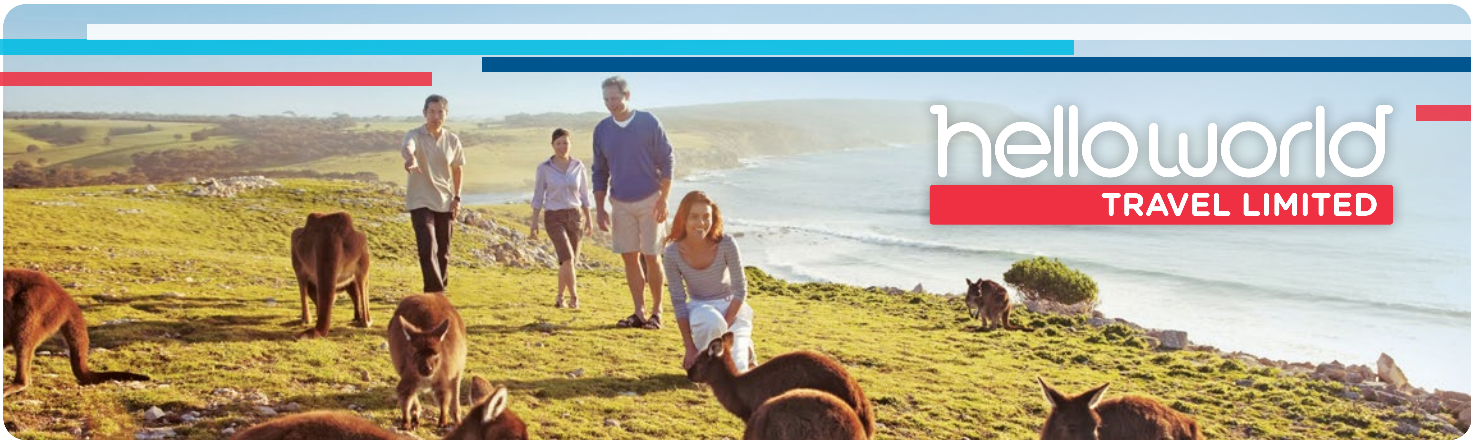


31 August 2021

ASX Markets Announcement Office
Australian Securities Exchange Limited

Lodged electronically via ASX Online

<u>Helloworld Travel Limited FY21 Appendix 4E and Preliminary Final Report</u>

Helloworld Travel Limited attaches the following documents relating to its results for the full-year ended 30 June 2021:

- Appendix 4E; and
- Preliminary Final Report.

Helloworld Travel does not expect there to be any material difference between today's release of unaudited financial statements and the audited financial statements to be released shortly.

Yours faithfully,

David Hall

Chief Financial Officer and Group Company Secretary
Helloworld Travel Limited

Authorised for release by Helloworld Travel Limited's Board of Directors

PRELIMINARY FINAL REPORT 2021

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

CONTENTS

ASX APPENDIX 4E

PRELIMINARY FINAL REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY FINANCIAL RESULTS

Helloworld Travel Limited and its controlled entities (the Group) key financial results for the year ended 30 June 2021 compared with the prior corresponding period for the year ended 30 June 2020 are:

	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 EBITDA	(14,062)	44,042	(58,104)	(131.9)
Underlying (loss) / profit before income tax	(37,817)	17,094	(54,911)	(321.2)
Loss before income tax	(49,490)	(68,879)	19,389	28.1
Loss after income tax	(35,885)	(69,985)	34,100	48.7
Loss after tax attributable to members	(35,496)	(69,874)	33,519	48.0

	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)	33.2	58.8
Diluted earnings per share	(23.3)	(56.5)	33.2	58.8
Interim dividend per share	-	9.0	(9.0)	(100)
Final dividend per share	-	-	-	-
Total dividends per share	-	9.0	(9.0)	(100)

EXPLANATION OF RESULTS

This information should be read in conjunction with the accompanying ASX announcement and the Helloworld Travel Limited Preliminary Final Report:

To comply with Regulatory Guide 230 issued by ASIC in December 2011, Helloworld Travel is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards.

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. This 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 accompanying notes, the 2020 Annual Report, the 2020 Annual Financial Statements, and any public announcements made by Helloworld Travel Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, the Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2021. The Annual Financial Report is being audited and is expected to be made available within the week.

