

helloworld
TRAVEL LIMITED

HELLOWORLD TRAVEL LIMITED AND CONTROLLED ENTITIES

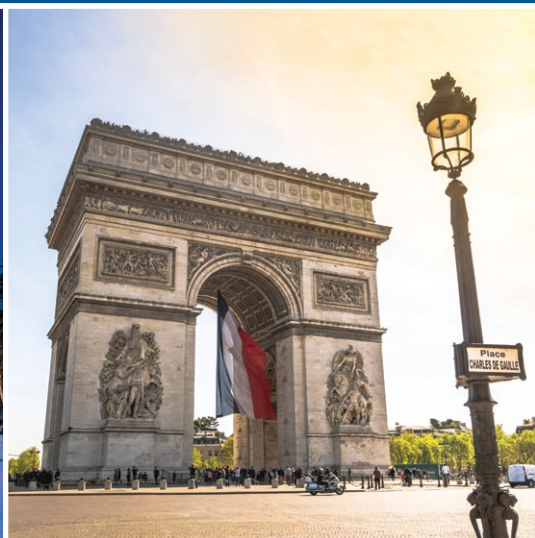
CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED
31 DECEMBER 2023



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TRAVEL LIMITED



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DIRECTORS' REPORT

The Directors of Helloworld Travel Limited (Helloworld Travel) present their Report together with the Consolidated Interim Financial Statements of the Consolidated Entity (the Group), being Helloworld Travel Limited and the entities that it controlled at the end of, or during, the half year ended 31 December 2023 and the Independent Auditor's Review Report.

DIRECTORS

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

- Garry Hounsell (Chairman)
- Andrew Burnes, AO (Chief Executive Officer and Managing Director)
- Cinzia Burnes
- Robert Dalton
- Hon. Martin Pakula
- Leanne Coddington

PRINCIPAL ACTIVITIES

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

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

Helloworld's retail distribution operations include Helloworld Travel, Australia and New Zealand's largest network of branded and co-branded franchised travel agents, Magellan Travel, Helloworld Business Travel, My Travel Group, NZ Travel Brokers and our 50% investment in MTA (Mobile Travel Agents). During the half year, as part of the 100% acquisition of Express Travel Group, the Group acquired italktravel & cruise, You, Independent Travel Group, Alatus, and First Travel Group. In addition, during the half year, the Group acquired a 40% stake in Phil Hoffmann Travel.

Helloworld's wholesale travel businesses in Australia include Viva Holidays, Ultimate Journeys, ReadyRooms, and in New Zealand includes Go Holidays and Williment Travel. During the half year, as part of the Express Travel Group transaction, the Group acquired Creative Cruising.

Helloworld's inbound operations in Australia, New Zealand and Fiji include AOT, ATS Pacific and ETA while our freight and coach operations businesses include TTF Fiji and Entertainment Logistix. The Group also holds a 34% share of the Australiareiser Group of companies.

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

Helloworld's registered office is located at 179 Normanby Road, South Melbourne, VIC, 3205, Australia.

REVIEW OF OPERATIONS

SUMMARY OF RESULTS

Helloworld's key financial results for the half year ended 31 December 2023 (1HFY24) compared with the prior corresponding period for the half year ended 31 December 2022 (1HFY23) are summarised below.

	1HFY24 \$000's	1HFY23 \$000's	Change \$000's	Change %
Total Transaction Value (TTV) ⁽ⁱ⁾	2,202,079	1,208,068	994,011	82.3%
Revenue from contracts with customers	108,165	71,295	36,870	51.7%
Other income	1,264	826	438	53.0%
Interest income	2,831	1,054	1,777	168.6%
Total revenue	112,260	73,175	39,085	53.4%
Revenue margin ⁽ⁱⁱ⁾	4.9%	5.9%		
Underlying EBITDA ⁽ⁱⁱⁱ⁾	34,024	15,630	18,394	117.7%
Underlying EBITDA margin ^(iv)	30.3%	21.4%		
EBITDA ^(v)	32,710	12,710	20,000	157.4%
EBITDA margin ^(vi)	29.1%	17.4%		
Profit before income tax	23,588	2,953	20,635	698.8%
Profit after income tax	16,047	1,600	14,447	902.9%

- (i) Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit or 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, predominantly derived from TTV. TTV does not represent the Group cash inflows as some transactions are settled directly between the customer and the supplier.
- (ii) Revenue margin has been calculated as Revenue from contracts with customers as a percentage of TTV.
- (iii) Underlying EBITDA represents EBITDA^(v) excluding significant items. Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Chief Executive Officer (CEO) and the Board to assess the financial performance of the Group and operating segments and is not subject to audit or review. A reconciliation of Underlying EBITDA to profit before income tax expense is provided in note 3: Segment Information.
- (iv) Underlying EBITDA margin has been calculated as Underlying EBITDA as a percentage of Total revenue.
- (v) Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) is a financial measure which is not prescribed by Australian Accounting Standards and is not subject to audit or review.
- (vi) EBITDA margin has been calculated as EBITDA as a percentage of Total revenue.

