



HELLOWORLD TRAVEL LIMITED
AND CONTROLLED ENTITIES

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**



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DIRECTORS' REPORT

The Directors of Helloworld Travel Limited (Helloworld) present their Report together with the Interim Financial Statements of the Consolidated Entity (the Group), being Helloworld Travel Limited and the entities that it controlled at the end of, or during, the half year ended 31 December 2021 and the Independent Auditor's Review Report.

DIRECTORS

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

- Garry Hounsell (Chairman)
- Andrew Burnes AO (Chief Executive Officer and Managing Director)
- Cinzia Burnes
- Andrew Finch
- Robert Dalton (Appointed 09 November 2021)
- Mike Ferraro (Resigned 26 October 2021)

PRINCIPAL ACTIVITIES

The principal activities during the half 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 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's wholesale travel businesses in Australia include Viva Holidays, Sunlover Holidays, Ready Rooms, Seven Oceans Cruises and in New Zealand, Go Holidays and Willimments 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 corporate divisions in Australia include QBT, AOT Hotels, TravelEdge, Show Travel and in New Zealand APX and Atlas Travel.

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

REVIEW OF OPERATIONS

SUMMARY OF RESULTS

Helloworld's key financial results for the half year ended 31 December 2021 compared with the prior corresponding period for the half year ended 31 December 2020 are summarised below.

	1H22 \$000's	1H21 \$000's	Change \$000's	Change %
Total Transaction Value (TTV) (i)	694,317	432,940	261,377	60.4
Revenue	40,278	27,746	12,532	45.2
<i>Revenue margin (ii)</i>	5.8%	6.4%	-	-
EBITDA (iii)	(5,165)	(5,791)	626	10.8
<i>EBITDA margin (iv)</i>	(12.8%)	(20.9%)	-	-
Loss before income tax expense	(19,586)	(21,542)	1,956	9.1
Loss after income tax expense	(14,043)	(15,131)	1,088	7.2



- (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 agent 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) Revenue margin has been calculated as Revenue as a percentage of TTV.
- (iii) EBITDA has been amended in this financial year to exclude all AASB16 Leases associated expenses. The change in presentation to the prior year can be shown as follows:

	HY22 presentation	HY21 presentation
Revenue	✓	✓
Expenses	✓	✓
Depreciation on right of use assets	x	✓
Interest expense on lease liabilities and make good provisions	x	✓
EBITDA		
Depreciation on right of use assets	✓	x
Interest expense on lease liabilities and make good provisions	✓	x
Other depreciation and amortisation	✓	✓
Other interest expense	✓	✓
Tax	✓	✓

Comparative information has been reported on a consistent basis in this interim financial report.

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. A reconciliation of EBITDA to profit before income tax expense is provided in Note 5: Operating Segments of the Consolidated Interim Financial Statements.

- (iv) EBITDA margin has been calculated as EBITDA as a percentage of Revenue.

OVERVIEW OF RESULTS

TTV increased by 60.4% to \$694.3 million driven by progressive release of border controls from October to December in key Australian Eastern seaboard states, while still being impacted by the almost total lockdown across Australia from July to September. Although the relaxation of domestic and international border controls in the latter part of the half showed a notable increase in bookings, previous trends of snap domestic lockdowns over the past 18 months due to COVID-19 outbreaks continued to impact customer confidence.

Revenue (\$40.3 million) increased significantly from the prior year revenue of \$27.7 million due to the substantial increase in domestic travel bookings in the last three months of the quarter. The Revenue margin of 5.8% was slightly less than the prior year margin of 6.4% reflecting the change in Helloworld's revenue mix between travel and non-travel related revenue.

The EBITDA loss was \$5.2 million, 10.8% or \$0.6 million more favourable on the prior corresponding period. This was attributable to the net impact of; a reduction of \$5.8 million in employee expenses reflecting a reduced labour force, a reduction in government wage subsidies and an increase in Operating expenses incurred as a result of the ramp up of the FB Freight business.

Net loss before tax was \$19.6 million, a reduction of \$1.9 million on the prior period loss of \$21.5 million; primarily attributable to:

- a decrease in depreciation and amortisation expense by \$1.2 million due to a reduction in leased properties employed by the business; and
- reduced finance expenses of \$0.3 million due to prepayment of \$20 million of borrowings in October 2020.

The income tax effective rate was 28.3% in the current half year compared with the prior corresponding period of 29.7%. As a result, the after-tax loss is \$14.0 million (compared to prior period loss of \$15.1 million).

