



Annual Report

2022–2023

A full-page background image showing a sunset over a body of water. The sun is low on the horizon, creating a bright orange glow that reflects on the water. Silhouetted hills and trees are visible in the foreground and background. A diagonal orange band runs from the bottom left towards the top right.

We acknowledge the Traditional Owners and
Custodians of Country throughout Australia and
their continuing connection to the land, waterways
and community. We pay our respects to Aboriginal
and Torres Strait Island cultures, people and
Elders past, present and emerging.

Cover photo
Superyacht, The Jackson cruising
Sydney Harbour, New South Wales

This page
Tiwi Islands, Northern Territory

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KELSIAN GROUP

Our purpose is to be a world leader in delivering essential journeys through safe, intelligent and sustainable transport solutions, while creating brilliant customer experiences.

Kelsian Group ("Kelsian" or the "Group") is Australia's largest integrated multi-modal transport provider and tourism operator providing essential journeys for our customers by delivering safe and intelligent transport solutions designed to improve the sustainability and liveability of the communities we serve.

Headquartered in Adelaide since 1989, the Group has demonstrated its ability to be agile through uncertain times and is uniquely positioned for growth.

The Group is made up of:

Marine & Tourism: connecting travellers with Australia's most iconic holiday destinations and experiences.

Australian Bus: operating domestic public transport contracts, resource contracts and charters.

International Bus: operating international public transport contracts and motorcoach services.

Collectively, in FY23 Kelsian moved more than 274 million customers, has over 11,000 employees and operates over 4,800 buses, 113 vessels and 24 light rail vehicles.

We are proud of our people. They are the best in the business and are committed to providing our customers with brilliant experiences every time.



Electric bus, Transit Systems – New South Wales

FIVE YEAR FINANCIAL HIGHLIGHTS

KELSIAN GROUP

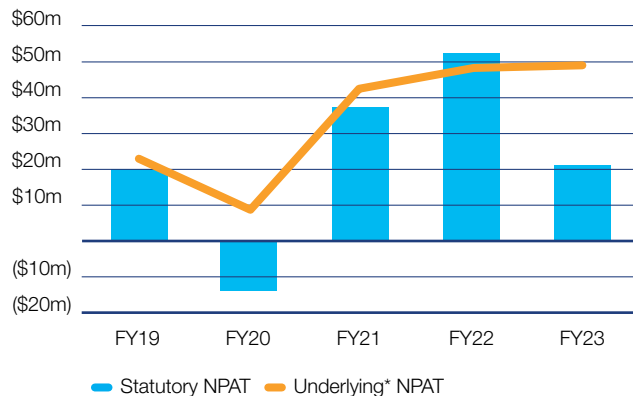
PERFORMANCE		2019	2020	2021	2022	2023
Total Revenue	\$m	251.4	646.5	1,211.7	1,297.4	1,417.8
Underlying* EBIT	\$m	31.5	29.9	73.1	80.1	84.5
EBIT margin	%	12.5	4.6	6.0	6.2	6.0
Underlying* NPAT	\$m	23.4	8.7	43.0	48.5	49.6
Statutory NPAT	\$m	21.5	(13.6)	37.8	52.9	21.0
Operating cash flow	\$m	40.6	90.1	111.9	115.0	129.0
Underlying* EPS (basic)	cents	23.1	5.3	19.7	22.2	21.4
Dividend per share (100% franked)	cents	15.0	11.0	16.0	16.5	17.0