OVERVIEW OF RESULTS

Helloworld's TTV increased by 82.3% to \$2,202.1 million for the six months ended 31 December 2023 compared to the prior corresponding period (pcp). This reflects the strong demand from the travelling public, Helloworld's strong product offering and the ongoing professionalism of our agent and broker networks.

Following a strong TTV result, total revenue and other income for the first half of FY24 was \$112.3 million, a \$39.1 million (or 53.4%) increase on the pcp. Revenue from contracts with customers increased by \$36.9 million, or 51.7%, to \$108.2 million. The revenue margin (being revenue from contracts with customers as a percentage of TTV) for the period was 4.9%, compared to 5.9% in the pcp. The lower revenue margin for the Group in the first half of FY24 is attributable to the acquisition of Express Travel Group which operates at a lower revenue margin, and lower Entertainment Logistix revenues in the first half.

Underlying EBITDA and EBITDA for the six-month period was \$34.0 million and \$32.7 million respectively, up 117.7% and 157.4% respectively on the pcp. The earnings improvement is a direct result of the Express Travel Group acquisition, ongoing revenue growth, and a continuing focus on cost control.

Net profit before income tax was \$23.6 million for the six months, compared to a \$3.0 million profit in the pcp. Net profit after income tax was \$16.0 million in the current period, compared to a \$1.6 million profit in the pcp.

London, England

SHAREHOLDER RETURNS

Basic and diluted earnings per share for the half year ended 31 December 2023 was 10.1 cents per share (2022: 0.9 cents per share).

A final dividend of 6.0 cents per share, fully franked, was paid in September 2023. On 21 February 2024, an interim dividend of 5.0 cents per share, fully franked, was declared for the half year ended 31 December 2023 with a planned payment of 22 March 2024.

LIQUIDITY AND FUNDING

At 31 December 2023, the Group held a total cash balance of \$134.9 million (June 2023: \$160.9 million, December 2022: \$83.8million). The reduction in cash from 30 June 2023 reflects the timing in supplier payments and customer receipts, payment of a dividend, and payments for investments including Phil Hoffmann Travel (\$4.4 million) and Express Travel Group (\$39.4 million).

At 31 December 2023, except for bank guarantees, the Group held no external borrowings (June 2023: nil, December 2022: nil).

SUBSEQUENT EVENTS

On 2 January 2024, the Company finalised the Tranche 2 consideration in relation to the acquisition of Express Travel Group, issuing 1,823,998 fully paid ordinary shares and final cash settlement of \$14.2 million.

On 21 February 2024, the Directors declared a 5.0 cents per share, fully franked, dividend to be paid on 22 March 2024.

The Directors are not aware of any other matter or circumstance that has arisen since 31 December 2023 and the date of signing this report that has significantly affected, or may significantly affect, the operations of the Group, the results of the operations of the Group, or the state of the Group's affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the declaration of independence on page 8 from Ernst & Young (EY), the auditor of Helloworld Travel Limited. This declaration confirms the auditor's independence and forms part of the Directors' Report.

ROUNDING OF AMOUNTS

The amounts contained in this Directors' Report and in the Consolidated Interim Financial Report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to Helloworld under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Helloworld is an entity to which the legislative instrument applies.

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



Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 21 February 2024

Venice, Italy





**Building a better
working world**

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Auditor's Independence Declaration to the Directors of Helloworld Travel Limited

As lead auditor for the review of the half-year financial report of Helloworld Travel Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Brett Croft
Partner
21 February 2024