In addition to the settlement of creditors outstanding at the beginning of the current half of \$16.3 million, Helloworld has been successful in keeping cash burn below \$2.0 million per month in the first half of FY22 and maintaining a positive cash position to ensure the Group can continue to operate at current levels beyond the next 12 months.

SHAREHOLDER RETURNS

Basic and diluted earnings per share for the half year ended 31 December 2021 was a loss of 9.0 cents per share (2020: loss of 9.8 cents per share).

Consistent with the prior year, no final dividend was paid in the interim period and no interim dividend has been proposed for the half year ended 31 December 2021. Pursuant to the Group's financing arrangements, dividends made prior to 1 June 2022 may be made with its lender, Westpac Banking Corporation's (Westpac) consent.

ACQUISITIONS

No significant acquisitions have been undertaken during the half year period.

DISPOSALS

No significant disposals have been recognised during the half year period.

Refer to Events after the Reporting Period note for an update on the proposed sale of the corporate and entertainment travel business.

LIQUIDITY AND FUNDING

At 31 December 2021, the Group held a cash balance of \$87.6 million (June 2021: \$131.0 million, December 2020: \$142.7 million).

Reduction in overall cash of \$43.5 million largely reflects \$10 million prepayment of borrowings, reduction in client cash balance of \$14.6 million due to refunds and supplier payments and a reduction in free cash balance reflecting the timing of overhead payments and payments of employee entitlements.

At 31 December 2021, the Group held external borrowings of \$70.8 million (June 2021: \$80.7 million, December 2020: \$80.7 million) with available headroom on its debt facilities of \$42.6 million (June 2021: \$31.6 million, December 2020: \$30.2 million).

Helloworld made a prepayment of \$10 million against Facility D and renegotiated its debt covenants with Westpac, to reduce its minimum cash balance covenant to \$30 million from 31 December 2021 (down from \$55 million) increasing the headroom and flexibility in cashflows.

Helloworld maintains a sufficient level of operating cash and positive net current assets, supported by a secured long-term debt facility with Westpac.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 15 December 2021, Helloworld announced that it had entered into a binding agreement to divest its corporate and entertainment travel business in Australia and New Zealand to ASX listed entity Corporate Travel Management for an enterprise value of \$175 million. Subject to the completion of a number of substantive actions by Helloworld, including certain conditions precedent being met, completion is expected to occur during the first quarter of calendar year 2022. The sale will be recognised in Helloworld's results for the second half of FY22.

On 12 January 2022, \$7.5 million in previously paid company tax was refunded by the Australian Taxation Office under the loss carry back provisions relating to the FY20 and FY21 tax years.

Other than events disclosed above, no other matters or circumstances have arisen since 31 December 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.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the declaration of independence on page 7 from Ernst & Young (EY), the auditor of Helloworld Travel Limited. This declaration confirms the auditor's independence and forms part of the Directors' Report.

ROUNDING OF AMOUNTS

The amounts contained in this Directors' Report and in the Consolidated Interim Financial Report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to Helloworld 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, 21 February 2022





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

As lead auditor for the review of the half-year financial report of Helloworld Travel Limited for the half-year ended 31 December 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Brett Croft
Partner
21 February 2022

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CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Revenue	3	40,278	27,746
Other Income		5,816	19,716
TOTAL REVENUE AND OTHER INCOME		46,094	47,462
Employee benefit expenses	4	(33,845)	(39,615)
Advertising and marketing expenses		(788)	(1,472)
Selling expenses		(2,549)	(49)
Communication and technology expenses		(5,871)	(6,324)
Occupancy expenses		(1,516)	(1,720)
Operating expenses		(6,605)	(3,614)
Depreciation and amortisation expense	4	(12,713)	(13,747)
Finance expense	4	(1,708)	(2,004)
Loss on disposal of investments		-	(231)
Share loss of associates		(85)	(228)
TOTAL EXPENSES		(65,680)	(69,004)
LOSS BEFORE TAXATION		(19,586)	(21,542)
Income tax benefit		5,543	6,411
LOSS AFTER TAXATION		(14,043)	(15,131)
LOSS ATTRIBUTABLE TO:			
Non-controlling interest		(14)	(234)
Owners of Helloworld Travel Limited		(14,029)	(14,897)
LOSS AFTER TAXATION		(14,043)	(15,131)
OTHER COMPREHENSIVE LOSS			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(570)	(16)
OTHER COMPREHENSIVE LOSS FOR THE HALF YEAR, NET OF TAX		(570)	(16)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR		(14,613)	(15,147)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(14)	(234)
Owners of Helloworld Travel Limited		(14,599)	(14,913)
Basic earnings per share	7	(9.0)	(9.8)
Diluted earnings per share	7	(9.0)	(9.8)