FINANCIAL STRENGTH

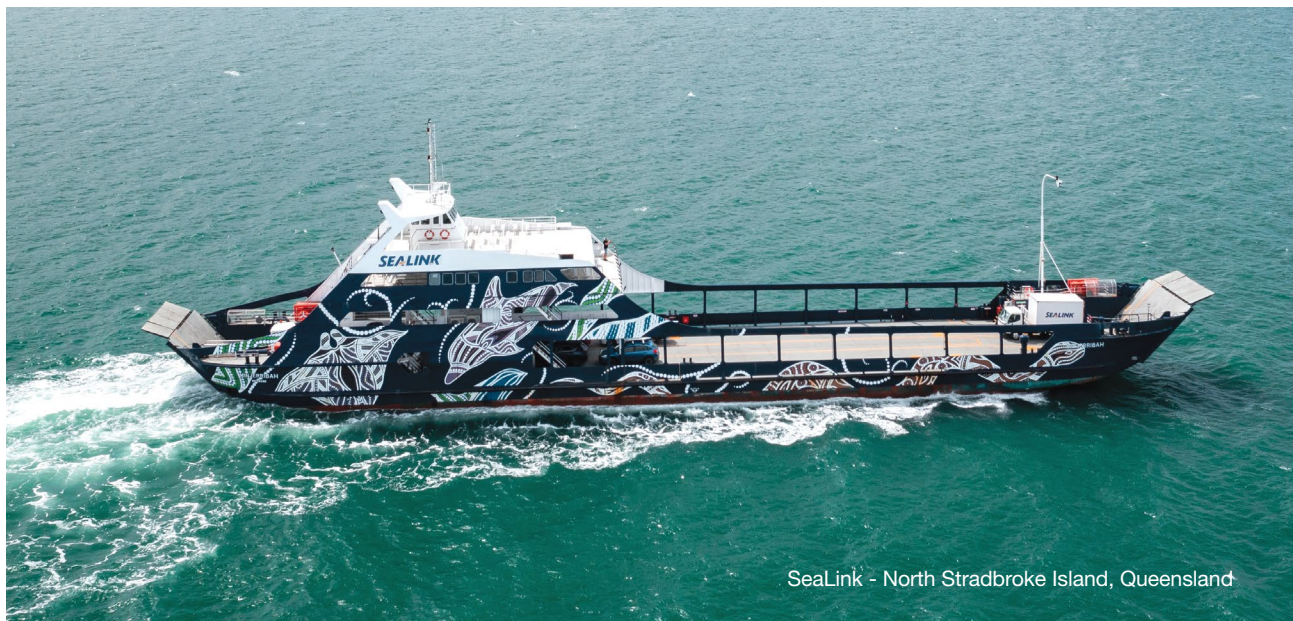
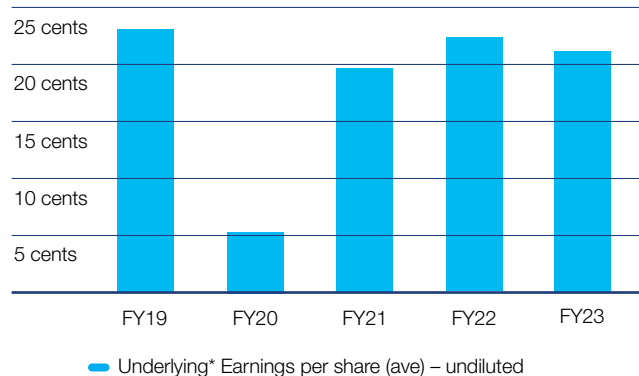
Net Assets	\$m	157.9	600.2	608.1	640.0	923.6
Net Tangible Assets per share	cents	106.0	5.0	27.0	35.0	15.0
Gearing	%	36	31	31	31	40

*Adjusted for significant items for the period ending 30 June 2023. This is a non-IFRS measure and has not been audited.

NET PROFIT/(LOSS) AFTER TAX



UNDERLYING EARNINGS PER SHARE UNDILUTED



CHAIR REPORT

Dear fellow shareholders,

The FY23 result reflects the strength of our business and the benefits of our diversified contracts and geographies. The result can be attributed to several years of organic growth as well as strategic acquisitions that have positioned Kelsian as an established global transport provider that is highly scalable.

FY23 Result Highlights

The strong rebound in domestic travel and solid growth in the Marine & Tourism division underpinned the strong growth in Group Revenue, up 9.3% to \$1,417.8m. Underlying EBIT increased by 5.5% to \$84.5m. Pleasingly, this result was achieved despite the ongoing challenges associated with labour constraints, particularly in Adelaide, Sydney, and Singapore, which resulted in cost headwinds.

Underlying Net Profit After Tax and before Amortisation (NPATA), (adjusted for one-off costs associated with M&A), increased by 4.3% to \$70.0m, including one month of contribution (June 2023) from All Aboard America! Holdings, Inc ("AAAH"). Net operating cash flow increased by \$13.9m or 12.1% to \$128.9m and there were significant cash reserves of \$157.9m as at 30 June 2023.

During the period, there were several highlights including Transit Systems' new contracts for operating bus services in south-western Sydney. In addition, in June, we successfully completed the acquisition of AAAH for an enterprise value of \$512.4 million. Combined with our operational expertise, the Board is confident that this acquisition will form a solid foundation for growth in the large and attractive USA market.

The Board declared a final dividend of 9.5 cents per share, which is in line with the final dividend last year and brings the full year dividend to 17.0 cents per share, an increase of 3% over last year. Taking into consideration the timing of the capital raising and only one month contribution from AAAH, the Board has determined a final dividend at the mid-point of the stated dividend pay-out range of 50-70% of underlying net profit after tax and before amortisation ("NPATA").

Kelsian remains committed to making safety a priority in everything we do to ensure we create a safe and healthy environment for our employees, contractors, and customers. Throughout the year we made further enhancements and strengthened Kelsian's safety management system 'SafeConnect'.

The Board's focus remains on representing and serving the interests of shareholders by overseeing the Group's strategy execution, policies, and performance to deliver long-term shareholder value for all shareholders. The Board regularly reviews its structure, size, and composition to ensure it has the range of skills, experience and expertise required for effective performance and governance. The Board recognises that it must continue to evolve to reflect Kelsian's size as well as its diverse mix of businesses across different geographies and the Board is committed to targeting adherence to the ASX Governance Principles.

