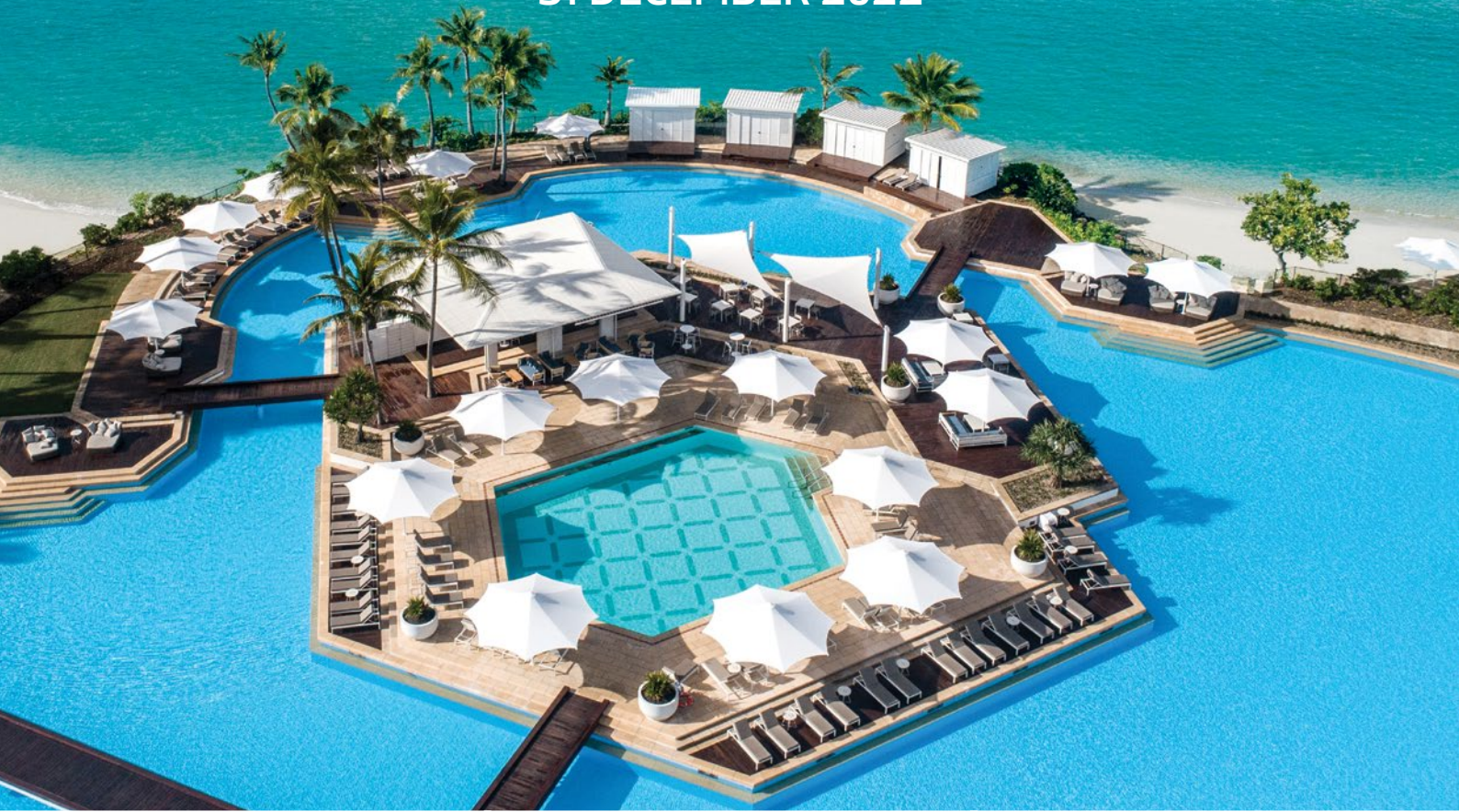


HELLOWORLD TRAVEL LIMITED  
AND CONTROLLED ENTITIES

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED  
31 DECEMBER 2022





# helloworld

TRAVEL LIMITED





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# DIRECTORS' REPORT

The Directors of Helloworld Travel Limited (Helloworld) present their Report together with the Consolidated 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 2022 and the Independent Auditor's Review Report.

## DIRECTORS

The Directors of Helloworld 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
- Robert Dalton
- Hon. Martin Pakula (appointed 30 November 2022)
- Leanne Coddington (appointed 1 February 2023)
- Andrew Finch (resigned 8 November 2022)

## PRINCIPAL ACTIVITIES

The Group's principal activities during the half year were:

- the selling of international and domestic travel products and services;
- the operation of retail distribution networks of travel agents; and
- the operation of transport, logistics and warehousing services for the entertainment industry.

Helloworld is a leading Australian and New Zealand travel distribution company comprising retail distribution travel networks, destination management services (for inbound Australian, New Zealand and South Pacific travel), air ticket consolidation, wholesale leisure businesses (domestic and international), online operations and freight and coach operations.