The accompanying notes form part of this Financial Report.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2021

	Note	31 Dec 2021 \$'000	30 Jun 2021 \$'000
CURRENT ASSETS			
Cash and cash equivalents	8	87,556	131,024
Trade and other receivables		37,887	27,108
Accrued revenue		21,572	18,333
Income tax receivable		7,474	-
Inventories		517	522
TOTAL CURRENT ASSETS		155,006	176,987
NON-CURRENT ASSETS			
Trade and other receivables		5,484	5,774
Investments accounted for using the equity method		16,614	16,699
Property, plant and equipment		11,016	12,735
Right of use assets		22,588	25,042
Intangible assets		285,836	290,834
TOTAL NON-CURRENT ASSETS		341,538	351,084
TOTAL ASSETS		496,544	528,071
CURRENT LIABILITIES			
Trade and other payables		106,837	108,551
Lease liabilities		6,753	8,028
Provisions		21,274	22,156
Deferred revenue		15,067	19,852
TOTAL CURRENT LIABILITIES		149,931	158,587
NON-CURRENT LIABILITIES			
Borrowings	9	70,847	80,711
Lease liabilities		22,046	22,962
Deferred tax liabilities		35,872	33,079
Provisions		1,301	1,572
Other non-current liabilities		670	670
TOTAL NON-CURRENT LIABILITIES		130,736	138,994
TOTAL LIABILITIES		280,667	297,581
NET ASSETS		215,877	230,490
EQUITY			
Issued capital	10	468,199	468,199
Reserves	11	(2,124)	(1,554)
Accumulated losses	12	(251,165)	(237,136)
EQUITY ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED		214,910	229,509
Non-controlling interest		967	981
TOTAL EQUITY		215,877	230,490

The accompanying notes form part of this Financial Report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
BALANCE AT 1 JULY 2020	419,466	(2,517)	(201,640)	1,370	216,679
Loss after income tax benefit	-	-	(14,897)	(234)	(15,131)
Other comprehensive loss	-	(16)	-	-	(16)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR	-	(16)	(14,897)	(234)	(15,147)
<i>Transactions with owners (net of tax):</i>					
LTIP expense reversed (did not meet vesting conditions)	-	(683)	-	-	(683)
COVID-related retention benefit plan expensed	-	121	-	-	121
Issue of new shares, net of transaction costs	48,776	-	-	-	48,776
BALANCE AT 31 DECEMBER 2020	468,242	(3,095)	(216,537)	1,136	249,746
BALANCE AT 1 JULY 2021	468,199	(1,554)	(237,136)	981	230,490
Loss after income tax	-	-	(14,029)	(14)	(14,043)
Other comprehensive loss	-	(570)	-	-	(570)
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR	-	(570)	(14,029)	(14)	(14,613)
BALANCE AT 31 DECEMBER 2021	468,199	(2,124)	(251,165)	967	215,877



The accompanying notes form part of this Financial Report.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 Dec 2021 \$'000	31 Dec 2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (i)		446,227	327,245
Payments to suppliers and employees (ii)		(470,978)	(334,747)
Interest received		232	411
Finance costs paid		(1,545)	(1,851)
NET OPERATING CASH FLOWS		(26,064)	(8,942)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangibles		(2,081)	(3,000)
Payments for property, plant and equipment		(573)	(26)
Payments for disposal of controlled entities, net of cash disposed	14	-	(2,241)
Net cash acquired from acquisitions		-	175
Proceeds from disposal of property, plant and equipment		133	-
NET INVESTING CASH FLOWS		(2,521)	(5,092)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue, net of costs		-	48,235
Prepayments of borrowings		(10,000)	(20,000)
Repayment of lease liabilities		(4,311)	(3,057)
NET FINANCING CASH FLOWS		(14,311)	25,178
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(42,896)	11,144
Cash and cash equivalents at the beginning of the financial half year		131,024	131,861
Effects of exchange rate changes on cash and cash equivalents		(572)	(342)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR		87,556	142,663

(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 accompanying notes form part of this Financial Report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(A) REPORTING ENTITY

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

The Consolidated Interim Financial Report (financial report) of Helloworld Travel Limited and its controlled entities (the Group) for the six months ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 21 February 2022.