During the past year, there has been some Board renewal and we welcomed Fiona Hele as an Independent Deputy Chair in August 2022 and Ms Diane Grady AO as an Independent Director in September 2022.



At the end of the 2023 AGM, Chris Smerdon will retire from the Board after 19 years of dedicated service to the Company over a transformational period for Kelsian. On behalf of the Board, I would like to thank Chris once again for his commitment to the Company.

In relation to my own position, I have advised the Board that I intend to offer myself for re-election at the upcoming AGM and, if re-elected, I plan to retire during the ensuing term. I am committed to representing and serving the interests of shareholders including through supporting Board renewal by early notification of my longer-term intentions to enable optimal planning and oversight of an orderly transition for a replacement Chair. A dedicated subset of directors including the Chair of the Nomination Committee, Terry Dodd, will support me in this process, and I look forward to working with them to ensure an orderly transition.

In July 2023, we announced the appointment of Kelsian's Group Chief Executive Officer, Clint Feuerherdt as Managing Director. Clint has an eminent track record in leadership and an outstanding track record in driving our strategy to deliver long-term shareholder value. I thank Clint and his leadership team for their hard work and commitment during FY23.

I would also like to thank my fellow Board members for their contribution, advice, and commitment.

Jeffrey Ellison AM
Chair

MD AND GCEO REPORT

Dear fellow shareholders,

I am very pleased to present the financial year 2023 result which reflects the ongoing efforts and commitment of our 11,000+ employees, led by our highly experienced leadership team. As well as delivering a solid result, we also made excellent progress on executing our well-defined strategy of organic growth and strategic acquisitions, which will ensure the business is well placed to continue to deliver growth into the future.

Kelsian Group companies are people focused businesses. Employees are our most important asset, and our customers are at the centre of everything we do. It is pleasing to report that we have seen an increase in employee engagement through the year and a marked increase in customer satisfaction, despite some of the challenging operating conditions in a tight labour market.

Safety remains a key focus across the Group, and we are committed to continuous improvement. During the period, we continued to invest in new technology to support our safety initiatives. Most notably, our Australian Bus Division's ongoing investment into driver assistance, fatigue monitoring and vehicle collision avoidance technology to provide a safe, efficient, and reliable transport experience for employees, customers, and the communities we serve. Total reportable injuries for the Group reduced by 6.3% this financial year.

The majority of our contracts are long-term, low-risk, government-backed service contracts and combined with the diversified nature of our businesses, and geographic spread, they provide a consistent and predictable earnings base. Through the growth achieved this year, the contracted and non-discretionary component of our total revenue increased to an impressive 92%, further reinforcing the predictivity and resilience of the Group.

Furthermore, the business is well hedged in the current highly inflationary environment with indexation clauses in most of our contracts for fuel, wages and CPI and the ability to pass on fare increases in our Marine & Tourism division. The solid underlying financial result in FY23 was achieved despite the ongoing challenges associated with labour availability in parts of the business which led to higher costs.

Our focus on organic growth and strategic acquisitions delivered several milestones during the period. Key highlights include securing substantial new contracts in Sydney and the successful acquisition of All Aboard America! Holdings, Inc. ('AAAHI') which completed in June 2023, together with the associated equity capital raising of \$278 million to fund the acquisition. The successful acquisition of AAAHI provides an entry into the large and highly attractive USA market. AAAHI is the fourth largest motorcoach operator in the USA and has market-leading regional brands across a multi-state footprint. The established business provides a solid base for further expansion in a large, highly fragmented market.

As a result of the successful retention of the Sydney Region 3 contract and the award of three further Sydney Metropolitan bus regions, we are the largest bus operator in Sydney. We are also proud to operate the largest zero-emissions bus fleet and electrified bus depot in Australia. These contract wins further validate our leadership in transitioning bus contracts as well as operational excellence, decarbonisation, and efficiency.

Completion of several acquisitions including bus operations in the Channel Islands of Guernsey and Jersey (September 2022), North Stradbroke Island Buses (December 2022), Horizons West Bus and Coachlines (January 2023) and Grand Touring (Northern Territory) (February 2023).



The Marine & Tourism business performed very well during the period, benefiting from the strong rebound in domestic tourism. We were also awarded two new 10-year contracts to provide marine services to ConocoPhillips and Shell Santos in Gladstone, Australia. We purchased several new vessels including Starship Sydney, Starship Aqua and Sydney Crystal in Sydney Harbour and Reef Quest for the Whitsundays/Hayman Island operations and our fleet renewal plan has progressed with two newly constructed replacement vessels being delivered and five more commenced construction.

Bus sector offers compelling solution to drive decarbonisation

Transport is Australia's third largest source of greenhouse gas emissions, with the highest rate of growth. Cars are responsible for roughly half of Australia's transport emissions. Kelsian is a leading business in zero-emission transport technology with a genuine focus on the environment and a culture of sustainability. We are proud to be the largest zero-emission bus operator in the country with the largest electrified bus depot. As our cities move towards a net zero future, Kelsian is well positioned to assist via mode shift and expanding our public transport networks.