This document includes presentation of results on a statutory and non-statutory basis. The non-statutory basis relates to TTV and EBITDA as outlined below:

- **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.
- **Underlying Earnings before Interest, Taxation, Depreciation and Amortisation (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.

NET TANGIBLE ASSETS

Net tangible assets per ordinary share as at 30 June 2021 were negative (56.9) cents compared with negative (87.1) cents as at 30 June 2020.

Net tangible assets were calculated as net assets less total intangible assets, including right of use assets. Net tangible assets per ordinary share is based on Helloworld Travel Limited's issued capital as the legal parent entity and issuer of this financial information as at the balance sheet date.

Net assets per ordinary share at 30 June 2021 were $1.47 compared with $1.74 as at 30 June 2020.

ENTITIES OVER WHICH CONTROL WAS GAINED OR LOST DURING THE PERIOD

Helloworld Travel gained control over the following entities during the current year. This transaction met the strategic and financial objectives established by the Board of Directors.

- On 31 October 2020, Helloworld Travel acquired the remaining 60% of Inspire Travel Management (ITM). Helloworld Travel now controls 100% of ITM.

Helloworld Travel deregistered one entity during the current year.

- On 8 April 2021, Helloworld Travel deregistered Helloworld Travel Singapore Pte Limited.

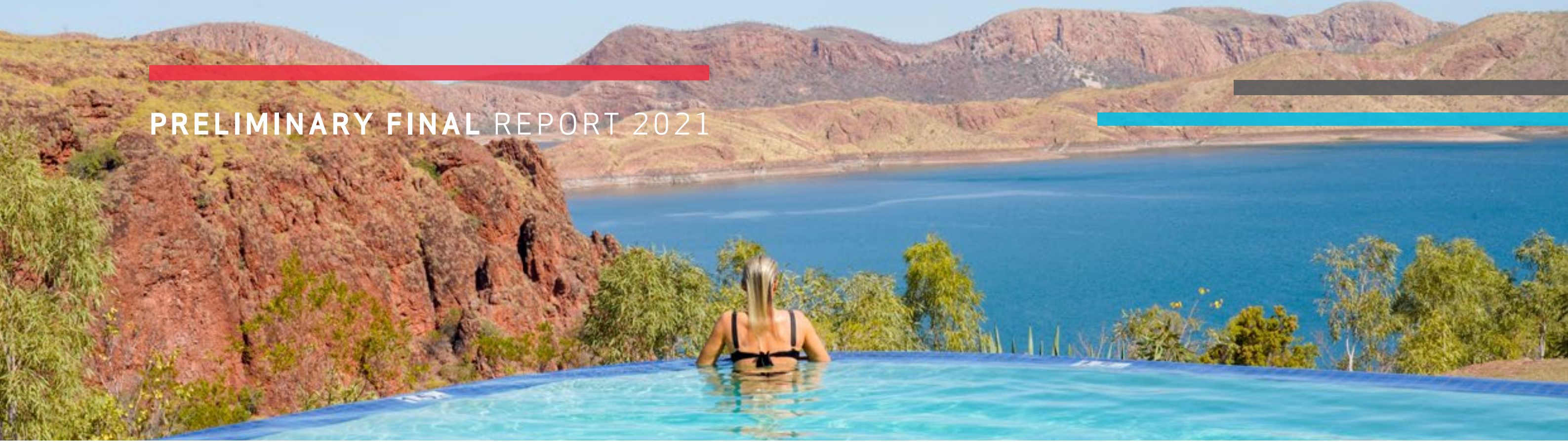
DETAILS OF ASSOCIATES

NAME OF ASSOCIATE	REPORTING ENTITY'S % HOLDINGS 2021 %	2020 %
Mobile Travel Holdings Pty Ltd and its controlled entities (MTA)	50.0	50.0
Hunter Travel Group Pty Ltd	12.0	12.0
HTG Australia Pty Ltd	25.0	25.0
Cooney Investments Pty Ltd	20.0	20.0
Inspire Travel Management Pty Ltd	N/A	40.0

OTHER INFORMATION REQUIRED BY ASX LISTING RULE 4.3A

The remainder of information requiring disclosure to comply with ASX Listing Rule 4.3A is contained in the accompanying Preliminary Final Report and ASX Annoucement.

