



22nd October 2021

The Manager
Markets Announcement Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Please find attached the Helloworld Travel Limited ASX Release: Trading Update for the September Quarter 2021.

Yours faithfully,

A handwritten signature in black ink, appearing to be "D. Hall", written over a light grey circular watermark.

David Hall
Chief Financial Officer
Helloworld Travel Limited
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ASX ANNOUNCEMENT

Melbourne, 22 October 2021

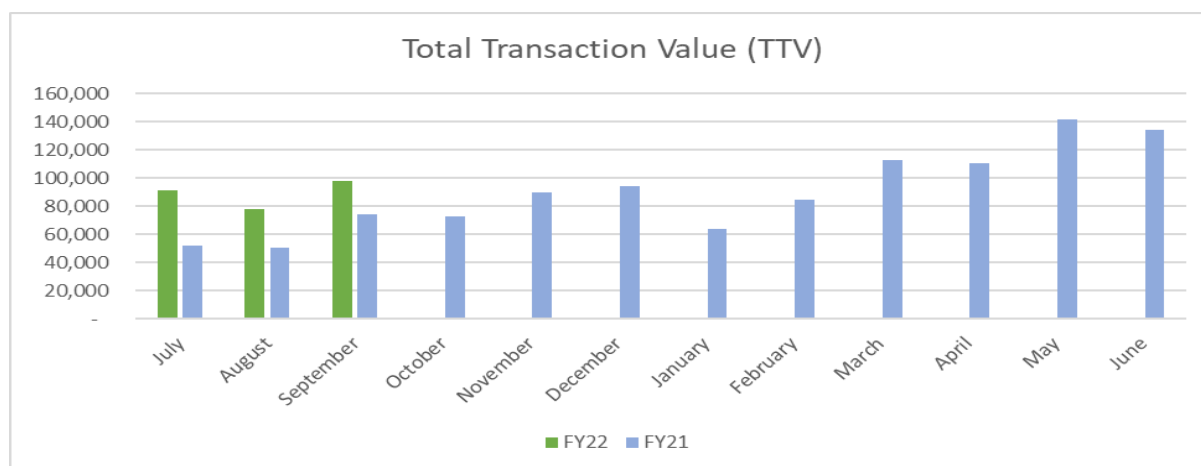
HELLOWORLD SEPTEMBER QUARTER **TRADING UPDATE**

POST COVID-19 RECOVERY UNDERWAY

Helloworld Travel Limited (ASX: HLO) provides the following trading update for the September quarter, 2021.

Recent trading results and liquidity position

- HLO's Total Transaction Value¹ (TTV) for the September quarter (based on unaudited management accounts) was \$266.5m, up 50.7% on the same period last year. TTV for July was \$90.9m, August was \$78.0m and this recovered to \$97.6m in September despite border closures in New South Wales, Victoria and Western Australia.



- Revenue for the period totaled \$20.3m up 62.7% on the prior corresponding period (pcp) reflecting a revenue margin² of 7.6%.
- EBITDA³ loss for the quarter was \$3.6m compared with \$6.3m in Q1 FY21. July and August 2021 saw losses of circa \$1.5m per month but in September losses were reduced to \$0.6m.
- HLO notes that the September quarter last year benefitted from \$10.4m of wage subsidies in Australia and NZ which materially offset the gross wages and on-costs of \$19.3m for the period reducing the net cost to \$8.9m. Headcount and gross personnel costs were reduced in the current quarter to \$16.9m with \$2.7m in Government assistance reducing the net cost to \$14.2m.
- On a geographical basis, in Australia, EBITDA loss was \$2.5m for the quarter, in New Zealand loss of \$1.0m and our Rest of World (ROW) operations a loss of \$0.1m.

HLO Corporate businesses

- HLO's corporate businesses comprise QBT, TravelEdge and Show Travel in Australia with APX and Atlas in New Zealand.
- TTV in Australia was up 24.9% to \$132.0m with revenue up 55.2% compared to last year.
- Of significance, TravelEdge successfully re-tendered for the Woolworths account and has entered into a further three-year agreement with Woolworths and its associated businesses and has re-signed a number of other significant corporate accounts since 1 July, 2021.
- In New Zealand, corporate division TTV increased 15.7% on the prior year and the division made an EBITDA profit of NZ\$76,000 compared to a loss of NZ\$440,000 in the previous year for the same period.