During the period we continued to work with government on decarbonisation solutions. As at 30 June 2023, we had a fleet of 73 Battery Electric Buses (BEBs) and two Hydrogen Fuel Cell Buses (HFCBs), with work underway across the country (including grid upgrades and charging infrastructure) to reach 375 BEBs and 4 x HFCBs before the end of calendar year 2025.

The FY23 results are a testament to our strategy and leading market position which we continued to strengthen during the period. Looking to the future, we are well placed to continue to deliver growth by leveraging our scale advantages.

I take this opportunity to thank our employees across our global operations who have worked as a team to deliver exceptional results, and my executive team for their hard work and commitment. In addition, I would like to thank all our clients, suppliers, and you; our shareholders for your ongoing support.

Clint Feuerherdt
Managing Director and
Group Chief Executive Officer

OUR BRANDS

AUSTRALIAN BUS



KELSIAN
CONNECTING PEOPLE & PLACES

MARINE & TOURISM

SEALINK
Marine & Tourism

INTERNATIONAL BUS



ALL ABOARD AMERICA!
HOLDINGS



SEALINK

Marine & Tourism

South Australia
Sydney Harbour
North Queensland

Whitsundays
Gladstone
K'gari
South East Queensland

Western Australia
Tasmania
Northern Territory

Brilliant
TRAVELS

SEALINK



THE **JACKSON**



STARSHIP SYDNEY
— AND —
STARSHIP AQUA



**LUXBUS
AMERICA**

FIRST CLASS



**ACE EXPRESS
COACHES**

SUNDIEGO

**ALL ABOARD
AMERICA**

More than
274 million
passengers

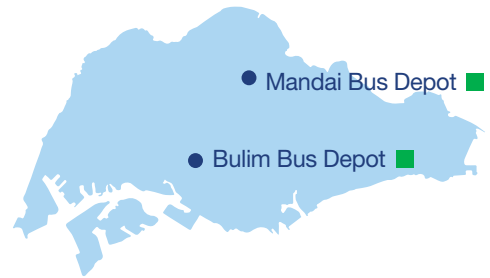
Australia



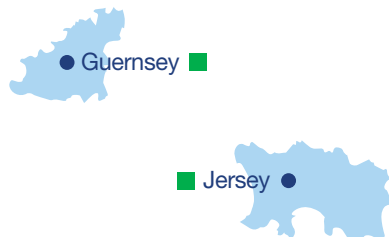
USA



Singapore



Channel Islands



UK



24
TRAMS



OVER
4,800
BUSES



19
ISLAND
CONNECTIONS



All Aboard America!

REVIEW OF OPERATIONS

30 August 2023

The Review of Operations forms part of the Directors' report as at 30 August 2023.

Kelsian Group Limited ("Kelsian" or "Group") delivered growth and illustrated cost base resilience in what was otherwise a challenging year of persistent labour shortages and a highly inflationary environment. A solid underlying financial result for the twelve months ended 30 June 2023 (FY23), was driven by the highly defensive nature of our contracted transport portfolio, a continued rebound in domestic tourism and further expansion and diversification of the essential transport portfolio.

The strong FY23 result was achieved despite the ongoing challenges associated with labour availability in parts of the bus operations which led to higher overtime labour costs and lower special event charter work. Overall, the Kelsian business is well hedged in an inflationary environment, due to the inclusion of indexation for fuel price increases, wages adjustments, and CPI for most of its contracts. The business also has the ability to pass on persistent or structural cost base increases via fare increases in most parts of its Marine & Tourism division.

Underlying contracted revenue represented approximately 90% of total revenue, reflecting the essential nature of our operations and the successful execution of our well-defined growth strategy. Throughout the period, we continued to invest in improving the quality of our assets, as well as expanding the diversification and geographic reach of the operations through several acquisitions, the most notable being the acquisition of All Aboard America! Holdings, Inc. ("AAAH") in the USA, which completed on 1 June 2023.

Kelsian recorded a statutory Net Profit after Tax (NPAT) of \$21.0m for the twelve-month period ended 30 June 2023 compared to a NPAT of \$52.9m in the previous year. The statutory result was impacted by the due diligence advisory and settlement costs associated with the AAAHI acquisition.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$161.9m compared to an EBITDA of \$155.9m for the June 2022 year. Underlying EBITDA has been adjusted for significant one-off items during the period.

The balance sheet also remained in a strong position at the end of the year with undrawn liquidity of \$97.8m and a leverage ratio of 2.26x proforma EBITDA to Net Debt, which lowers to 2.07x when excluding the government backed bus finance liabilities. Capital expenditure for the year was \$100.2m (2022: \$43.1m) as we continued to invest in and improve the underlying asset base.

Kelsian's underlying cashflow profile and the cash position at 30 June 2023 is strong with all financial covenants comfortably met and undrawn capacity, if required. Gearing (net interest-bearing debt to net debt + equity) at year end was 39.8% up from 31.2% at 30 June 2022, which is well within target gearing levels and positions us well for future investment and growth.