Andrew Burnes, AO
Chief Executive Officer and Managing Director
31 August 2021



OPERATING AND FINANCIAL REVIEW

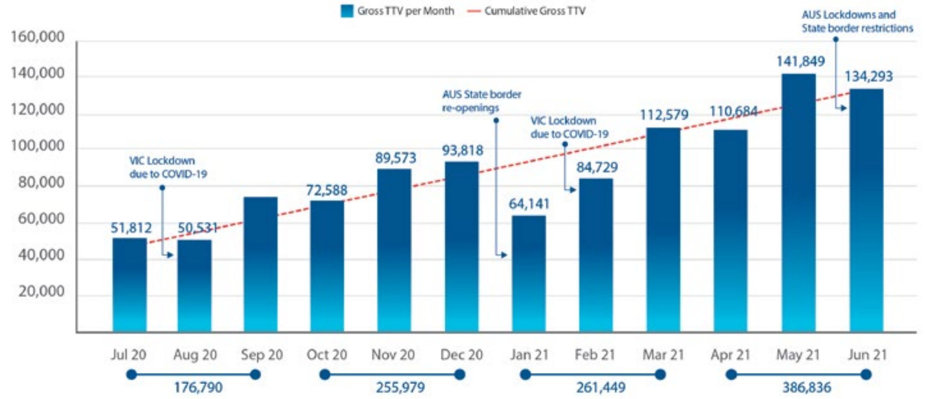
FOR THE YEAR ENDED 30 JUNE 2021

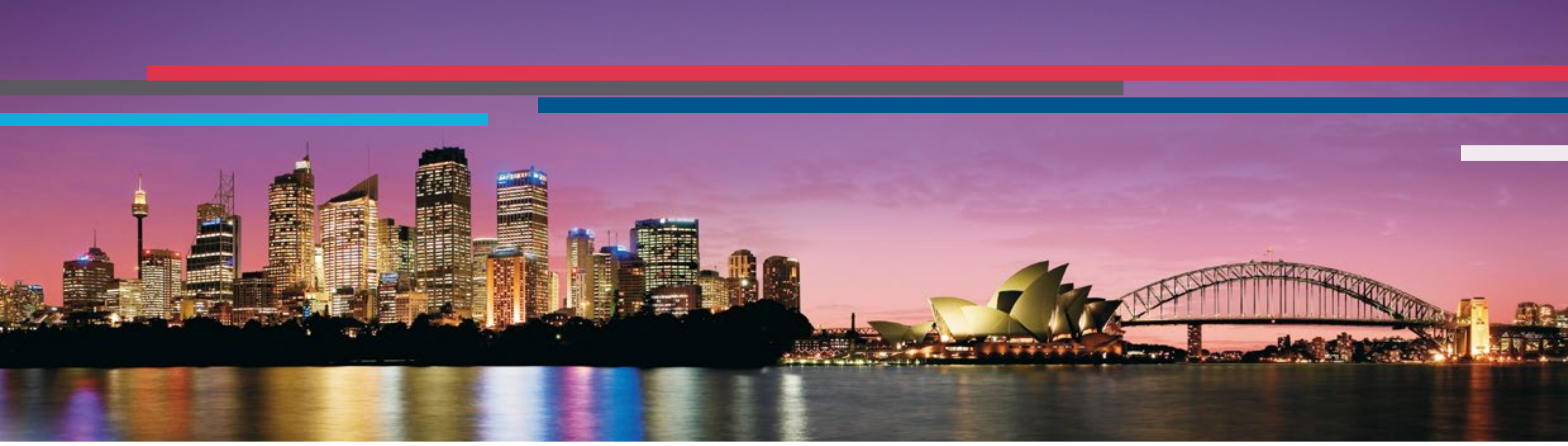
SUMMARY OF RESULTS

	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)	146,922	57.8
Equity accounted profits/(loss)	(790)	1,246	(2,036)	(163.4)
Add back trading losses relating to U.S Wholesale Division	-	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)**	**34,100**	**48.7**
Loss after tax attributable to members	**(35,496)**	**(69,874)**	**34,378**	**49.2**
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)	33.2	58.8
Diluted earnings per share	(23.3)	(56.5)	33.2	58.8
Interim dividend per share	-	9.0	(9.0)	(100)
Final dividend per share	-	-	-	-
Total dividends per share	**-**	**9.0**	**(9.0)**	**(100)**

Total Transaction Value (TTV)





SEGMENT INFORMATION

(i) EBITDA

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	(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 $326.9 million (2020: $331.5 million). Total non-current assets located in other countries total $28.7 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.