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

The Group's operations consist of the following brands:



## REVIEW OF OPERATIONS

### SUMMARY OF RESULTS

Helloworld's key financial results for the half year ended 31 December 2022 compared with the prior corresponding period for the half year ended 31 December 2021 are summarised below.

	1H23 \$000's	Restated 1H22 (i) \$000's	Change \$000's	Change %
Total Transaction Value (TTV) (ii)	1,208,068	390,468	817,600	209.4%
Revenue from contracts with customers	71,295	25,765	45,530	176.7%
Other income	1,880	3,413	(1,533)	(44.9%)
Total revenue and other income	73,175	29,178	43,997	150.8%
Revenue margin (iii)	5.9%	6.6%		
Underlying EBITDA (v)	15,630	(7,699)	23,329	
Underlying EBITDA margin (vi)	21.4%	(26.4%)		
EBITDA (iv)	12,710	(7,746)	20,456	
EBITDA margin (vii)	17.4%	(26.5%)		
Profit/(loss) before income tax	2,953	(21,196)	24,149	
Profit/(loss) after income tax	1,600	(15,170)	16,770	

- (i) On 31 March 2022, the Group divested its corporate travel management business in Australia and New Zealand to ASX listed entity, Corporate Travel Management (CTM). This resulted in the Corporate Travel business being classified as a discontinued operation as prescribed by AASB 5 Non-current Assets Held for Sale and Discontinued Operations. As a result, information for the comparative period has been prepared on a continuing operations basis to enable comparison with the current reporting period.
- (ii) Total Transaction Value (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.
- (iii) Revenue margin has been calculated as Revenue from contracts with customers as a percentage of TTV.
- (iv) Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) is a financial measure which is not prescribed by Australian Accounting Standards and is not subject to auditor review.
- (v) Underlying EBITDA represents EBITDA(iv) excluding significant items. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Chief Executive Officer (CEO) and the Board to assess the financial performance of the Group and operating segments and is not subject to auditor review. A reconciliation of Underlying EBITDA to profit before income tax expense is provided in note 5: Segment Information.
- (vi) Underlying EBITDA margin has been calculated as Underlying EBITDA as a percentage of Total revenue.
- (vii) EBITDA margin has been calculated as EBITDA as a percentage of Total revenue.

### OVERVIEW OF RESULTS

Helloworld's TTV from continuing operations increased by 209.4% to \$1,208 million for the six months ended 31 December 2022 compared to the prior corresponding period (pcp). This reflects the strong demand from the travelling public, domestic and international borders returning to normal, Helloworld's strong product offering and the incredible efforts of our agency networks to service their customer base. Booking volumes are expected to continue to increase as prices normalise and capacity returns with airlines and tour operators continuing to on-board further resources to meet demand.

Following a strong TTV result, total revenue and other income from continuing operations for the first half of FY23 was \$73.2 million, a \$44.0 million (or 150.8%) increase on the pcp. Revenue from contracts with customers increased by \$45.5 million, or 176.7%, to \$71.3 million. The revenue margin (being revenue from contracts with customers as a percentage of TTV) for the period was 5.9%, compared to 6.6% in the pcp. The higher margin in FY22 is attributable to COVID-19 related call centre operations revenue.



London, United Kingdom

Underlying EBITDA and EBITDA from continuing operations for the six-month period was \$15.6 million and \$12.7 million respectively, compared to losses in the prior corresponding period. The earnings improvement is a direct result of growing revenues, focused cost control during a period of business recovery, and Helloworld's continued investment in technology, while maintaining strong service to our customers.

Net profit before income tax from continuing operations was \$3.0 million for the six months, compared to a \$21.2 million loss in the pcp. In addition to the improvement in trading performance year-on-year, the current period result incorporates a \$2.4 million reduction in depreciation and amortisation expense. This is a result of a reduction in right of use assets and full amortisation of certain intangible assets. Further, finance expenses also reduced following the repayment of cash debt facilities in March 2022.

Net profit after income tax from continuing operations was \$1.6 million in the current period, compared to a \$15.2 million loss in the pcp.

### SHAREHOLDER RETURNS

Basic and diluted earnings per share for the half year ended 31 December 2022 was a profit of 0.9 cents per share (2021: loss of 9.7 cents per share) on a continuing operations basis.

A final dividend of 10.0 cents per share was paid in September 2022.

An interim dividend of 2.0 cents per share has been proposed for the half year ended 31 December 2022.

### LIQUIDITY AND FUNDING

At 31 December 2022, the Group held a total cash balance of \$83.8 million (June 2022: \$122.5 million, December 2021: \$87.6 million). The reduction in cash from 30 June 2022 reflects the timing in supplier payments and customer receipts, payment of a dividend and capital investments.

At 31 December 2022, except for bank guarantees and letters of credit, the Group held external borrowings of nil (June 2022: nil, December 2021: \$70.8 million).