Taking into consideration the timing of the capital raising and only one month's contribution from AAAHI, the Board has taken a prudent approach to capital management and has determined a final dividend at the mid point of the stated dividend pay-out range of 50-70% of underlying net profit after tax and before amortisation (NPATA). Kelsian has declared a final dividend of 9.5 cents per share, the same as the prior comparable period. This brings the full year dividend to 17.0 cents per share, up from 16.5 cents per share last year.

Kelsian's achievements for the year were:

FY23 Financial Highlights

- A partial contribution from acquired bus businesses, effective contract indexation and strong rebound in domestic travel and continued solid growth in the Marine & Tourism segment contributed to 9.3% growth in Group Revenue to \$1.42bn
- Underlying EBIT increased by 5.5% to \$84.5m despite high inflation throughout the period
- Underlying Net Profit After Tax and before Amortisation of \$70.0m, up 4.3% on prior year, including one month contribution (June 2023) from the AAAHI business
- Strong operating cashflow, up 12.1% to \$129.0m, with \$157.9m in cash reserves as at the end of the period
- Successful capital raise of \$278m to facilitate the AAAHI acquisition which completed on 1 June 2023
- Increase of our multi-tranche debt and revolving credit facilities by A\$227m (USD facilities) for the AAAHI acquisition
- Deployment of \$100.2m (2022: \$43.1m) of capital expenditure to replace bus fleet, advance vessel builds, improve infrastructure and acquire strategic property assets
- Final dividend of 9.5 cents per share (FY22: 9.5 cents)

FY23 Operational Highlights

- Collectively during FY23, Kelsian moved more than 274 million customers, operated approximately 4,800 buses, 113 vessels and 24 light rail vehicles and finished the period with more than 11,000 employees
- Signed two seven+ year metropolitan bus contracts in NSW, commencing services in August 2023 (Regions 3 & 13) and in October 2023 (Regions 2 & 15) - to become Sydney's largest urban bus operator
- Awarded two new 10-year contracts to provide marine services to ConocoPhillips and Shell Santos in Gladstone
- Purchase of several new vessels including Starship, Starship Aqua and Sydney Crystal in Sydney Harbour and Reef Quest for the Whitsundays/Hayman Island operations
- Entered the large, attractive USA market, through acquisition of an established, highly regarded, customer centric operator - AAAHI
- Completion of several acquisitions including bus operations in the Channel Islands of Guernsey and Jersey (September 2022), North Stradbroke Island Buses (December 2022), Horizons West Bus and Coachlines (January 2023) and Grand Touring (NT) (February 2023)
- Largest zero emissions bus fleet and electrified bus depot in Australia

AUSTRALIAN BUS

Throughout FY23, labour shortage issues, particularly impacting drivers and mechanics, remained a challenge in Adelaide and some parts of Sydney, despite the Group's ongoing focus on recruiting, attracting and retaining key talent. This resulted in increased costs associated with short-term employment incentives, driver training and increased overtime costs. We continue to work closely with our government clients to find solutions to this issue.

Delivering a reliable service and meeting contract KPIs has been a key focus of the period and all businesses continue to perform at the top of their peer group, despite the labour challenges. Without doubt, the reputation of the Transit Systems' operations has further contributed to growth with the award of three additional contract regions in Sydney, which will make Transit Systems the largest urban bus operator in NSW, when the last of these new contracts come online in October 2023.

During the period we saw patronage on the network steadily increase, and the operating environment (congestion, on time running, accidents and fuel consumption etc.) have returned to pre COVID-19 levels. The inflationary protection mechanisms in our government bus contracts continue to work effectively to hedge our cost base in what has been an exceptionally high inflationary period. Temporary margin compression has occurred from the higher overtime labour costs to deliver services and inability to take on as much higher margin charter work, outside of the contracted services, which remain our priority to deliver.

Safety remains a key focus across the Australian Bus Division, and we have continued to roll out collision avoidance systems and to fit vehicle telematics to buses to provide a safer operating environment for employees, customers, and other road users.