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 enabling positive underlying EBITDA results toward the end of the financial year.

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.

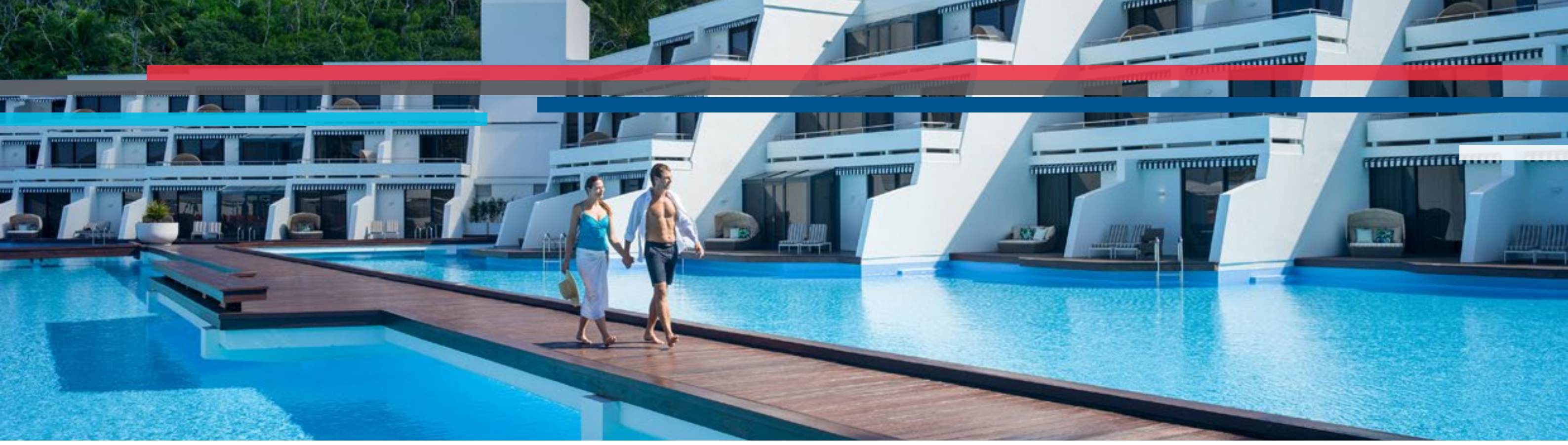
SHAREHOLDER RETURNS

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.

DISPOSALS

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.

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.

CASH FLOW

	2021 \$'000	2020 \$'000	CHANGE \$'000	CHANGE %
Net cash used in operating activities	(13,539)	(41,439)	27,900	67.3
Net cash used in investing activities	(11,106)	(42,271)	31,165	73.7
Net cash from used in financing activities	21,737	11,365	10,372	91.2
Net decrease in cash and cash equivalents	(2,908)	(72,345)	69,439	96.0

Throughout FY21 cash burn was minimised with costs under tight control. Monthly net operating cash outflows excluding one-offs have been maintained at circa $1.2 million.

Net cash used in investing activities represents payments for intangibles ($6.4 million) and acquisition of property, plant and equipment ($2.8 million).

During the FY21 financial year, HLO completed an equity raise of $50.0 million ($48.7 million, net of costs) comprised of an institutional placement and an entitlement offer, resulting in the issue of 30.3 million new fully paid ordinary shares.

In October 2020, HLO prepaid $20 million of Facility A borrowings, which can be drawn down with Bank consent.

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.

SEGMENT REVIEW

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.

The Board assess the performance of the operating segments based on several measures including TTV revenue, underlying EBITDA, profit before tax and associated key ratios which is not a measure prescribed by Australian Accounting Standards.

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.

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 (i) of this note

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

Segment results for the Group are shown below:

AUSTRALIAN SEGMENT

	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	(84,129)	(201,578)	117,449	(58.3)
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 $121 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.

NEW ZEALAND SEGMENT

	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	(11,656)	(42,752)	31,096	(72.7)
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 $31 million through cost saving initiatives to mitigate the impacts of COVID-19. Underlying EBITDA was negative $6.3 million, a decrease of 67.6% 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.