### SIGNIFICANT EVENTS AFTER BALANCE DATE

On 20 February 2023, the Directors declared a 2.0 cent per share fully franked dividend to be paid on 23 March 2023.

With this exception, the Directors are not aware of any matter or circumstance that has arisen since 31 December 2022 and the date of signing 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.



## DIRECTORS' REPORT

### AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the declaration of independence on page 8 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.

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



#### Garry Hounsell

Chairman  
Helloworld Travel Limited  
Melbourne, 20 February 2023



O'ahu, Hawai'i



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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 2022, 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.

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

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Brett Croft'.

Brett Croft  
Partner  
20 February 2023

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# CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
Revenue	3	71,295	25,765
Other Income	3	1,880	3,413
<b>TOTAL REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS</b>		<b>73,175</b>	<b>29,178</b>
Advertising and marketing expenses		(3,601)	(788)
Communication and technology expenses		(3,972)	(3,728)
Depreciation and amortisation expense		(9,377)	(11,762)
Employee benefits expenses		(26,441)	(22,657)
Finance expense		(380)	(1,688)
Occupancy expenses		(956)	(1,138)
Operating expenses		(12,535)	(5,979)
Selling expenses		(13,780)	(2,549)
Share of profit/(loss) of associates		820	(85)
<b>TOTAL EXPENSES</b>	4	<b>(70,222)</b>	<b>(50,374)</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>2,953</b>	<b>(21,196)</b>
Income tax (expense)/benefit		(1,353)	6,026
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>1,600</b>	<b>(15,170)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit from discontinued operations after income tax		-	1,127
<b>PROFIT/(LOSS) FOR THE HALF YEAR</b>		<b>1,600</b>	<b>(14,043)</b>
<b>PROFIT/(LOSS) FOR THE HALF YEAR IS ATTRIBUTABLE TO:</b>			
Non-controlling interest		243	(14)
Owners of Helloworld Travel Limited		1,357	(14,029)
		<b>1,600</b>	<b>(14,043)</b>
<b>PROFIT/(LOSS) FOR THE HALF YEAR ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED RELATES TO:</b>			
Profit/(loss) from continuing operations		1,357	(15,156)
Profit from discontinued operations		-	1,127
		<b>1,357</b>	<b>(14,029)</b>
<b>EARNING PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FROM CONTINUING OPERATIONS</b>			
		Cents	Cents
Basic profit/(loss) per share	7	<b>0.9</b>	<b>(9.7)</b>
Diluted profit/(loss) per share	7	<b>0.9</b>	<b>(9.7)</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>			
Basic profit/(loss) per share	7	<b>0.9</b>	<b>(9.0)</b>
Diluted profit/(loss) per share	7	<b>0.9</b>	<b>(9.0)</b>

The accompanying notes form part of this Financial Report.



# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
<b>PROFIT/(LOSS) FOR HALF YEAR</b>	<b>1,600</b>	<b>(14,043)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	1,027	(570)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Loss on revaluation of investment in CTM	(13,536)	-
Tax on revaluation of investment in CTM	4,061	-
<b>OTHER COMPREHENSIVE LOSS FOR THE HALF YEAR, NET OF TAX</b>	<b>(8,448)</b>	<b>(570)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR</b>	<b>(6,848)</b>	<b>(14,613)</b>
<b>TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE HALF YEAR IS ATTRIBUTABLE TO:</b>		
Non-controlling interest	243	(14)
Owners of Helloworld Travel Limited	(7,091)	(14,599)
	<b>(6,848)</b>	<b>(14,613)</b>



The accompanying notes form part of this Financial Report.

# CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	75,836	116,524
Cash deposits	8	8,000	6,000
Trade and other receivables		52,528	46,331
Accrued revenue		27,860	11,461
Inventories		592	499
Income tax receivable		146	-
<b>TOTAL CURRENT ASSETS</b>		<b>164,962</b>	<b>180,815</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables		287	2,799
Investments in associates		16,112	15,292
Other investments		53,940	67,474
Property, plant and equipment		8,706	8,606
Right of use assets		20,172	18,360
Intangible assets		228,569	233,616
<b>TOTAL NON-CURRENT ASSETS</b>		<b>327,786</b>	<b>346,147</b>
<b>TOTAL ASSETS</b>		<b>492,748</b>	<b>526,962</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		129,146	133,125
Lease liabilities		4,929	4,551
Provisions		11,222	14,946
Deferred revenue		5,295	8,208
Income tax payable		168	83
<b>TOTAL CURRENT LIABILITIES</b>		<b>150,760</b>	<b>160,913</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		17,389	16,525
Deferred tax liabilities		39,711	42,434
Provisions		1,250	1,156
Other liabilities		626	669
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>58,976</b>	<b>60,784</b>
<b>TOTAL LIABILITIES</b>		<b>209,736</b>	<b>221,697</b>
<b>NET ASSETS</b>		<b>283,012</b>	<b>305,265</b>
<b>EQUITY</b>			
Issued capital	10	468,199	468,199
Reserves	11	(18,873)	(17,625)
Retained earnings		(167,857)	(146,609)
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED</b>		<b>281,469</b>	<b>303,965</b>
Non-controlling interests		1,543	1,300
<b>TOTAL EQUITY</b>		<b>283,012</b>	<b>305,265</b>