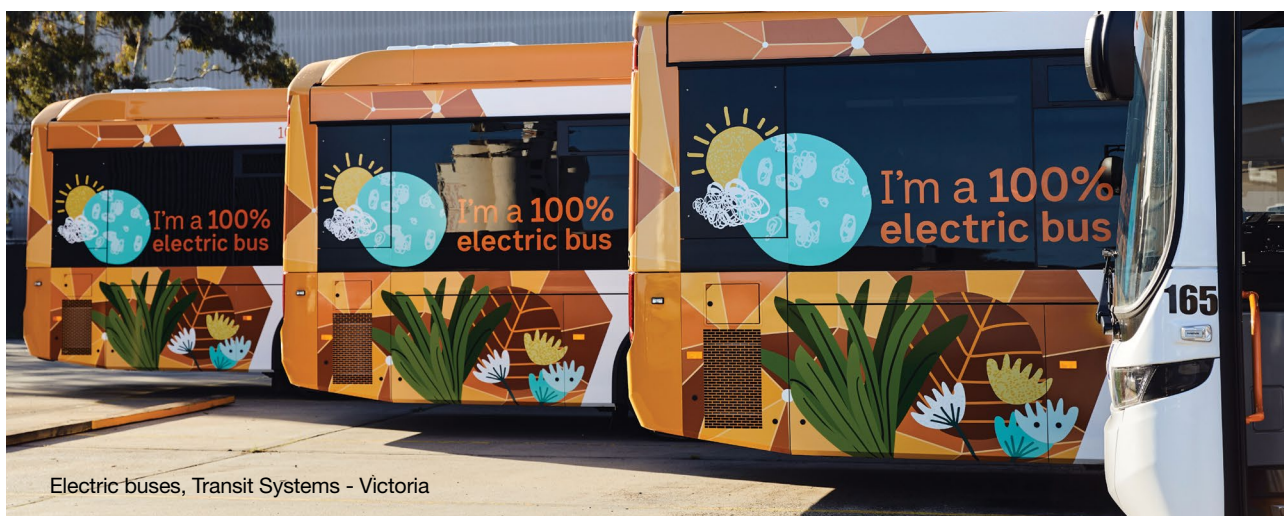
The Go West Tours operation has performed well and continues to build on opportunities in Western Australia to service existing clients as well as explore growth opportunities locally and interstate.

The acquisition of Horizons West Bus and Coachlines, which was announced in late October 2022 and completed on 31 January 2023, has provided an exciting opportunity to enter the education sector from a transport operator perspective and is complementary to our Western Australian operations. The integration of the business was completed during the second half of FY23, and the business is performing in line with expectations.

During the period we acquired several smaller but strategic businesses including North Stradbroke Island Bus Lines, a business complementary to our marine operations to Stradbroke Island. This further strengthens our position in Southeast Queensland and provides a base from which to grow our Queensland bus presence. We also acquired Grand Touring in the Northern Territory, a business that provides coach and charter solutions in Darwin and Katherine.

In addition to the growth delivered from the contract wins in Sydney, the Group pursued opportunities for international acquisitions in the USA and UK markets. The focus remains on executing the growth strategy of pursuing organic growth in core markets and maintaining a disciplined approach to acquisitions.

During the period we continued to work with government on decarbonisation solutions. At June 2023, we had a fleet of 73 Battery Electric Buses (BEBs) and two Hydrogen Fuel Cell Buses (HFCBs), with work underway across the country (including grid upgrades and charging infrastructure) to more than double this to 168 BEBs and 4 HFCBs in calendar year 2023. The Group continues to lead the way in the transition to a zero-emission fleet in Australia and further capital is earmarked for this transition in the future.



INTERNATIONAL BUS

During FY23, the International Bus Division has continued to undergo further significant repositioning. Most notably, the recent acquisition of All Aboard America! Holdings, Inc. in the USA in June 2023 and the acquisition of bus operations in the Channel Islands on Guernsey and Jersey in September 2022.

The focus throughout the period was on ensuring the business is well placed to capitalise on the strong pipeline of new tender opportunities across United Kingdom, Singapore and New Zealand as well as pursuing acquisitions to deliver shareholder value

Singapore

From an operational perspective, the driver shortages experienced in Singapore at the beginning of FY23 re-emerged in the second half and were not fully resolved until the end of the period. Ongoing support from the Singapore Land Transport Authority (SLTA) to address this issue for all operators has resulted in a gradual increase in the resumption of route services and an increase in patronage levels across the network. By the end of July 2023, a full service was being delivered by Tower Transit Singapore and operational performance was on track to meeting pre-COVID-19 service standards and achieving associated performance incentives.

UK

In September 2022, Kelsian acquired two businesses in the Channel Islands operating exclusive contracted bus services on the islands of Guernsey and Jersey. Collectively, these businesses operate 120 buses from two depots and have 237 employees. Pleasingly, both businesses recently negotiated contract extensions and are performing in line with expectations.

There has, and continues to be, a high level of tender and organic growth opportunities for the International Bus Division in UK, with a strong pipeline of ongoing tender opportunities in Manchester. We have maintained a comprehensive management structure and overheads to be able to pursue these opportunities. While we were not successful in our first two contract bids in Manchester, the feedback on our bids was encouraging and we remain well placed to capitalise on the strong pipeline of tender opportunities in Manchester and the surrounding regions during the coming years.



USA

The Group's focus on expanding its international footprint has seen some impressive milestones achieved this year, most notably the successful entry into the large and highly attractive USA market with the acquisition of motor coach operator All Aboard America! Holdings, Inc. (AAAH).

On 1 June 2023, we completed the acquisition of AAAH, the fourth largest motorcoach operator in the USA operating in California, Arizona, New Mexico, Texas, Colorado, Louisiana, and Mississippi. AAAH's market-leading regional brands include Hotard Coaches, All Aboard America, Sun Diego Charters, Ace Express Coaches, Lux Bus America and First-Class Transportation.