Helloworld 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 AASB134 Interim Financial Reporting adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report does not include all the information normally required for the annual financial report. Accordingly, this report should be read in conjunction with the annual report of Helloworld for the year ended 30 June 2021 and any public announcements made by Helloworld during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial 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 to Note 2.

(ii) Basis of accounting

The financial report has been prepared on a historical cost basis.

(iii) Functional and presentational 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 financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(v) Consistent application of accounting policies

The accounting policies have been consistently applied by all entities included in the financial report. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for any new standards, interpretation or amendments adopted from 1 July 2021, if any. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(vi) Comparative periods

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



2. GOING CONCERN

The ongoing impacts of the COVID-19 pandemic has continued to cause significant impacts to travel and tourism during the half year to 31 December 2021. Despite increasingly high levels of vaccinations in Australia and many of the travel markets serviced by the Group, the impact of new strains of COVID-19 such as Omicron have continued to trigger varying responses by governments across Australia and globally including border closures, mandatory quarantine periods and restrictions on domestic and international travel. As a result, amongst the “greenshoots” of a travel revival for Australian domestic travel, there is significant caution exercised to International travel due to the uncertainty of infection rates and quarantine requirements.

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 interim report is issued. Based on their assessment, it has been concluded that the Group will continue to operate as a going concern. As a result, the interim report has been prepared on this basis.

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

(i) Liquidity considerations:

- At 31 December 2021, the Group had a cash balance of \$87.6 million;
- At 31 December 2021, all loan facilities (A, B, C & D) totalling \$71.0 million have a tenor of 15 months (maturity date of March 2023);
- Helloworld received a payment of \$7.5 million on 12 January 2022 from the Australian Taxation Office for the FY20 and FY21 income tax returns, utilising available loss carry-back provisions;
- Net leverage and interest coverage covenants were waived for the calculation dates from September 2020 and will recommence in the quarter ending June 2022;
- The Group has \$42.6 million of undrawn facilities at 31 December 2021 (30 June 2021: \$31.5 million). Based on forecast cashflows, this is expected to be sufficient to manage through the continued recovery of the global travel industry;
- The Group prepaid \$10.0 million in December 2021 which can be redrawn, if required, with Westpac's consent. This has reduced the Group's interest costs by approximately \$210,000 per annum at current rates;
- A monthly liquidity requirement has been reduced from \$55 million in June 2021 to \$30.0 million until the quarter ending June 2022. The amount of \$30.0 million is subject to negotiation in good faith after 1 June 2022; and
- The Group has complied with all applicable financial covenants of its borrowing facilities during the relevant periods.

(ii) Future cash flow considerations:

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

On 15 December 2021, Helloworld announced that it had entered into a binding agreement to divest its corporate and entertainment travel business in Australia and New Zealand to ASX listed entity, Corporate Travel Management for an enterprise value of \$175 million, including cash of \$100 million. Subject to certain conditions being met, completion is expected to occur during the first quarter of calendar year 2022.

