalone taxpayer.

In addition to its own current and deferred tax amounts, Helloworld Travel Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the Australian income tax consolidated group where applicable.

(ii) Nature of tax funding arrangements and tax sharing agreements

Helloworld Travel Limited, in conjunction with the other 100% wholly owned subsidiary members of the Australian income tax consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the Australian income tax consolidated group in respect of the Group's tax liability. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any deferred tax asset relating to tax loss be assumed by the head entity, resulting in the head entity recognising an intercompany receivable/(payable) equal in amount to the tax liability/(asset) assumed. The intercompany receivable/(payable) is at call.

The amounts receivable/payable under the tax funding arrangement are due upon receipt of the funding advice from the head tax entity, which is issued as soon as practicable after the end of each financial year. The head tax entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. Assets or liabilities arising from the tax funding agreement with Helloworld Travel are recognised as a current amount receivable or payable to Helloworld Travel. Any difference in the amounts assumed and the amount receivable or payable to Helloworld Travel, are shown as a contribution to, (or distribution from) the head tax entity Helloworld Travel in the results of the individual legal entities.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangements and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with the other members of the Australian income tax consolidated group, has also entered into a tax sharing arrangement which provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts by subsidiary members under the tax sharing agreement is considered remote.

(iii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable, or payable to, the taxation authority.

(U) ISSUED CAPITAL

Ordinary shares are classified as issued capital within equity. Incremental costs directly attributable to the issue of new shares or options are shown in issued capital as a deduction, net of tax (unrecoverable GST), from the proceeds.

(V) EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing net profit/loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS adjusts the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(W) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the legal parent entity, Helloworld Travel Limited is disclosed in note 34: parent entity information and has been prepared on the same basis as described in the Group policies, except as set out below.

- investment in subsidiaries and associates are accounted for at cost; and
- where Helloworld Travel Limited has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of investment.

DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

(a) The consolidated financial statements and notes that are set out on pages 64 to 142 are in accordance with the *Corporations Act 2001*, including:

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

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), other mandatory professional reporting requirements 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; and

(c) At the date of this declaration there are reasonable grounds to believe that the Company and the Group entities identified in note 32 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee described in note 34 between the Company and those Group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Garry Hounsell

Chairman, Helloworld Travel Limited
Melbourne, 6 September 2021

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Independent auditor's report to the members of Helloworld Travel Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Helloworld Travel Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Liquidity risk and going concern basis of accounting

Why significant	How our audit addressed the key audit matter
The COVID-19 pandemic continues to impact the operations and financial performance of the Group and there is ongoing uncertainty as to when activity within the travel and tourism sectors will return to levels achieved before the onset of the outbreak. As described in Note 1 of the Financial Report, the Financial Statements of the Group have been prepared on a going concern basis, which assumes that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the ordinary course of business. Note 1 (c) outlines the key considerations used when assessing the Group's ability to continue as a going concern. This assessment includes available cash and borrowing facilities, borrowing terms including covenants and forecast cashflows for the next 12 months. Note 19 outlines the drawn and available debt facilities as at 30 June 2021 and the key terms associated with these facilities. Assessing the appropriateness of the going concern basis of preparation for the Financial Statements was a key audit matter due to the level of judgement required in assessing the Group's forecast cashflows (for a period of at least 12 months from the date of signing the financial report) and the importance of this assessment to the presentation of the Financial Statements as a whole.	► We checked that the period covered by the Group's going concern assessment was for at least 12 months from the date of signing the financial report and that all relevant information based on our knowledge of the Group was included in the assessment undertaken. ► We read the terms of the Group's debt financing arrangements, including covenant waivers as described in Note 1 (c) and checked that forecasts used to support compliance within the next twelve months had been prepared in accordance with the requirements of these arrangements. ► We assessed the forecast cashflow assumptions used by management to test compliance with future covenants. This assessment included consideration of available external industry information, historical results and cost control and productivity initiatives undertaken by the Group. ► We assessed the sensitivity of management's forecast cashflows to a range of possible scenarios resulting from the ongoing uncertainty caused by the COVID-19 pandemic. ► We compared significant inputs and assumptions used in cashflow forecasts with those utilised in the Group's impairment analysis. ► We tested compliance with debt financing covenants which were in place throughout the year ended 30 June 2021. ► We enquired of management and the Board of Directors as to their knowledge of events or conditions which may cast significant doubt on the Group's ability to continue as a going concern. ► We evaluated the adequacy of the Group's going concern disclosures included in Note 1 of the financial report.

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Impairment Assessment of non-current assets (including equity accounted investments)