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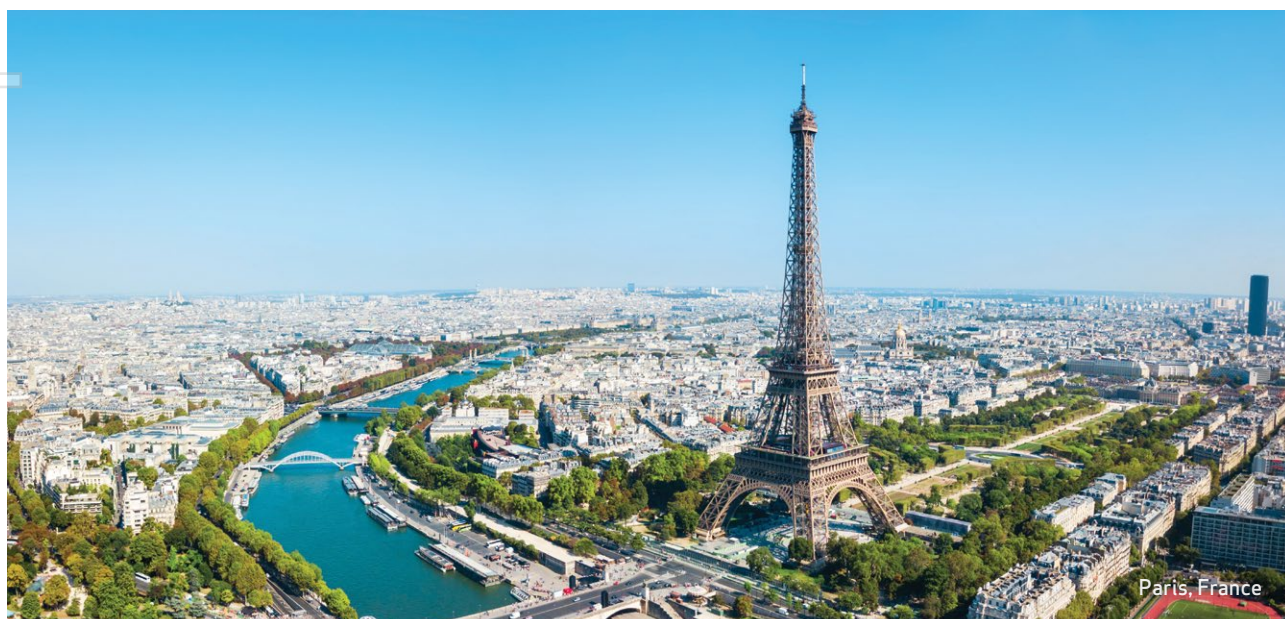
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CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue	2	108,165	71,295
Other income	2	1,264	826
Interest income	2	2,831	1,054
TOTAL REVENUE AND OTHER INCOME		112,260	73,175
Employee benefits expenses		(33,135)	(26,441)
Advertising and marketing expenses		(6,432)	(3,601)
Selling expenses		(26,856)	(13,780)
Communication and technology expenses		(4,700)	(3,972)
Occupancy expenses		(1,293)	(956)
Operating expenses		(8,936)	(12,535)
Depreciation and amortisation expense		(8,539)	(9,377)
Interest expense		(583)	(380)
Share of profit of equity accounted investments		1,802	820
PROFIT BEFORE TAXATION		23,588	2,953
Income tax expense		(7,541)	(1,353)
PROFIT AFTER TAXATION		16,047	1,600
PROFIT AFTER INCOME TAX IS ATTRIBUTABLE TO:			
Non-controlling interests		35	243
Helloworld Travel Limited shareholders		16,012	1,357
		16,047	1,600
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			
		Cents	Cents
Basic earnings per share	5	10.1	0.9
Diluted earnings per share	5	10.1	0.9



The accompanying notes form part of this Financial Report.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
PROFIT FOR THE HALF YEAR	16,047	1,600
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items that may be reclassified subsequently to the income statement:</i>		
Exchange differences on translation of foreign operations	228	1,027
Total items that may be reclassified subsequently to the income statement	228	1,027
<i>Items that will not be reclassified subsequently to the income statement:</i>		
Gain/(loss) on revaluation of investment in CTM	2,940	(13,536)
Tax (expense)/benefit on revaluation of investment in CTM	(882)	4,061
Total items that will not be reclassified subsequently to the income statement	2,058	(9,475)
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)	2,286	(8,448)
TOTAL COMPREHENSIVE INCOME/(LOSS)	18,333	(6,848)
TOTAL COMPREHENSIVE INCOME/(LOSS) IS ATTRIBUTABLE TO:		
Non-controlling interest	35	243
Helloworld Travel Limited shareholders	18,298	(7,091)
	18,333	(6,848)



Kyoto, Japan

The accompanying notes form part of this Financial Report.

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2023

	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	124,733	146,888
Cash deposits	6	10,127	14,000
Trade and other receivables		47,139	42,744
Prepayments		5,629	6,653
Accrued revenue		44,577	29,311
Inventories		218	250
TOTAL CURRENT ASSETS		232,423	239,846
NON-CURRENT ASSETS			
Trade and other receivables		582	263
Equity accounted investments		27,188	18,793
Other investments		28,701	34,329
Property, plant and equipment		7,109	7,563
Right of use assets		24,017	20,211
Intangible assets		288,151	223,898
TOTAL NON-CURRENT ASSETS		375,748	305,057
TOTAL ASSETS		608,171	544,903
CURRENT LIABILITIES			
Trade and other payables		161,492	153,978
Lease liabilities		6,771	5,266
Provisions		12,665	11,304
Deferred revenue		6,813	6,374
Other liabilities		19,290	383
Income tax payable		8,846	225
TOTAL CURRENT LIABILITIES		215,877	177,530
NON-CURRENT LIABILITIES			
Lease liabilities		18,913	16,878
Deferred tax liabilities		47,809	46,065
Provisions		1,348	1,265
Other liabilities		957	140
TOTAL NON-CURRENT LIABILITIES		69,027	64,348
TOTAL LIABILITIES		284,904	241,878
NET ASSETS		323,267	303,025
EQUITY			
Issued capital	8	482,631	471,231
Reserves	9	(3,397)	(7,097)
Accumulated losses		(156,457)	(161,564)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF HELLOWORLD TRAVEL LIMITED		322,777	302,570
Non-controlling interests		490	455
TOTAL EQUITY		323,267	303,025