The accompanying notes form part of this Financial Report.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>BALANCE AT 1 JULY 2021</b>	<b>468,199</b>	<b>(1,554)</b>	<b>(237,136)</b>	<b>981</b>	<b>230,490</b>
Loss after income tax benefit	-	-	(14,029)	(14)	(14,043)
Other comprehensive loss	-	(570)	-	-	(570)
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE HALF YEAR</b>	<b>-</b>	<b>(570)</b>	<b>(14,029)</b>	<b>(14)</b>	<b>(14,613)</b>
<b>BALANCE AT 31 DECEMBER 2021</b>	<b>468,199</b>	<b>(2,124)</b>	<b>(251,165)</b>	<b>967</b>	<b>215,877</b>

	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total equity \$'000
<b>BALANCE AT 1 JULY 2022</b>	<b>468,199</b>	<b>(17,625)</b>	<b>(146,609)</b>	<b>1,300</b>	<b>305,265</b>
Profit after income tax expense	-	-	1,357	243	<b>1,600</b>
Other comprehensive loss	-	(8,448)	-	-	<b>(8,448)</b>
Transfer of redemption reserve to retained earnings	-	7,200	(7,200)	-	-
<b>TOTAL COMPREHENSIVE (LOSS) FOR THE HALF YEAR</b>	<b>-</b>	<b>(1,248)</b>	<b>(5,843)</b>	<b>243</b>	<b>(6,848)</b>
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	(15,405)	-	<b>(15,405)</b>
<b>BALANCE AT 31 DECEMBER 2022</b>	<b>468,199</b>	<b>(18,873)</b>	<b>(167,857)</b>	<b>1,543</b>	<b>283,012</b>



The accompanying notes form part of this Financial Report.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers <sup>(i)(ii)</sup>		609,427	221,686
Payments to suppliers and employees <sup>(i)</sup>		(629,147)	(245,598)
Interest received		1,005	221
Finance costs paid		(380)	(1,525)
Income taxes refund received		39	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES ATTRIBUTABLE TO CONTINUING OPERATIONS</b>		<b>(19,056)</b>	<b>(25,216)</b>
Net cash outflow from operating activities attributable to discontinued operations		-	(848)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(19,056)</b>	<b>(26,064)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Transfers into cash deposits		(2,000)	-
Payments for intangibles		(684)	(1,929)
Payments for property, plant and equipment		(1,734)	(573)
Proceeds from disposal of property, plant and equipment		41	133
Dividends received from equity instruments		95	-
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES ATTRIBUTABLE TO CONTINUING OPERATIONS</b>		<b>(4,282)</b>	<b>(2,369)</b>
Net cash outflow from investing activities attributable to discontinued operations		-	(152)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(4,282)</b>	<b>(2,521)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to company shareholders		(15,405)	-
Principal elements of lease payments		(2,042)	(3,873)
Repayments of borrowings		-	(10,000)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES ATTRIBUTABLE TO CONTINUING OPERATIONS</b>		<b>(17,447)</b>	<b>(13,873)</b>
Net cash outflow from financing activities attributable to discontinued operations		-	(438)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(17,447)</b>	<b>(14,311)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the financial half year		116,524	125,024
Effects of exchange rate changes on cash and cash equivalents		97	(572)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR</b>	8	<b>75,836</b>	<b>81,556</b>

(i) Includes certain amounts received and paid on behalf of customers.

(ii) Includes receipts relating to government wage subsidies (1H FY22).



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2022 has been prepared in accordance with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies, methods of computation and areas of critical accounting judgements, estimates and assumptions adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards which became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Certain comparative amounts for the corresponding interim reporting period have been restated to enable comparison with the current reporting period, including presentation of the discontinued operation (refer below).

## 2. DISCONTINUED OPERATIONS

On 15 December 2021, the Group announced that it had entered into a binding agreement to divest its corporate travel management business in Australia and New Zealand to Corporate Travel Management (CTM) for an enterprise value of \$175 million. Proceeds consisted of a combination of \$100 million in cash (plus working capital adjustments) and CTM shares to the value of \$75 million, based on the placement value to CTM shareholders of \$21 per share (resulting in 3,571,429 CTM shares).

All conditions precedent were met by the Group and the sale was completed on 31 March 2022. Accordingly, entities comprising the Corporate Travel business were derecognised at that date and the Corporate Travel business was classified as a discontinued operation by the Group.