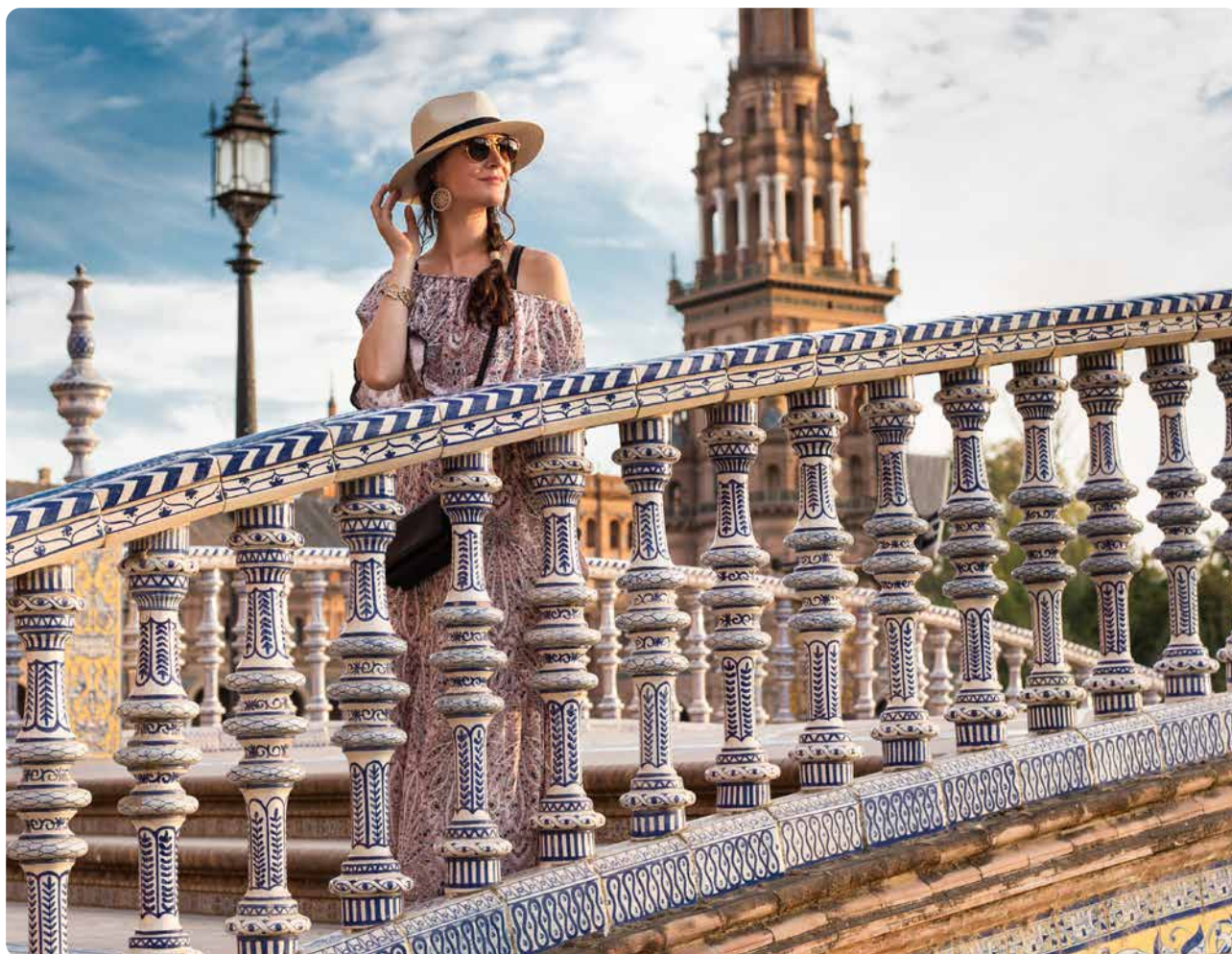
Management continue to adopt a cautious approach to increasing the Group's operational capability as the volume of travel bookings grow following the increase in vaccination rates and resultant removal of quarantine and other restrictions from key NSW and Victorian markets.

3. REVENUE AND OTHER INCOME

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

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Commissions	14,744	8,288
Transaction and services fees	13,324	10,937
Marketing related activities	1,103	1,384
Other revenue (including freight and call centre revenue)	11,107	7,137
REVENUE FROM CONTRACTS WITH CUSTOMERS	40,278	27,746
Government wage subsidies ⁽ⁱ⁾	3,519	17,884
Finance income	232	411
Sundry income	2,065	1,421
OTHER INCOME	5,816	19,716
TOTAL REVENUE AND OTHER INCOME	46,094	47,462

(i) During the current period, Helloworld received government wage subsidies for eligible employees in both Australia and New Zealand, in the form of JobSaver (2020: JobKeeper) of \$2.8 million (2020: \$16.8 million) and New Zealand wage subsidies of \$0.7 million (2020: \$1.1 million). The NZ wage subsidy scheme finished on 9 December 2021. These subsidies were made available to companies to assist with the financial impacts of the COVID-19 pandemic. Government wage subsidies have been reclassified in the prior period from Employee Expenses (as a reduction of the expense) to Other Income to align with the presentation used in the FY21 financial statements.





4. EXPENSES

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
LOSS BEFORE TAXATION INCLUDES THE FOLLOWING SPECIFIC ITEMS:		
Defined contribution superannuation expense	(2,478)	(2,385)
Reversal of LTIP expense (did not meet vesting conditions)	-	683
Restructuring costs	(67)	(3,517)
Other employee benefits expense including salaries	(31,300)	(34,396)
TOTAL EMPLOYEE BENEFITS EXPENSE	(33,845)	(39,615)
Depreciation of property, plant and equipment	(1,838)	(1,899)
Depreciation of right of use assets	(3,301)	(4,177)
Amortisation of intangible assets	(7,574)	(7,671)
TOTAL DEPRECIATION AND AMORTISATION	(12,713)	(13,747)
Finance expense on borrowings	(1,230)	(1,474)
Interest expense on lease liabilities	(478)	(530)
TOTAL FINANCE EXPENSE	(1,708)	(2,004)

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. Consequently, the Group has the following geographical segments.