HLO Wholesale

- Wholesale TTV was up 154% on prior year in Australia despite lockdowns in Victoria, New South Wales and South East Queensland for a short period and the closure of the trans-Tasman bubble. Intra state travel in Queensland, Western Australia, Tasmania and South Australia contributed to much of the volume as did travel between Queensland, South Australia, Northern Territory and Tasmania.
- In New Zealand, our wholesale businesses saw TTV increase from NZ\$212,000 in Q1 2021 to NZ\$4.4m in Q1 this year on the back of the trans-Tasman bubble and the opening of the Cook Islands to New Zealanders. Although both destinations are again closed to New Zealanders, it is expected that they will be open again by the end of the year together with other destinations with TTV and revenues will respond accordingly.

HLO Retail

- HLO's retail business in Australia has shown significant improvement on the prior year with TTV more than doubling to \$88.9m in the September quarter. While still a relatively small number compared to pre-COVID levels, TTV is accounted for on a date of travel basis, not date of booking, so the retail division also benefited from a very significant increase in new bookings for travel later in 2021 and beyond.
- In New Zealand retail was down 12.2% on the previous year but is at a very low base and will improve dramatically as bookings currently made, or being made, avail across the next six months.

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1. *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 revenue in accordance with Australian Accounting Standards. TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier.*
 2. *Revenue margin has been calculated as revenue (excluding other income) as a percentage of TTV.*
 3. *EBITDA represents earnings before interest expense, tax, depreciation and amortisation, but includes depreciation on right of use assets and interest expense on lease liabilities arising from the application of the lease accounting standard.*

HLO Retail networks in Australia and New Zealand

- HLO's retail networks in Australia and New Zealand have shown steadfast resilience during calendar 2021 with the networks in Australia and New Zealand remaining largely intact.
- The multiple tranches of the \$238m Consumer Travel Support Program together with State Government assistance has assisted agents across Australia while in New Zealand agents have benefited from the \$47.2 million Consumer Travel Reimbursement Scheme.
- Over the last 12 months, some multi-agency owners have consolidated some of their outlets while other agencies have scaled down their businesses until such time as international travel resumes and are operating from home.
- Almost all the agencies who have chosen to cease trading, to consolidate outlets or to "hibernate" until travel demand returns have done so in an orderly and professional manner and in accordance with legal and financial obligations. They continue to manage, retrieve and distribute their clients refunds and any other outstanding customer entitlements such as future travel credits.
- HLO's network status as at end September 2021 was:

| Australia | March 2020 | June 2021 | September 2021 |
|---|--|--|--|
| Helloworld Branded & Associate Networks | 502 | 417 agencies +71 agencies home based | 409 agencies +74 agencies home based |
| Magellan Travel | 121 | 84 | 84 |
| Helloworld Business Travel | 63 | 59 | 59 |
| My Travel Group | 637 +140 agencies home-based | 539 +213 agencies home-based | 538 +216 agencies home-based |
| MTA (<i>all home based</i>) | 432 | 454 | 453 |
| Total Australia | 1,895 1,323 agencies +572 home-based agencies | 1,837 1,099 agencies +738 home-based agencies | 1,833 1,090 agencies +743 home-based agencies |
| New Zealand | | | |
| Helloworld Branded & Associate Networks | 82 | 47 +18 agencies home-based | 38 +14 agencies home-based |
| My Travel Group | 128 | 88 | 73 |
| Travel Brokers | 291 *all home-based | 234 *all home-based | 226 *all home-based |
| Total New Zealand | 501 210 agencies +291 home-based agencies | 387 135 agencies +252 home-based agencies | 351 111 agencies +240 home-based agencies |
| Total | 2,396 | 2,224 | 2,184 |

Outlook

- Q1 FY22 up 50.7% in TTV and 62.7% in revenue
- EBITDA loss for the quarter improved by 49.9% compared with Q1 2021 despite \$7.9m reduction in Government wage subsidies.
- Vaccination rates approaching 80%+ across Australia and re-openings have commenced in New South Wales and Victoria.
- Queensland borders to be open pre-Christmas.
- International travel will resume from 1 November 2021.
- Shortened home quarantine and testing regimes being implemented.
- The re-opening of State and international borders and re-commencement of international travel is the next critical step in the evolution of this crisis, one that is incredibly welcome news.
- HLO has sufficient liquidity to maintain operations beyond end calendar 2022 based on current liquidity levels and cash burn rate.
- Based on retail, wholesale and corporate booking intakes across the first three weeks of October we expect a rapid improvement in sales volumes and revenues across the next six months.

This announcement has been approved by the Board.

Andrew Burnes. AO
Chief Executive Officer

- ENDS -

About Helloworld Travel Limited

Helloworld Travel Limited (ASX: HLO) is a leading Australian & New Zealand travel distribution company, comprising retail travel networks, corporate travel management services, destination management services (inbound), air ticket consolidation, wholesale travel services, and online operations.

INVESTOR CONTACT:

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