### *Corporate Travel business receivable*

In addition to the cash of \$104.1 million received on 31 March 2022, the Group recognised additional proceeds of \$7.9 million at 30 June 2022. This represented the final working capital adjustment the Group believes it is entitled to receive under the Share Sale Agreement. Negotiations with CTM have continued since 30 June 2022 however, no definitive conclusion has been reached. The current position of the Group in relation to the final working capital adjustment is unchanged and therefore the working capital receivable of \$7.9 million remains unchanged.



## FINANCIAL STATEMENTS

### *Discontinued operations presentation in condensed consolidated interim financial report*

Certain comparative amounts for the corresponding interim reporting period have been restated to enable comparison with the current reporting period as a result of the Group's divestment of its Corporate Travel business on 31 March 2022. To facilitate this comparison, the Group has:

- Restated prior period amounts in the Consolidated income statement, the Consolidated statement of other comprehensive income and the Consolidated statement of cash flows on a continuing operations basis; and
- Continued to present the prior period amounts in the Consolidated balance sheet and Consolidated statement of changes in equity to include both continuing operations and discontinued operations.

## 3. REVENUE AND OTHER INCOME

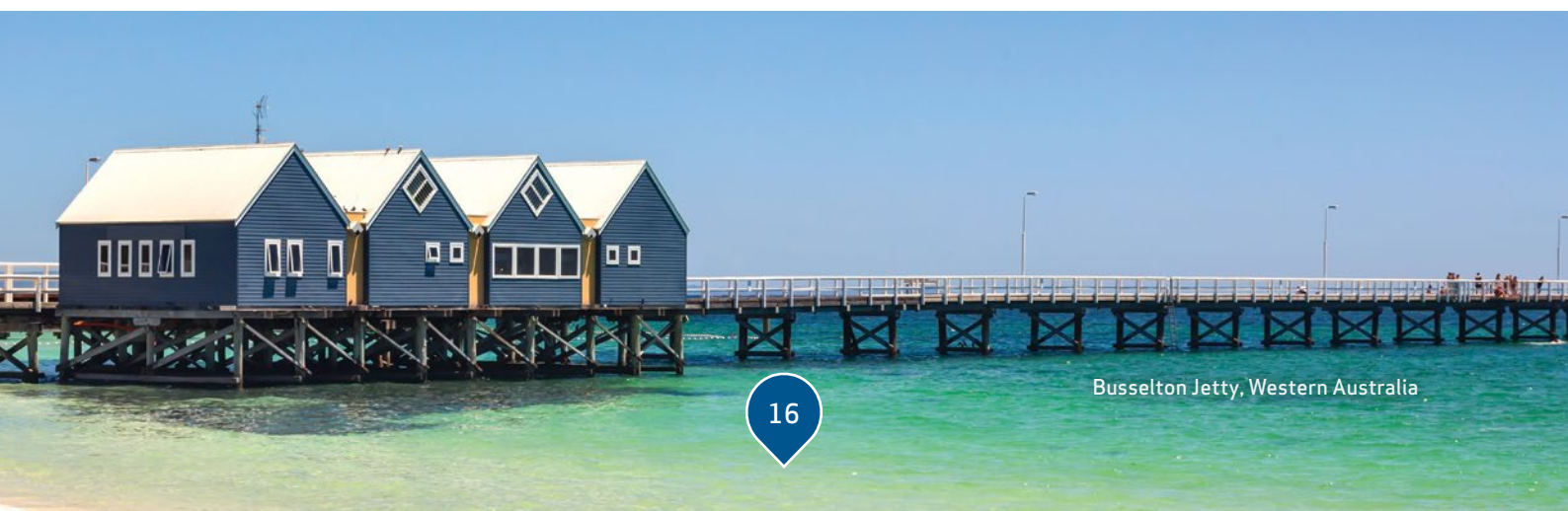
	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
Commissions	54,237	11,488
Transaction and services fees	1,815	2,066
Marketing related activities	3,353	1,103
Freight revenue	9,440	4,594
Other revenue <sup>(i)</sup>	2,450	6,514
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>71,295</b>	<b>25,765</b>
Government wage subsidies <sup>(ii)</sup>	-	1,906
Finance income	1,054	221
Sundry income	647	1,286
Dividends received	179	-
<b>OTHER INCOME</b>	<b>1,880</b>	<b>3,413</b>
<b>TOTAL REVENUE AND OTHER INCOME</b>	<b>73,175</b>	<b>29,178</b>

(i) Other revenue for the half year ended 31 December 2021 includes COVID-19 related call centre revenue.

(ii) During the half year ended 31 December 2021, the Group received government wage subsidies for eligible employees in both Australia and New Zealand, in the form of JobSaver in Australia of \$1.4 million and New Zealand wage subsidies of \$0.5 million. These subsidies were made available to companies to assist with the financial impacts of the COVID-19 pandemic.