AUSTRALIA	NEW ZEALAND	REST OF WORLD (ROW)
<ul style="list-style-type: none"> Retail distribution operations Air ticketing 	<ul style="list-style-type: none"> Retail distribution operations Air ticketing 	
<ul style="list-style-type: none"> Wholesale 	<ul style="list-style-type: none"> Wholesale 	<ul style="list-style-type: none"> Inbound Tourism Transport Fiji
<ul style="list-style-type: none"> Corporate Travel Management 	<ul style="list-style-type: none"> Corporate Travel Management 	
<ul style="list-style-type: none"> Shared Service functions 	<ul style="list-style-type: none"> Shared Service functions 	

(B) SEGMENT INFORMATION PROVIDED TO THE CODMs

The CODMs assess the performance of the operating segments based on a financial measure of EBITDA, which is not a measure prescribed by Australian Accounting Standards. EBITDA has been amended in this financial year to exclude all AASB16 Leases associated expenses, including right of use assets depreciation and finance expenses associated with lease liabilities. EBITDA is therefore calculated as earnings before interest expense, tax, depreciation and amortisation. Comparative information has been reported on a consistent basis. A reconciliation of EBITDA to loss before income tax expense is provided in part (c) of this note.

Segment results for the Group are shown below:

	Australia \$'000	New Zealand \$'000	Rest of World \$'000	Total \$'000
HALF YEAR ENDED 31 DECEMBER 2021				
Commissions	13,367	1,361	16	14,744
Transaction and services fees	12,535	789	-	13,324
Marketing related activities	1,084	19	-	1,103
Other revenue from contracts with customers	11,048	-	59	11,107
REVENUE FROM CONTRACTS WITH CUSTOMERS	38,034	2,169	75	40,278
Other revenue	4,881	935	-	5,816
SEGMENT REVENUE AND OTHER INCOME	42,915	3,104	75	46,094
Segment expenses	(46,611)	(4,438)	(210)	(51,259)
EBITDA	(3,696)	(1,334)	(135)	(5,165)
HALF YEAR ENDED 31 DECEMBER 2020				
Commissions	6,299	1,880	109	8,288
Transaction and services fees	9,953	984	-	10,937
Marketing related activities	1,384	-	-	1,384
Other revenue from contracts with customers	7,137	-	-	7,137
REVENUE FROM CONTRACTS WITH CUSTOMERS	24,773	2,864	109	27,746
Other revenue	18,023	1,675	18	19,716
SEGMENT REVENUE AND OTHER INCOME	42,796	4,539	127	47,462
Segment expenses	(45,178)	(7,521)	(554)	(53,253)
EBITDA	(2,382)	(2,982)	(427)	(5,791)





(C) OTHER SEGMENT INFORMATION: RECONCILIATION OF EBITDA

EBITDA represents earnings before interest expense, tax, depreciation and amortisation. 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.

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

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
EBITDA	(5,165)	(5,791)
<i>Add back non-cash items:</i>		
Depreciation of property, plant and equipment	(1,838)	(1,899)
Depreciation on right of use assets	(3,301)	(4,177)
Amortisation of intangible assets	(7,574)	(7,671)
Finance expenses on lease liabilities	(478)	(530)
Finance expense on borrowings	(1,230)	(1,474)
TOTAL NON-CASH ITEMS	(14,421)	(15,751)
LOSS BEFORE INCOME TAX EXPENSE	(19,586)	(21,542)

6. DIVIDENDS PAID AND PROPOSED

No interim dividend has been proposed for the half year ended 31 December 2021. Pursuant to the Group’s financing arrangements, dividends made prior to 1 June 2022 may be made with Westpac’s consent.

7. EARNINGS PER SHARE

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

	31 Dec 2021 cents	31 Dec 2020 cents
Basic EPS attributable to the ordinary equity holders of Helloworld	(9.0)	(9.8)
Diluted EPS attributable to the ordinary equity holders of Helloworld	(9.0)	(9.8)

(B) RECONCILIATION OF EARNINGS USED IN CALCULATING EPS

	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Loss after income tax benefit	(14,043)	(15,131)
Adjusted for profit attributable to the non-controlling interest	14	234
NET LOSS FOR THE HALF YEAR USED IN CALCULATING EPS	(14,029)	(14,897)

(C) WEIGHTED AVERAGE NUMBER OF SHARES (WANOS)

	31 Dec 2021 Number of shares	31 Dec 2020 Number of shares
WANOS used in calculating basic EPS	155,027,845	152,088,337
WANOS USED IN CALCULATING DILUTED EPS	155,027,845	152,088,337

The COVID-related retention benefit plan vested on 1 July 2021. All financial impacts of this arrangement were accounted for in the 2021 financial year.