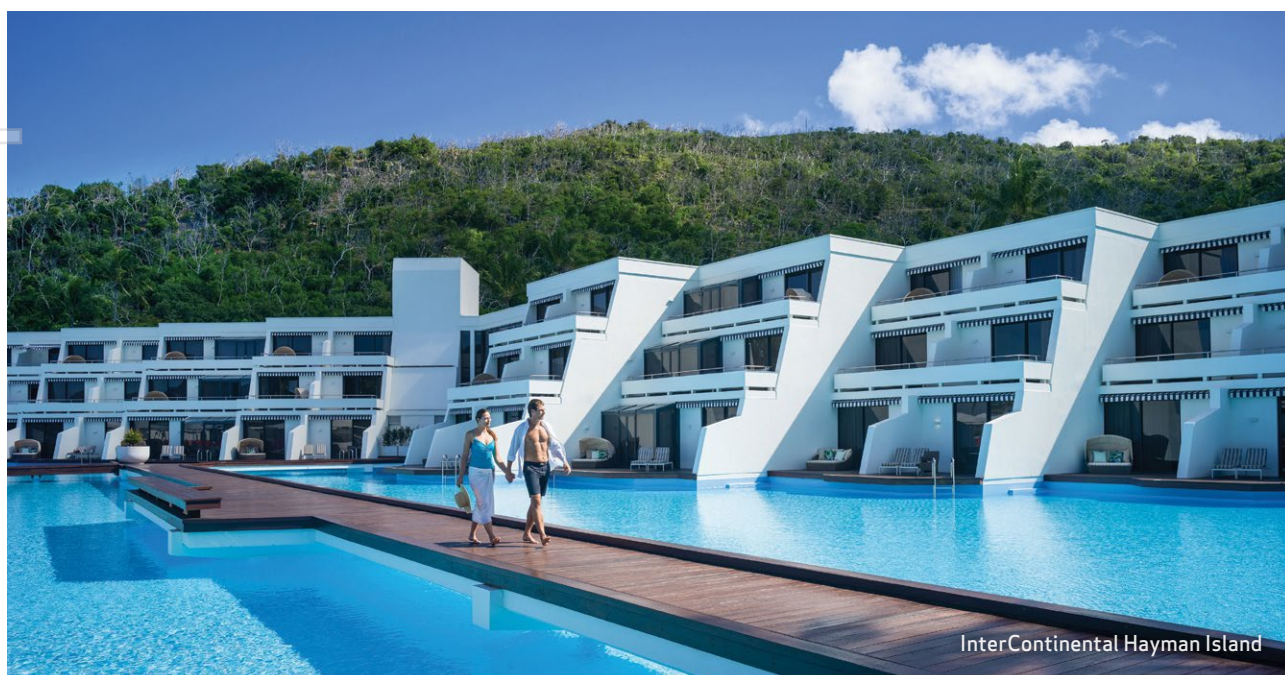
The accompanying notes form part of this Financial Report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

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

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non-controlling interests \$'000	Total equity \$'000
BALANCE AT 1 JULY 2023	471,231	(7,097)	(161,564)	455	303,025
Profit after income tax expense	-	-	16,012	35	16,047
Other comprehensive income	-	2,286	-	-	2,286
Transfer of realised loss from investment revaluation reserve to accumulated losses	-	1,414	(1,414)	-	-
Total comprehensive income for the half year	-	3,700	14,598	35	18,333
Issue of share capital	11,400	-	-	-	11,400
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid	-	-	(9,491)	-	(9,491)
BALANCE AT 31 DECEMBER 2023	482,631	(3,397)	(156,457)	490	323,267



InterContinental Hayman Island

The accompanying notes form part of this Financial Report.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
OPERATING ACTIVITIES			
Receipts from customers ⁽ⁱ⁾		1,770,920	609,427
Payments to suppliers and employees ⁽ⁱ⁾		(1,760,653)	(629,147)
Interest received		2,831	1,005
Interest paid		(583)	(380)
Income tax (paid)/refund received		(215)	39
NET OPERATING CASH FLOWS		12,300	(19,056)
INVESTING ACTIVITIES			
Transfers from term deposits		4,000	-
Transfers to term deposits		-	(2,000)
Payments for intangibles		(450)	(684)
Payments for property, plant and equipment		(897)	(1,734)
Investment in Phil Hoffmann Travel		(4,394)	-
Investment in Australiareiser Group		(90)	-
Investment in Tin Alley venture capital fund		(100)	-
Acquisition of Express Travel Group		(39,357)	-
Proceeds from sale of Corporate Travel Management Limited shares		7,604	-
Proceeds from sale of property, plant and equipment		246	41
Dividends received from equity instruments		509	95
NET INVESTING CASH FLOWS		(32,929)	(4,282)
FINANCING ACTIVITIES			
Dividends paid to company shareholders		(9,491)	(15,405)
Payment of principal elements of leases		(3,352)	(2,042)
NET FINANCING CASH FLOWS		(12,843)	(17,447)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(33,472)	(40,785)
Cash and cash equivalents at the beginning of the financial half year		146,888	116,524
Cash and cash equivalents acquired	10	11,357	-
Foreign currency exchange rate changes on cash and cash equivalents		(40)	97
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR	6	124,733	75,836