AAAH provides an entry point into the large and fragmented USA bus market, through an established, highly regarded, customer centric operator with a multi-state footprint. The acquisition of AAAH brings with it a capable and experienced management team with local expertise and strong brand presence.

The FY23 results include one month's trading result for AAAH (June 2023), which was in line with expectations.



MARINE & TOURISM

The Australian tourism industry rebounded strongly during the period following the removal of domestic travel restrictions post COVID-19 and an increase in consumer confidence in the ability to resume travel. Despite the higher costs of airline travel and capacity constraints, domestic tourism demand has been strong throughout the period. Although there has been a gradual recovery in international visitor numbers, it is still well below pre COVID-19 levels and indications are this is unlikely to recover until the FY25 year.

Operationally, most parts of the portfolio performed well with accommodation and touring numbers on K'gari (Fraser Island) rebounding strongly. Pleasingly, there were also increases in visitation to Kangaroo, Magnetic and North Stradbroke Islands. Our operations on Sydney Harbour and Rottnest Island finished the period well with the Vivid light festival in Sydney being particularly well attended.

It was pleasing to be awarded two new 10-year contracts to provide marine services to ConocoPhillips and Shell Santos in Gladstone as well as a new 15-year contract to provide passenger transport services to Lane Cove for Transport for NSW (TfNSW) on Sydney Harbour.

The severe flooding experienced throughout the Murray River impacted the performance of the Murray Princess which resulted in all river cruising being suspended in November 2022 due to access restrictions and safety concerns and cruising did not resume until late March 2023. Additionally, full services for RiverCity Ferries on the Brisbane River resumed in February 2023 after the floods of February 2022 damaged key infrastructure and required a reduced service while repairs were undertaken.

From a cost and margin perspective, the high inflationary environment during the period has seen pressure on margins with increases in fuel and higher wages due to increased overtime and

agency staff incurred because of staff shortages. Several fare increases were implemented at various times during the period to offset cost increases and pleasingly there was minimal impact to demand. By the end of the period, cost inflation had stabilised and the labour availability situation improved.

Several of our larger vessels in the fleet had major out of water repair and maintenance works undertaken during the period which had been delayed due to COVID-19 restrictions.

Investment in our fleet continued with construction progressing on two passenger/vehicle ferries and one passenger ferry for the Southern Moreton Bay Islands service and the commencement of construction for the two new vessels to service the Kangaroo Island operations.

Several vessels were acquired including the Starship Sydney, Starship Aqua and Sydney Crystal vessels on Sydney Harbour which target the event and conference market and a new vessel to support the demand for our recently established Whitsundays/Hayman Island business.

At the corporate level, several key appointments in Governance and Assurance were made and further enhancements were made around our Cyber Security as well as significant ongoing investment in the Marine & Tourism technology and customer relationship platform to enhance the customer digital experience and improve direct sales opportunities.

The Directors would like to thank our employees, customers, suppliers and shareholders for their ongoing support and commitment over the past year. The hard-working talented people at Kelsian are central to our ongoing future growth and success.



RISK MANAGEMENT

To deliver our strategy it is important we understand and manage the risks that face the Group. Kelsian's Risk Management Framework supports a holistic approach to business risk management, identifying and understanding principal risks across our operating divisions then consolidating these with Group risks to produce a Group view of our material business risks.

Material risks are reported to and reviewed by the Board, the Audit, Risk and Sustainability Committee and Group Executive as part of risk reporting processes. The Board Audit, Risk and Sustainability Committee, along with the Group Executive, monitor these risks to ensure the risk is within the Group's risk appetite, whilst at the same time identifying and analysing emerging risks that we face in the pursuit of our objectives. The Group has developed a risk appetite framework which informs the business of the Board's appetite for certain risks.

Risk management is also integrated into key business decision-making activities, including strategic planning, investment decisions, financial risk management and project/change management. Internal audits and risk reviews are undertaken to confirm risks are being effectively managed and continually improve the quality of risk management information reported to the Board through the Audit, Risk and Sustainability Committee.

The achievement of Kelsian's strategic objectives and future financial performance is subject to various risks that arise from the activities and operations of the Group. The table below outlines our principal risks that could affect results and performance.

(Note this is not an exhaustive list nor in order of materiality.)