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 half year ended 31 December 2021, Helloworld has a weighted average number of potential ordinary shares relating to the LTIP of Nil (31 December 2020: 77,534) which have been excluded from diluted EPS. At 31 December 2021, there are Nil (31 December 2020: nil) shares issued under the LTIP that have not yet vested and are subject to future performance criteria.

8. CASH AND CASH EQUIVALENTS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Cash at bank and on hand ⁽ⁱ⁾	69,856	110,830	113,905
Restricted cash at bank ⁽ⁱⁱ⁾	17,700	20,194	28,758
CASH AND CASH EQUIVALENTS	87,556	131,024	142,663

(i) Includes client cash which is not IATA restricted

(ii) Includes cash held of \$17.7 million (2020: \$28.8 million) within legal entities of the Group that have International Air Transport Association (IATA) requirements as part of providing ticketing travel arrangements.





9. BORROWINGS

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Secured bank loans	71,000	81,000
Deferred borrowings costs	(153)	(289)
NON-CURRENT BORROWINGS	70,847	80,711

(A) FINANCING ARRANGEMENTS:

The Group has secured financing arrangements with Westpac Banking Corporation of \$119.0 million (June 2021: \$119.0 million) as outlined below:

	Expiry Date	31 Dec 2021 \$'000	30 Jun 2021 \$'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	Facility D - March 2023	29,000	29,000
TOTAL FACILITIES		119,000	119,000
Secured bank loan: multi-currency		19,500	19,500
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		19,000	29,000
FACILITIES DRAWN-DOWN AT REPORTING DATE		71,000	81,000
Secured multi-option revolving credit facility		3,929	4,037
Secured bank loan facility: AUD		1,494	2,412
BANK GUARANTEES AND LETTERS OF CREDIT AT REPORTING DATE		5,423	6,449
TOTAL FACILITIES USED AT REPORTING DATE		76,423	87,449
Secured bank loan: multi-currency		20,500	20,500
Secured multi-option revolving credit facility		8,571	4,281
Secured bank loan facility: TravelEdge acquisition		10,000	-
Secured bank loan facility: AUD		3,506	6,770
FACILITIES UNUSED AT REPORTING DATE		42,577	31,551

(B) SECURED BANK LOAN FACILITY

During the current period, Helloworld renegotiated the terms and conditions of Westpac Facility D, totalling \$29.0 million. The key change was the extension of the maturity date from September 2022 to March 2023 and a prepayment of \$10.0 million. As part of the refinancing arrangements, Helloworld also negotiated for the reduction of its liquidity covenant from \$55.0 million in June 2021 to \$30.0 million until the quarter ending June 2022. All other terms and conditions remained the same.

Net leverage and interest coverage covenants (such as interest rate cover and net leverage ratio) were waived for the calculation dates from September 2020 and will recommence in the quarter ending June 2022. During the current and prior periods, the Group has complied with all applicable financial covenants of the Westpac borrowing facilities.

10. ISSUED CAPITAL

(A) SHARES ON ISSUE

	31 Dec 2021 Number of shares	30 Jun 2021 Number of shares	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Issued capital - fully paid	155,027,845	154,122,845	468,199	468,199
Issued capital - issued, but not vested ⁽ⁱ⁾	-	905,000	-	-
ISSUED CAPITAL	155,027,845	155,027,845	468,199	468,199

Holders of ordinary shares in Helloworld are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Helloworld shareholders' meetings. In the event of the winding up of Helloworld, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation. Ordinary shares have no par value and Helloworld 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 COVID-related retention benefit plan which had not yet met their future vesting conditions at 30 June 2021.

(B) MOVEMENTS IN SHARES ON ISSUE

On 1 July 2021, 905,000 shares vested under the COVID-related retention benefit plan. All financial impacts of this arrangement were accounted for in the 2021 financial year.