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

The accompanying notes form part of this Financial Report.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2023 has been prepared in accordance with *Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

This Financial Report is a General Purpose Financial Report which has been prepared on a going concern basis.

This Financial Report was authorised for issue in accordance with a resolution of the Directors on 21 February 2024.

2. REVENUE AND OTHER INCOME

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Commissions	88,818	54,237
Transaction and services fees	1,375	1,815
Marketing related activities	7,740	3,353
Freight revenue	6,563	9,440
Other revenue ⁽ⁱ⁾	3,669	2,450
REVENUE FROM CONTRACTS WITH CUSTOMERS	108,165	71,295
Sundry income	755	647
Dividends received	509	179
OTHER INCOME	1,264	826
INTEREST INCOME	2,831	1,054
TOTAL REVENUE AND OTHER INCOME	112,260	73,175

(i) Other revenue includes franchise fees and revenue from the Fiji transport business.

3. SEGMENT INFORMATION

3.1 DESCRIPTION OF SEGMENTS

The Chief Executive Officer and the Board are the Chief Operating Decision Makers (CODMs). During the current period, the CODM assessed the Group's performance and made strategic decisions on the basis of a geographical perspective for the travel business and from a product perspective for the transport, logistics and warehousing business, resulting in four reportable segments.

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

3.2 SEGMENT INFORMATION PROVIDED TO THE CODM

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

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

Segment results for the Group are shown below:

	Travel Operations Australia \$'000	Travel Operations New Zealand \$'000	Travel Operations Rest of World \$'000	Transport, Logistics and Warehousing \$'000	Total \$'000
HALF YEAR ENDED 31 DECEMBER 2023					
Commissions	70,488	17,943	387	-	88,818
Transaction and service fees	1,311	64	-	-	1,375
Marketing related activities	5,970	1,770	-	-	7,740
Freight revenue	-	-	-	6,563	6,563
Other revenue	1,938	139	1,592	-	3,669
REVENUE FROM CONTRACTS WITH CUSTOMERS	79,707	19,916	1,979	6,563	108,165
Sundry income	516	1	26	212	755
Dividends received	508	1	-	-	509
Interest income	2,082	749	-	-	2,831
SEGMENT REVENUE AND OTHER INCOME	82,813	20,667	2,005	6,775	112,260
Segment expenses	(58,204)	(13,528)	(1,566)	(6,740)	(80,038)
Share of profit of equity accounted investments	1,802	-	-	-	1,802
UNDERLYING EBITDA	26,411	7,139	439	35	34,024

3. SEGMENT INFORMATION (CONT.)

	Travel Operations Australia \$'000	Travel Operations New Zealand \$'000	Travel Operations Rest of World \$'000	Transport, Logistics and Warehousing \$'000	Total \$'000
HALF YEAR ENDED 31 DECEMBER 2022					
Commissions	45,984	7,908	345	-	54,237
Transaction and service fees	1,799	16	-	-	1,815
Marketing related activities	2,921	432	-	-	3,353
Freight revenue	-	-	-	9,440	9,440
Other revenue	1,120	92	1,238	-	2,450
REVENUE FROM CONTRACTS WITH CUSTOMERS	51,824	8,448	1,583	9,440	71,295
Sundry income	408	198	26	15	647
Dividends received	179	-	-	-	179
Interest income	946	106	-	2	1,054
SEGMENT REVENUE AND OTHER INCOME	53,357	8,752	1,609	9,457	73,175
Segment expenses	(42,087)	(6,464)	(1,205)	(8,609)	(58,365)
Share of profit of equity accounted investments	820	-	-	-	820
UNDERLYING EBITDA	12,090	2,288	404	848	15,630

3.3 OTHER SEGMENT INFORMATION: RECONCILIATION OF EBITDA AND UNDERLYING EBITDA

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
UNDERLYING EBITDA	34,024	15,630
<i>Less significant items:</i>		
Acquisition related costs	(1,196)	-
Settlement of supplier incentives	-	(2,549)
Restructuring and other costs	(118)	(371)
TOTAL SIGNIFICANT ITEMS ⁽ⁱ⁾	(1,314)	(2,920)
EBITDA	32,710	12,710
<i>Less non-cash items and interest expense:</i>		
Depreciation of property, plant and equipment	(1,305)	(1,522)
Depreciation of right of use assets	(3,262)	(2,168)
Amortisation of intangible assets	(3,972)	(5,687)
Interest expense on lease liabilities	(583)	(315)
Interest expense on borrowings	-	(65)
TOTAL NON-CASH ITEMS AND INTEREST EXPENSE	(9,122)	(9,757)
PROFIT BEFORE INCOME TAX	23,588	2,953

(i) Significant items are those gains or losses where their nature, including the expected frequency of the events giving rise to them, and impact is considered material to the financial statements.