## 4. SIGNIFICANT ITEMS

	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
<b>PROFIT/(LOSS) FOR THE HALF YEAR INCLUDES THE FOLLOWING ITEMS:</b>		
Settlement of supplier incentives	(2,549)	-
Restructuring and other costs	(371)	(47)
<b>TOTAL SIGNIFICANT ITEMS</b>	<b>(2,920)</b>	<b>(47)</b>





## 5. SEGMENT INFORMATION

### (A) DESCRIPTION OF SEGMENTS

The Chief Executive Officer and the Board are the Chief Operating Decision Maker (CODM). The CODM assesses the Group's performance and make strategic decisions on the basis of a geographical perspective for the travel business and from a product perspective for the transport and logistics business, resulting in four reportable segments. During the current period, the composition of operating segments were reassessed resulting in Transport, Logistics and Warehousing being identified as a separate segment. In the prior year, the Transport, Logistics and Warehousing activities were included within the Australia segment. The comparative information has been restated to enable comparison with the current reporting period.

TRAVEL OPERATIONS			TRANSPORT, LOGISTICS & WAREHOUSING
AUSTRALIA	NEW ZEALAND	REST OF WORLD (ROW)	
<ul style="list-style-type: none"> <li>Retail distribution operations</li> <li>Air ticketing</li> <li>Wholesale and inbound</li> <li>Shared service functions</li> </ul>	<ul style="list-style-type: none"> <li>Retail distribution operations</li> <li>Air ticketing</li> <li>Wholesale and inbound</li> <li>Shared service functions</li> </ul>	<ul style="list-style-type: none"> <li>Inbound</li> <li>Tourism Transport Fiji</li> <li>Shared service functions</li> </ul>	<ul style="list-style-type: none"> <li>Entertainment industry transport and logistics</li> <li>Warehousing</li> </ul>

### (B) SEGMENT INFORMATION PROVIDED TO THE CODM

The CODM assesses the performance of the Group and operating segments based on the financial measure of Underlying EBITDA, which is not a measure prescribed by Australian Accounting Standards.

EBITDA represents earnings before interest expense, tax, depreciation and amortisation. Underlying EBITDA represents EBITDA excluding significant items.

Segment results for the Group are shown below:

	Restated				Total \$'000
	Travel Operations			Transport, Logistics and Warehousing	
	Australia \$'000	New Zealand \$'000	Rest of World \$'000	Warehousing \$'000	
<b>HALF YEAR ENDED 31 DECEMBER 2021</b>					
Commissions	10,624	848	16	-	<b>11,488</b>
Transaction and service fees	2,066	-	-	-	<b>2,066</b>
Marketing related activities	1,084	19	-	-	<b>1,103</b>
Revenue from freight operations	-	-	-	4,594	<b>4,594</b>
Other revenue from contracts with customers	6,455	-	59	-	<b>6,514</b>
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>20,229</b>	<b>867</b>	<b>75</b>	<b>4,594</b>	<b>25,765</b>
Other income	2,729	639	-	45	<b>3,413</b>
<b>SEGMENT REVENUE AND OTHER INCOME</b>	<b>22,958</b>	<b>1,506</b>	<b>75</b>	<b>4,639</b>	<b>29,178</b>
Segment expenses	(28,869)	(2,881)	(210)	(4,917)	<b>(36,877)</b>
<b>UNDERLYING EBITDA LOSS FROM CONTINUING OPERATIONS</b>	<b>(5,911)</b>	<b>(1,375)</b>	<b>(135)</b>	<b>(278)</b>	<b>(7,699)</b>

## FINANCIAL STATEMENTS

	Travel Operations			Transport, Logistics and Warehousing	Total \$'000
	Australia \$'000	New Zealand \$'000	Rest of World \$'000	\$'000	
<b>HALF YEAR ENDED 31 DECEMBER 2022</b>					
Commissions	45,984	7,908	345	-	<b>54,237</b>
Transaction and service fees	1,799	16	-	-	<b>1,815</b>
Marketing related activities	2,921	432	-	-	<b>3,353</b>
Revenue from freight operations	-	-	-	9,440	<b>9,440</b>
Other revenue from contracts with customers	1,120	92	1,238	-	<b>2,450</b>
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>	<b>51,824</b>	<b>8,448</b>	<b>1,583</b>	<b>9,440</b>	<b>71,295</b>
Other income	1,533	304	26	17	<b>1,880</b>
<b>SEGMENT REVENUE AND OTHER INCOME</b>	<b>53,357</b>	<b>8,752</b>	<b>1,609</b>	<b>9,457</b>	<b>73,175</b>
Segment expenses	(41,267)	(6,464)	(1,205)	(8,609)	<b>(57,545)</b>
<b>UNDERLYING EBITDA</b>	<b>12,090</b>	<b>2,288</b>	<b>404</b>	<b>848</b>	<b>15,630</b>

### (C) OTHER SEGMENT INFORMATION: RECONCILIATION OF EBITDA AND UNDERLYING EBITDA

A reconciliation of Underlying EBITDA to profit/(loss) before income tax is provided as follows:

	31 Dec 2022 \$'000	Restated 31 Dec 2021 \$'000
<b>UNDERLYING EBITDA</b>	<b>15,630</b>	<b>(7,699)</b>
<i>Less significant items:</i>		
Settlement of supplier incentives	(2,549)	-
Restructuring and other costs	(371)	(47)
<b>TOTAL SIGNIFICANT ITEMS</b>	<b>(2,920)</b>	<b>(47)</b>
<b>EBITDA</b>	<b>12,710</b>	<b>(7,746)</b>
<i>Less non-cash items and finance expense:</i>		
Depreciation of property, plant and equipment	(1,522)	(1,772)
Depreciation on right of use assets	(2,168)	(2,854)
Amortisation of intangible assets	(5,687)	(7,136)
Finance expenses on lease liabilities	(315)	(458)
Finance expense on borrowings	(65)	(1,230)
<b>TOTAL NON-CASH ITEMS AND FINANCE EXPENSE</b>	<b>(9,757)</b>	<b>(13,450)</b>
<b>PROFIT/(LOSS) BEFORE INCOME TAX BENEFIT</b>	<b>2,953</b>	<b>(21,196)</b>

## 6. DIVIDENDS

<b>ORDINARY SHARES</b>	31 Dec 2022 \$'000	31 Dec 2021 \$'000
<i>Dividends paid during the half year are:</i>		
FY22 final dividend of 10 cents per share, paid on 23 September 2022	(15,405)	-
FY22 final dividend associated with LTIP	(100)	-
	<b>(15,505)</b>	<b>-</b>



## FINANCIAL STATEMENTS

### Dividends not recognised at the end of the half-year

In addition to the above dividends, the directors declared on 20 February 2023 the payment of an interim dividend of 2.0 cents per ordinary share (2021: nil) fully franked, based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid out of current year earnings (but not recognised as a liability at 31 December 2022) is \$3.1 million.

The dividend will be paid on 23 March 2023 (record date of 7 March 2023).

## 7. EARNINGS PER SHARE (EPS)

PROFIT/(LOSS) FOR THE HALF YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY USED IN EPS	31 Dec 2022	Restated 31 Dec 2021
	Cents	Cents
Profit/(loss) from continuing operations	1,357	(15,156)
Profit from discontinued operations	-	1,127
	<b>1,357</b>	<b>(14,029)</b>

WEIGHTED AVERAGE NUMBER OF SHARES USED IN EARNINGS PER SHARE	Number of shares	
	31 Dec 2022	31 Dec 2021
Basic earnings per share	155,027,845	155,027,845
Diluted earnings per share	155,027,845	155,027,845

BASIC EARNINGS PER SHARE	Cents per share	
	31 Dec 2022	31 Dec 2021
Continuing operations	0.9	(9.7)
Discontinued operations	-	0.7
	<b>0.9</b>	<b>(9.0)</b>

DILUTED EARNINGS PER SHARE	Cents per share	
	31 Dec 2022	31 Dec 2021
Continuing operations	0.9	(9.7)
Discontinued operations	-	0.7
	<b>0.9</b>	<b>(9.0)</b>

## 8. CASH AND CASH EQUIVALENTS AND CASH DEPOSITS

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Cash at bank and on hand <sup>(i)</sup>	47,570	83,059
Restricted cash at bank: IATA	28,266	33,465
<b>CASH AND CASH EQUIVALENTS</b>	<b>75,836</b>	<b>116,524</b>
Cash deposits <sup>(ii)</sup>	8,000	6,000
<b>TOTAL</b>	<b>83,836</b>	<b>122,524</b>

(i) Includes client cash which is not IATA restricted.

(ii) Represents term deposits placed with commercial banks with a term of greater than 3 months.

The total cash and deposits excluding IATA restricted cash is \$55.6 million (30 June 2022: \$89.1 million).



## FINANCIAL STATEMENTS

### 9. FINANCING ARRANGEMENTS

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>CONTINGENT FACILITIES: BANK GUARANTEES AND LETTER OF CREDIT</b>		
Secured multi-option revolving credit facility (Facility B)	3,154	3,959
Secured bank loan facility – AUD (Facility C)	591	591
Stand alone facilities	1,823	1,218
<b>TOTAL</b>	<b>5,568</b>	<b>5,768</b>

The above represent contingent components (bank guarantees and letter of credit) of Westpac facilities B and C. Cash drawn down under Westpac facilities A, B, C and D were repaid during the year ended 30 June 2022.

The financing arrangements are secured over the assets in the entities within the Deed of Cross Guarantee and certain New Zealand entities with the Group.