Why significant	How our audit addressed the key audit matter
As described above, the COVID-19 pandemic continues to impact the operations and financial performance of the Group and there is ongoing uncertainty as to when activity within the travel and tourism sectors will return to levels achieved before the onset of the outbreak. Note 15 discloses information on goodwill and other intangible assets recognised by the Group as at 30 June 2021. Note 12 discloses information on the Group's investments accounted for using the equity method of accounting. The impairment assessment of the Group's cash generating units (CGUs) and material equity accounted investments was a key audit matter due to the value of these assets as a proportion of total assets and the extent of estimation uncertainty involved in the assessment, particularly in relation to the impacts of the COVID-19 pandemic on the forecast future cashflows.	► We assessed the Group's determination of the cash generating units (CGUs) used for their impairment assessment based on the requirements of Australian Accounting Standards. ► We developed an understanding of the process undertaken by the Group in preparing discounted cash flow models used to estimate the recoverable value of CGUs, including how key assumptions (described in Note 15) were derived. ► We assessed the Group's future cash flow forecasts used to estimate recoverable value, which included: ▪ Assessment of the mechanical accuracy of the cash flow models. ▪ Assessment as to whether the allocation of assets (including goodwill) to CGUs was appropriate based on our knowledge of the Group's operations. ▪ Assessment of the basis of allocating corporate costs and overheads to CGUs. ▪ Evaluation of the Group's forecast recovery path (considering the potential impacts of government and other measures to address the COVID-19 pandemic) and expected financial performance to FY26 using external industry forecasts and internal historical data. ▪ Involvement of our valuation specialists to evaluate the key assumptions applied within the impairment models including terminal growth rates, discount rates, Total Transaction Value (TTV), margin, capital expenditure forecasts and working capital requirements. ▪ Assessment of the sensitivity of forecasts to movements in key assumptions to ascertain the extent of change in those assumptions that would either individually or collectively result in an impairment charge at an individual CGU level (or collection of CGUs where appropriate). ► We performed market capitalisation and earnings multiples cross checks in comparison with other comparable businesses to corroborate the impairment testing model outcomes. ► We evaluated the adequacy of the disclosures included within Note 15.

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Revenue recognition, including deferred revenue and accrued revenue

Why significant	How our audit addressed the key audit matter
The Group earns revenue from the provision of travel and travel related services as outlined in Note 2. Significant judgement is required in the recognition of commissions and transaction and service fees which required: ▸ Assessment of the timing and satisfaction of performance obligations to customers. ▸ Recognition and measurement of accrued revenue for services provided but not yet invoiced. ▸ Recognition, measurement and classification of deferred revenue where monies have been received but services not yet rendered. ▸ Assessing the likelihood of future significant revenue reversals and therefore the need for any revenue deferral (particularly in response to the ongoing impacts of the COVID-19 pandemic). The accuracy of amounts recorded as revenue was a key audit matter due to the number of systems used by the Group in recording and processing transactions, the differing nature of performance obligations for products and services offered to customers and the ongoing impact of the COVID-19 pandemic on the Group's revenue.	▸ We assessed the Group's accounting policies for each material revenue stream, as set out in Note 39 (d), against the requirements of Australian Accounting Standards. ▸ We obtained an understanding of the processes implemented by the Group to record and process revenue transactions, including where appropriate, evaluation of the design and operating effectiveness of key controls. ▸ For a sample of revenue transactions recorded during the year, we obtained supporting evidence such as customer and supplier contracts, travel documents, supplier statements and evidence of customer payment and supplier payment. Based on this information we evaluated whether revenue or accrued revenue had been recognised in accordance with the Group's stated accounting policies. ▸ For a sample of deferred revenue balances, we evaluated the accuracy and appropriateness of the classification of amounts recognised where obligations to customers had not been met (such as where travel had not yet availed) or there was a significant chance of a future reversal. We evaluated the adequacy of disclosures set out in Note 2.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal

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control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Helloworld Travel Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Brett Croft
Partner

Melbourne
6 September 2021

ASX ADDITIONAL INFORMATION

Additional information required by ASX and not shown elsewhere in this report is as follows. The information is current as at 30 July 2021.

(A) DISTRIBUTION OF EQUITY SECURITIES

SHARE RANGE	Number of holders	Number of shares	%
1 - 1,000	3,717	1,898,926	1.22
1,001 - 5,000	3,105	7,834,742	5.05
5,001 - 10,000	741	5,643,848	3.64
10,001 - 100,000	680	17,365,822	11.20
100,001 and over	62	122,284,507	78.89
TOTAL	**8,305**	**155,027,845**	**100.00**

All issued ordinary shares carry one vote per share and carry the right to dividends. The number of holders holding a less than marketable parcel of ordinary shares based on the market price as at 30 July 2021 was 1,194 holders holding 223,591 shares.

(B) TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

The names of the 20 largest registered holders of quoted shares are:

ORDINARY SHAREHOLDERS	Number of shares	%
SINTACK PTY LTD	20,630,306	13.31
THE BURNES GROUP PTY LTD	20,348,287	13.13
Q H TOURS Limited	19,223,454	12.40
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,664,613	10.75
ANDREW JAMES BURNES	10,495,531	6.77
CINZIA BURNES	10,138,014	6.54
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,218,580	2.72
NATIONAL NOMINEES LIMITED	3,705,000	2.39
CITICORP NOMINEES PTY LIMITED	3,235,475	2.09
JOHN ARMOUR	2,000,000	1.29
LONGBUSH NOMINEES PTY Limited	1,222,121	0.79
BELDISHA PTY Limited	562,500	0.36
SHAUN REID	560,630	0.36
BNP PARISBAS NOMINEES PTY Limited	500,000	0.32
ANDREW JONES & KAREN JONES	500,000	0.32
HIGHLIFE COMPANY (AUST) PTY Limited	396,731	0.26
CROWNACE PTY Limited	390,000	0.25
TREVOR E JONES & SONIA L JONES	384,528	0.25
GHASSAN BEYDOUN	353,500	0.23
SUIQING BAO	305,500	0.20
	115,834,770	**74.73**

(C) SUBSTANTIAL SHAREHOLDERS

The number of shares held by substantial shareholders and their associates are set out below:

SUBSTANTIAL SHAREHOLDER	Number of shares	%
THE BURNES GROUP PTY LTD AND ASSOCIATES	42,203,953	27.22
SINTACK PTY Ltd	20,630,306	13.31
Q H TOURS Limited	19,223,454	12.40
FIL LIMITED	14,475,534	9.34


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