4. DIVIDENDS

Dividends paid during the half year:

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
ORDINARY SHARES		
FY23 final dividend of 6 cents per share, paid on 22 September 2023	(9,491)	-
FY23 final dividend associated with LTIP	(60)	-
FY22 final dividend of 10 cents per share, paid on 23 September 2022	-	(15,405)
FY22 final dividend associated with LTIP	-	(100)
TOTAL	(9,551)	(15,505)

Dividends not recognised at the end of the half year

In addition to the above dividends, the directors declared on 21 February 2024 the payment of an interim dividend of 5.0 cents per ordinary share (2023: 2.0 cents) fully franked, based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid out of current half year earnings (but not recognised as a liability at 31 December 2023) is \$8.05 million. The dividend will be paid on 22 March 2024 (record date of 08 March 2024).

5. EARNINGS PER SHARE (EPS)

	31 Dec 2023 Cents	31 Dec 2022 Cents
PROFIT FOR THE HALF YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY USED IN EARNINGS PER SHARE		
Profit for the half year	16,012	1,357
	16,012	1,357

	Number of shares	
	31 Dec 2023	31 Dec 2022
WEIGHTED AVERAGE NUMBER OF SHARES USED IN EARNINGS PER SHARE		
Basic earnings per share	158,176,909	155,027,845
Diluted earnings per share	158,176,909	155,027,845

	Cents per share	
	31 Dec 2023	31 Dec 2022
BASIC EARNINGS PER SHARE		
Basic earnings per share	10.1	0.9
Diluted earnings per share	10.1	0.9

6. CASH AND CASH EQUIVALENTS AND CASH DEPOSITS

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Cash at bank and on hand ⁽ⁱ⁾	72,680	107,730
Restricted cash at bank ⁽ⁱⁱ⁾	52,053	39,158
CASH AND CASH EQUIVALENTS	124,733	146,888
Cash deposits ⁽ⁱ⁾	10,127	12,000
Restricted cash deposits ⁽ⁱⁱ⁾	-	2,000
CASH DEPOSITS ⁽ⁱⁱⁱ⁾	10,127	14,000
TOTAL	134,860	160,888

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

(ii) Includes cash held within legal entities of the Group that have IATA requirements as part of providing ticketing travel arrangements and for an ongoing legal matter.

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

(iv) The total cash and deposits, excluding restricted cash, is \$82.8 million (30 June 2023: \$119.7 million).

7. FINANCING ARRANGEMENTS

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
CONTINGENT FACILITIES: BANK GUARANTEES		
Westpac Facility B	1,124	1,661
Westpac Facility C	78	533
Westpac stand alone facilities	2,637	2,159
TOTAL	3,839	4,353

The above represents contingent components (bank guarantees) of Westpac facilities B and C.

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 (the "obligor group" as defined under the Westpac facility agreement).

8. ISSUED CAPITAL

	31 Dec 2023 Number of shares	30 Jun 2023 Number of shares	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Issued capital - fully paid ⁽ⁱ⁾	159,155,624	155,027,845	482,631	471,231
ISSUED CAPITAL	159,155,624	155,027,845	482,631	471,231

(i) Issued capital and the number of shares on issue increased during the half year due to:

(a) 3,647,998 shares issued at \$2.741 per share on completion of the Express Travel Group acquisition, and

(b) 479,781 shares issued at \$2.918 per share on completion of the Phil Hoffmann Travel acquisition.

9. RESERVES

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Foreign currency translation reserve	(334)	(562)
Investment revaluation reserve	(4,079)	(7,551)
Share based payments reserve	1,016	1,016
RESERVES	(3,397)	(7,097)

10. BUSINESS ACQUISITIONS

ACQUISITION OF EXPRESS TRAVEL GROUP

On 11 August 2023, the Group acquired 100% of the voting shares of Express Travel Group (ETG), that specialises in the selling of the international and domestic travel products and services, and the operation of retail distribution networks of travel agents. The acquisition of ETG significantly enhances the Group's travel business through additional travel operations including an air ticket consolidation business, retail travel networks and cruise and package wholesaling businesses in Australia and New Zealand. The acquisition has been accounted for using the acquisition method.