### 10. ISSUED CAPITAL

	31 Dec 2022 Number of shares	30 Jun 2022 Number of shares	31 Dec 2022 \$'000	30 Jun 2022 \$'000
<b>SHARES ON ISSUE</b>				
Issued capital – fully paid	155,027,845	155,027,845	468,199	468,199
<b>ISSUED CAPITAL</b>	<b>155,027,845</b>	<b>155,027,845</b>	<b>468,199</b>	<b>468,199</b>

### 11. RESERVES

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Foreign currency translation reserve	(413)	(1,440)
Investment revaluation reserve	(22,550)	(13,075)
Share based payments reserve	4,090	4,090
Redemption reserve <sup>(i)</sup>	-	(7,200)
<b>TOTAL RESERVES</b>	<b>(18,873)</b>	<b>(17,625)</b>

(i) In FY18, a redemption reserve was recognised upon the acquisition the Group's 60% shareholding in Keygate Holdings Pty Ltd. The redemption reserve related to the non-controlling interest's put option to sell their remaining 40% interest to the Group. The put option was not exercised and expired on 28 September 2022 and hence the balance of redemption reserve was transferred to retained earnings.

### 12. BUSINESS ACQUISITIONS

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

### 13. BUSINESS DISPOSALS

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

### 14. COMMITMENTS

At 31 December 2022, the Group had capital commitments of \$5.731 million (30 June 2022: nil) relating to the purchase of vehicles (which will be acquired through finance lease facilities that were entered into post 31 December 2022) and a commitment of \$5.0 million (30 June 2022: nil) in relation to an investment in a venture capital fund.



## 15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group's principal financial instruments are outlined below:

	31 Dec 2022 \$'000 Carrying value	31 Dec 2022 \$'000 Fair value	30 Jun 2022 \$'000 Carrying value	30 Jun 2022 \$'000 Fair value
<b>FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OCI</b>				
Financial assets (equity securities) <sup>(i)</sup>	53,940	53,940	67,474	67,474
<b>TOTAL</b>	<b>53,940</b>	<b>53,940</b>	<b>67,474</b>	<b>67,474</b>
<b>FINANCIAL ASSETS MEASURED AT AMORTISED COST</b>				
Cash and cash equivalents	83,836	83,836	122,524	122,524
Trade and other receivables <sup>(ii)</sup>	45,779	45,779	44,077	44,077
<b>TOTAL</b>	<b>129,615</b>	<b>129,615</b>	<b>166,601</b>	<b>166,601</b>
<b>FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS</b>				
Deferred consideration	447	447	460	460
<b>TOTAL</b>	<b>447</b>	<b>447</b>	<b>460</b>	<b>460</b>
<b>FINANCIAL LIABILITIES MEASURED AT AMORTISED COST</b>				
Trade and other payables	129,146	129,146	133,125	133,125
<b>TOTAL</b>	<b>129,146</b>	<b>129,146</b>	<b>133,125</b>	<b>133,125</b>

- (i) Financial assets (equity securities) include the Group's investment in CTM. As outlined in note 2: Discontinued operations, the Group received 3,571,429 CTM shares as a component of the consideration received for the sale of the Corporate Travel business. As at 31 March 2022, when the sale was completed, these shares were fair valued to \$84.8 million, and were subsequently revalued to \$66.1 million at 30 June 2022, with the revaluation decrement of \$18.7 million recognised in OCI. As at 31 December 2022, the shares were fair valued to \$52.6 million, with the revaluation decrement of \$13.5 million being recognised in OCI.
- (ii) Trade and other receivables consist of current trade and other receivables of \$52.5 million (2022: \$46.3 million) less prepayments of \$7.0 million (2022: \$5.0 million), and non-current trade and other receivables of \$0.3 million (2022: \$2.8 million).



Great Barrier Reef, Queensland





### Fair value hierarchy

The balance sheet includes financial assets and financial liabilities that are measured at fair value. These fair values are categorised into hierarchy levels that are representative of the inputs used in measuring the fair value. The different levels have been defined as follows:

- Level 1 – uses quoted prices for identical instruments in active markets.
- Level 2 – uses inputs for the asset or liability other than quoted prices that are observable either directly or indirectly.
- Level 3 – uses valuation techniques where one or more significant inputs are based on unobservable market data.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the half year.

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

31 DEC 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Investment in Corporate Travel Management Limited	52,609	-	-	<b>52,609</b>
Investment in Hunter Travel Group Pty Ltd	-	-	473	<b>473</b>
Investment in Cooney Investments Pty Ltd	-	-	813	<b>813</b>
Investment in Brooker Travel NZ	-	-	45	<b>45</b>
<b>TOTAL ASSETS</b>	<b>52,609</b>	<b>-</b>	<b>1,331</b>	<b>53,940</b>
Deferred consideration	-	-	447	447
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>447</b>	<b>447</b>

## 16. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 20 February 2023, the Directors declared a 2.0 cent per share fully franked dividend to be paid on 23 March 2023.

With this exception, no other matters or circumstances have arisen since 31 December 2022 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 10 to 22 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 2022 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, 20 February 2023



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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 2022, 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 2022 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 2022 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 &amp; Young'.

Ernst & Young

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

Brett Croft  
Partner  
Melbourne  
20 February 2023

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