REST OF THE WORLD (ROW) SEGMENT

	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

Australia is on the pathway to achieve a vaccination rate of 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 at some point in 2022 to countries where vaccination rates are similar and infections under control.

It is expected that State borders will be largely re-opened by Christmas and international borders should begin to open up in the first half of 2022.

In the meantime, HLO will continue to run its business as efficiently as possible through a disciplined approach to cost management while maintaining service levels to our corporate, wholesale and retail agency customers throughout Australia and New Zealand.

With our long track record in domestic travel in Australia and New Zealand, open borders between the States and trans-Tasman is sufficient to generate break even TTV levels across our business

As international borders re-open and cruising both in Australian / New Zealand waters and then beyond comes back we expect to see very positive trading conditions evolve throughout 2022 and beyond

This will be greatly helped by the resilience of our retail travel agency networks who have made it through so far and will come out the other side of this pandemic stronger than ever.

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.

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.

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		(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		(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		-	(359)
Income tax benefit on cash flow hedges		-	109
Exchange differences on translation of foreign operations		(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		27,108	39,991
Accrued revenue		18,333	34,482
Inventories		522	540
TOTAL CURRENT ASSETS		**176,987**	**206,874**
NON-CURRENT ASSETS			
Trade and other receivables		5,774	4,692
Investments accounted for using the equity method		16,699	17,436
Property, plant and equipment		12,735	14,697
Right of use assets		25,042	24,538
Intangible assets		291,404	300,747
TOTAL NON-CURRENT ASSETS		**351,654**	**362,110**
TOTAL ASSETS		**528,641**	**568,984**
CURRENT LIABILITIES			
Trade and other payables		108,551	123,401
Lease liabilities		8,028	9,145
Provisions		22,156	20,914
Deferred revenue		19,852	24,368
Income tax payable		-	5,748
TOTAL CURRENT LIABILITIES		**158,587**	**183,576**
NON-CURRENT LIABILITIES			
Borrowings	10	80,711	100,519
Lease liabilities		22,962	20,614
Deferred tax liabilities		33,079	40,512
Provisions		1,572	5,639
Other non-current liabilities		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	11	468,199	419,466
Reserves		(1,554)	(2,517)
Accumulated losses		(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**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $'000	2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		680,799	2,711,242
Payments to suppliers and employees (inclusive of GST)		(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		**(13,539)**	**(41,439)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangibles		(6,361)	(16,596)
Payments for property, plant and equipment		(2,836)	(2,878)
Payments for acquisition of controlled entities, net of cash acquired		175	(21,751)
Payments for disposal of controlled entities, net of cash disposed		(2,122)	(1,215)
Proceeds from disposal of property, plant and equipment		38	101
Dividends from associates		-	68
NET CASH USED IN INVESTING ACTIVITIES		**(11,106)**	**(42,271)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue, net of costs		48,733	-
Repayment of borrowings		(20,000)	44,000
Proceeds from loan funded LTIP repayments		-	2,301
Dividends paid to company shareholders		-	(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		-	(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**

CONDENSED NOTES TO THE PRELIMINARY FINAL REPORT

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 31 August 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 40 of the 2020 Annual Report: 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. 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. 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. 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 40 in the 2020 Annual Report: business acquisitions. In addition, the accounting policies for acquisitions undertaken are outlined in note 40 in the 2020 Annual Report: 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 3 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 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	(3,920)	(6,029)
Depreciation of right of use assets	(8,039)	(8,823)
Amortisation of intangible assets	(17,260)	(17,890)
TOTAL DEPRECIATION AND AMORTISATION	**(29,219)**	**(32,742)**
Impairment of investments accounted for using the equity method	-	(850)
Impairment of right of use assets	(426)	(90)
Impairment of commercial agreements	-	(1,507)
Impairment of goodwill	-	(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)	(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	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.

(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	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	(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 $326.9 million (2020: $331.5 million). Total non-current assets located in other countries total $28.7 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	CONSOLIDATED 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	CONSOLIDATED 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	CONSOLIDATED 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	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	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	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.

(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.

9. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2021 $'000	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. BORROWINGS

	CONSOLIDATED	
	2021 $'000	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:

		CONSOLIDATED	
	Expiry Date	2021 $'000	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 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 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.

11. 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.

12. 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 significant 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.

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