The provisional fair values of the identifiable assets and liabilities of ETG as at the date of acquisition were:

\$'000

ASSETS

Cash and cash equivalents	11,357
Cash deposits	127
Trade and other receivables	16,122
Prepayments	1,053
Accrued revenue	5,288
Property, plant and equipment	152
Right of use assets	2,253
Deferred tax asset	200

TOTAL ASSETS **36,552**

LIABILITIES

Trade and other payables	(27,749)
Provisions	(1,542)
Deferred revenue	(1,539)
Lease liabilities	(2,079)
Income tax payable	(2,410)
Deferred tax liability	(11)

TOTAL LIABILITIES **(35,330)**

TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE (PROVISIONAL) **1,222**

Goodwill arising on acquisition (provisional) ⁽ⁱ⁾	67,503
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TOTAL CONSIDERATION **68,725**

SATISFIED BY:

Cash consideration ⁽ⁱⁱ⁾	53,725
Equity instruments ⁽ⁱⁱ⁾	15,000

TOTAL CONSIDERATION **68,725**

(i) The valuation of identifiable net asset acquired was not completed by the date the interim financial statements were approved for issue by the Board of Directors. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to goodwill. The provisional goodwill is recognised under intangible assets as at 31 December 2023.

(ii) On 2 January 2024, the Company finalised the Tranche 2 consideration in relation to the acquisition of Express Travel Group, issuing 1,823,998 fully paid ordinary shares and final cash settlement of \$14.2 million. These were recognised as Other liabilities as at 31 December 2023.

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

\$'000

NET BOOK VALUE

At 1 July 2023	88,368
Acquisition of ETG	67,503
Foreign currency movements	273

AT 31 DECEMBER 2023 **156,144**

10. BUSINESS ACQUISITIONS (CONT.)

The acquisition date fair value of the trade receivables amounts to \$16,122,386. The gross amount of trade receivables is \$16,122,386 and it is expected that the full contractual amounts will be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right of use assets were measured at an amount equal to the lease liabilities.

From the date of acquisition, being 11 August 2023, ETG has contributed \$16.1 million to the revenue of the Group and \$6.7 million to the net profit before tax of the Group. For the full 6 months from 1 July 2023 to 31 December 2023, ETG's revenue was \$20.5 million and net profit before tax was \$8.4 million.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of ETG with those of the Group. The goodwill is not deductible for income tax purposes.

Transaction costs of \$856,180 have been expensed and are included in operating expenses in the Consolidated income statement and are part of operating cash flows in the Consolidated statement of cash flows.

EXERCISE OF GILPIN TRAVEL PUT OPTION

During the year ended 30 June 2019, the Group entered into a commercial agreement with Gilpin Travel for the distribution of travel products. As part of the agreement, the Group granted the shareholders of Gilpin Travel a put option to sell 100% of the business and the shareholders of Gilpin Travel granted the Group a call option to buy 100% of the business (with both options excluding that part of the Gilpin Travel business which operates under the CWT licence). The contracted purchase price is a set multiple of the EBITDA for the financial year immediately preceding the exercise of the option. The multiple has been assessed to be a market based multiple. The put option and the call option notice periods were initially contracted to be 1 January 2021 to 31 December 2023 and 1 January 2023 to 31 December 2023 respectively. However, in August 2022, the put option and the call option notice periods were both amended to be 1 January 2021 to 31 December 2025. The put option, a derivative, is measured at fair value. On 17 July 2023, the put option was exercised by the shareholders of Gilpin Travel. Helloworld and the Gilpin Travel shareholders have been engaged in mediation relating to the transaction. No agreements have been executed and the transaction has not yet settled. The Group has assessed that it does not control Gilpin Travel at the date of this Financial Report. The Group continues to recognise the put option at its fair value.

11. EQUITY ACCOUNTED INVESTMENTS

PHIL HOFFMANN TRAVEL

On 25 August 2023, the Group completed the transaction to acquire a 40% stake in Adelaide based travel business, PHT Group Holdings Pty Ltd (PHT) from its founder Phil Hoffmann, for a consideration of \$4.4 million comprising \$3 million in cash and \$1.4 million in Helloworld shares (479,781 shares). Contingent consideration up to a maximum of \$0.8 million will be paid subject to PHT achieving specified EBITDA metrics in FY24 or FY25. The Share Purchase Agreement includes a call option to acquire Mr Hoffmann's remaining 10% shareholding between 25 August 2025 and 25 August 2027 based on an eight times EBITDA multiple.

The remaining PHT business owner, Peter Williams, has retained his 50% shareholding in PHT. The Shareholders Agreement, includes a put option and a call option to acquire Mr William's remaining 50% shareholding between 1 May 2028 to 30 April 2033 based on an eight times EBITDA multiple. The call option and the put option have been priced at fair value and accordingly the derivative fair value is nil.

12. COMMITMENTS

At 31 December 2023, the Group had a commitment of \$4.8 million (30 June 2023: \$4.9 million) in relation to the investment in the Tin Alley venture capital fund.