11. RESERVES

	31 Dec 2021 \$'000	30 June 2021 \$'000
Foreign currency translation reserve	1,036	1,608
Share based payments reserve	4,040	4,038
Redemption reserve	(7,200)	(7,200)
RESERVES	(2,124)	(1,554)

12. ACCUMULATED LOSSES

	Half Year 31 Dec 2021 \$'000	Full Year 30 Jun 2021 \$'000
ACCUMULATED LOSSES AT THE BEGINNING OF THE FINANCIAL PERIOD	(237,136)	(201,640)
Loss after income tax attributable to the owners of Helloworld Travel Limited	(14,029)	(35,496)
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL PERIOD	(251,165)	(237,136)

13. BUSINESS ACQUISITIONS

No significant acquisitions have been undertaken during the current half year. Updates on prior period acquisitions are provided below.

(A) UPDATE ON PRIOR PERIOD ACQUISITIONS: CRUISECO

(i) Summary of acquisition

On 30 November 2020, Helloworld announced the acquisition for 100% of the CruiseCo business (CruiseCo), a specialist cruise package wholesaler. The acquisition will allow Helloworld to expand its cruise offerings in Australia and New Zealand, complementing the existing cruise wholesale business.

At 30 June 2021, provisionally determined values were reported. Subsequent to 30 June 2021, final fair values for the acquisition were determined. Comparative amounts have been restated in this financial report for the final determined fair values. The restated aggregated fair value of the identifiable assets and liabilities for CruiseCo as at the date of the acquisition were:

	Provisional Fair Value reported at 30 June 2021 \$'000	Adjustments to Provisional Fair Value \$'000	Final Fair Value \$'000
Cash and cash equivalents	283	-	283
Trade and other payables	(466)	-	(466)
Provisions	(142)	-	(142)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	(325)	-	(325)
Goodwill resulting from the acquisition	1,531	(569)	962
Purchase price (cash)	174	-	174
Deferred consideration ⁽ⁱ⁾	1,032	(569)	463
TOTAL PURCHASE CONSIDERATION	1,206	(569)	637

(i) Information relating to the facts and circumstances at the time of the acquisition has resulted in a revision of the deferred consideration (accrued overrides) potentially payable to the vendor.

(ii) Purchase consideration – cash outflow

	\$'000
Cash paid	(174)
Cash and cash equivalents acquired	283
NET INFLOW OF CASH – INVESTING ACTIVITIES	109

(B) UPDATE ON PRIOR PERIOD ACQUISITIONS: INSPIRE TRAVEL MANAGEMENT**(i) Summary of acquisition**

On 31 October 2020, Helloworld acquired an additional 60% of Inspire Travel Management (ITM) a joint venture between Helloworld and In Travel Group, an indigenous travel management company. As a result, Helloworld now owns 100% of ITM, a travel management business providing services throughout Australia. Helloworld's previous investment in ITM was accounted for using the equity method.

There was no change from the provisionally determined values previously reported. As a result, the final fair values of the identifiable assets and liabilities of ITM at the date of acquisition were:

	\$'000
Cash and cash equivalents	66
Accrued revenue	35
Deferred tax asset	162
Trade and other payables	(678)
Provisions	(13)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	(428)
Goodwill arising on acquisition	428
PURCHASE CONSIDERATION ⁽ⁱ⁾	-

(i) Helloworld paid the nominal amount of \$1.00 to acquire the remaining 60% of ITM.

(ii) Purchase consideration – cash inflow

	\$'000
Purchase consideration	-
Cash and cash equivalents acquired from business (included in cashflows from investing activities)	66
NET INFLOW OF CASH (INCLUDED IN CASH FLOWS FROM INVESTING ACTIVITIES)	66

14. BUSINESS DISPOSALS

No significant disposals have been undertaken during the current half year.

15. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 15 December 2021, Helloworld announced that it had entered into a binding agreement to divest its corporate and entertainment travel business in Australia and New Zealand to ASX listed entity, Corporate Travel Management for an enterprise value of \$175 million. Subject to the completion of a number of substantive actions by Helloworld, including certain conditions precedent being met, completion is expected to occur during the first quarter of calendar year 2022. The sale will be recognised in Helloworld's results for the second half of FY22.

On 12 January 2022, \$7.5 million in previously paid company tax was refunded by the Australian Taxation Office under the loss carry back provisions relating to the FY20 and FY21 tax years.

Other than events disclosed above, no other matters or circumstances have arisen since 31 December 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.

DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

- (a) The consolidated financial statements and notes that are set out on pages 9 to 23 are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of the Group's financial position at 31 December 2021 and of its performance for the half year ended on that date; and
 - (ii) complying with AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that Helloworld Travel Limited and its controlled entities will be able to repay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 21 February 2022



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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Helloworld Travel Limited ('the Company') and its controlled entities (collectively 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Brett Croft'.

Brett Croft
Partner
Melbourne
21 February 2022

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