At 30 June 2023, the Group had capital commitments of \$4.4 million relating to the purchase of vehicles which were acquired through finance lease facilities (31 December 2023: nil).

13. CONTINGENT LIABILITIES

STA TRAVEL ACADEMIC LITIGATION

The vendors of the TravelEdge Group (the Plaintiff) are claiming \$4 million is owed by a subsidiary of Helloworld under a Share Sale Agreement dated 24 September 2019 relating to the purchase by the subsidiary of the shares in TravelEdge Pty Ltd and Quay Services Pty Ltd. The claim relates to STA Travel Academic (which formed part of the TravelEdge Group business). In October 2023, the Supreme Court of New South Wales found in favour of the Plaintiff for the amount of \$4 million, plus interest and costs (the latter which have not yet been determined). Helloworld has appealed the judgement. On 16 February 2024, Helloworld paid an amount of \$4.9 million into a non-interest-bearing Court bank account, to be held pending determination of the appeal. The Group has received advice on the claim. No provision has been made in the financial statements as at 31 December 2023 as the Group believes it is more likely than not that the appeal will be successful.

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group holds the following financial instruments:

	31 Dec 2023 \$'000 Carrying value	31 Dec 2023 \$'000 Fair value	30 Jun 2023 \$'000 Carrying value	30 Jun 2023 \$'000 Fair value
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OCI				
Financial assets (equity securities)	28,701	28,701	34,329	34,329
TOTAL	28,701	28,701	34,329	34,329
FINANCIAL ASSETS MEASURED AT AMORTISED COST				
Cash and cash equivalents and cash deposits ⁽ⁱ⁾	134,860	134,860	160,888	160,888
Trade and other receivables ^{(i) (ii)}	47,721	47,721	43,007	43,007
TOTAL	182,581	182,581	203,895	203,895
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS				
Deferred consideration	20,090	20,090	383	383
TOTAL	20,090	20,090	383	383
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST				
Trade and other payables ⁽ⁱ⁾	161,492	161,492	153,978	153,978
TOTAL	161,492	161,492	153,978	153,978

(i) The carrying amounts of cash and cash equivalents and cash deposits, trade and other receivables, and trade and other payables generally approximate to fair value.

(ii) Trade and other receivables consist of current trade and other receivables of \$47.1 million (2023: \$42.7 million) and non-current trade and other receivables of \$0.6 million (2023: \$0.3 million).

Fair value hierarchy

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

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

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

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT.)

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 DECEMBER 2023				
Investment in Corporate Travel Management Limited ⁽ⁱ⁾	27,202	-	-	27,202
Investment in Hunter Travel Group Pty Ltd	-	-	473	473
Investment in Cooney Investments Pty Ltd	-	-	813	813
Investment in Brooker Travel NZ	-	-	45	45
Investment in Tin Alley	-	-	168	168
TOTAL ASSETS	27,202	-	1,499	28,701
Deferred consideration	-	-	20,090	20,090
TOTAL LIABILITIES	-	-	20,090	20,090
30 JUNE 2023				
Investment in Corporate Travel Management Limited	32,930	-	-	32,930
Investment in Hunter Travel Group Pty Ltd	-	-	473	473
Investment in Cooney Investments Pty Ltd	-	-	813	813
Investment in Brooker Travel NZ	-	-	45	45
Investment in Tin Alley	-	-	68	68
TOTAL ASSETS	32,930	-	1,399	34,329
Deferred consideration	-	-	383	383
TOTAL LIABILITIES	-	-	383	383

(i) The Group sold 450,000 shares during the half year ended 31 December 2023 at a fair value of \$8.7 million realising a loss of \$1.4 million which was recognised through OCI. At the disposal date, this balance was reclassified to accumulated losses.

15. SUBSEQUENT EVENTS

On 2 January 2024, the Company finalised the Tranche 2 consideration in relation to the acquisition of Express Travel Group, issuing 1,823,998 fully paid ordinary shares and final cash settlement of \$14.2 million.

On 21 February 2024, the Directors declared a 5.0 cents per share fully franked dividend to be paid on 22 March 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect, the operations of the Group, the results of the operations of the Group, or the state of the Group's affairs in future financial years.

DIRECTORS' DECLARATION

IN THE DIRECTORS' OPINION:

- (a) The consolidated interim financial statements and notes that are set out on pages 10 to 23 are in accordance with the *Corporations Act 2001*, including
 - (i) giving a true and fair view of the Group's financial position at 31 December 2023 and of its performance for the half year ended on that date; and
 - (ii) complying with AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that Helloworld Travel Limited and its controlled entities will be able to repay its debts as and when they become due and payable.

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



Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 21 February 2024



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Independent Auditor's Review Report to the Members of Helloworld Travel Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Helloworld Travel Limited ('the Company') and its controlled entities (collectively 'the Group'), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ('ASRE 2410'). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

Ernst & Young

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

Brett Croft
Partner
Melbourne
21 February 2024

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