EXTERNAL RISKS	DESCRIPTION	MITIGATION
Economic Condition	Like all organisations, the Group is exposed to economic fluctuations which can impact on customer needs, supply chain costs and growth opportunities. The global economic outlook is looking uncertain specifically in respect of supply chain costs, labour and fuel prices all of which increase uncertainty around financial resources.	In addition to hedging through financial instruments, the Group have natural hedging within many of its contracts to significantly manage this risk. This is further supported by innovative and efficient business operating models that support our clients in delivering safe, reliable, sustainable and economical solutions.
Climate Change	<p>Businesses globally continue to come under increasing pressure from all stakeholders to demonstrate strong progress on understanding their climate related risks and performance. Failure to manage the risks, and expectations, in respect of climate-change could negatively impact the Group's reputation, performance and growth opportunities.</p> <p>Kelsian believes that the transition to a lower carbon economy presents opportunities as well as risks for our business.</p> <p>The transition to decarbonisation presents opportunities to embrace new technologies that are more efficient and innovate our services. Increased use of public transport services can be a positive contributor to lowering carbon emissions in metropolitan cities where we operate.</p> <p>The risks include transition risks; extensive policy, legal, technology and market changes as well as physical risks which result from climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the Group.</p>	<p>In FY22, Kelsian undertook a comprehensive review of the climate related transitional and physical risks, and opportunities, relevant to the Group. To understand Kelsian's current climate-related risks and opportunities, high level research was conducted around the primary climate-related risks and opportunities relevant to Kelsian. The analysis was drawn from relevant academic, industry and government publications such as IPCC Reports, IEA publications and other relevant material.</p> <p>The risks and opportunities identified in this exercise have been analysed and evaluated using the Group's risk methodology, which is based on ISO31000, shared with the Group's Board and Executive and targeted plans developed to mitigate risk and progress opportunities.</p> <p>In FY23 we continued our analysis of climate related risks by conducting a preliminary qualitative review of climate risks and opportunities using two scenarios (high and low carbon) and a selection of assumptions to predict the impact on our business. The results of that analysis are then being used to confirm our risk mitigation actions and plan over short, medium and long time horizons.</p>
Geopolitical/ Government Policy	<p>Kelsian is exposed to risks of changes in government policies and regulations which may impact financially on the Group's cost base or future prospects and opportunities for new or renewed contracts. The Group's operations depend heavily on government policy, funding regimes and infrastructure plans initiatives continuing to support private company operators in public transport.</p> <p>Such changes have the potential to impact (both positively and adversely) on Kelsian's profitability and future growth prospects.</p>	<p>Kelsian manages these risks by putting in place dedicated resources to manage and monitor government policies and implement appropriate systems and processes to ensure compliance with changing regulatory environments.</p> <p>Kelsian, as far as possible, incorporates consideration of changes in regulatory requirements and government policies into its corporate and financial plans and forecasts.</p>

RISK MANAGEMENT CONTINUED

STRATEGIC RISKS	DESCRIPTION	MITIGATION
Competition Growth	<p>Kelsian provides its services and products to individuals, companies and government agencies across a range of economic sectors. This is carried out in competitive markets where we compete in areas of price, quality and service options.</p> <p>Failure to effectively compete in the market and/or develop new and innovative solutions could lead to non-renewal of contracts and failure to win new tenders. Should these crystallise these risks can impact on the financial performance of the Group.</p>	<p>Kelsian's focus is on being a world leader in delivering essential travels through safe, intelligent and sustainable transport solutions while creating brilliant customer experiences. This purpose is built on core strategic strengths within the Group – Customer Experience, Operational Excellence, Safety and Innovation and Sustainability.</p> <p>Kelsian has a dedicated Business Development Function who oversee the Group's competitive tendering process as well as monitoring and assessing market conditions in areas where we bid/operate. This team also work with our operational divisions to identify and evaluate new business opportunities.</p> <p>Our continued focus in these areas will ensure Kelsian will continue to remain competitive and attractive to customers and clients who value these values in their business partner.</p>
Contracted Services	<p>Over 70% of the Group's revenue is secured through long-term government/commercial contracts. Such contracts attract inherent risks around achieving operational and financial performance. Unmanaged, these risks can impact on the Group's financial performance as well as our reputation and ability to renew and secure new contracts.</p>	<p>As an experienced and established operator, Kelsian and its Operating Division have extensive expertise to ensure we meet the requirements and standards on all our contracts. This is backed up with excellent customer/client relations to ensure expectations are understood and managed.</p> <p>Kelsian's financial and operational excellence models provide for effective financial monitoring of all business activities and efficient business operations.</p>
Integration Risk – Acquisitions	<p>There are potential integration risks associated with any acquisition, including due diligence risks, and risks that integration could take longer, be more complex or costly than expected, encounter unexpected challenges, divert management attention or that the anticipated benefits may not be achieved. Any material failure to fully integrate the operations of an acquired business, or material failure to achieve anticipated benefits, could adversely impact the operational performance and profitability of the Group.</p>	<p>Kelsian uses its risk management process to identify and assess the integration risks and then putting in place dedicated resources to manage, monitor and report on the integration process. Reflecting the nature and scale of the AAAHI acquisition in FY23 Kelsian has in place a dedicated team and process for closely monitoring the integration risks of the acquisition with oversight of the Board and advice from external experts to support and challenge management thinking.</p>
Integration and Transition Risks – New Public Transport Contracts	<p>There are potential integration and transition risks associated with commencing large new public transport services contracts including employee relations risks, reputational risks, risks of operating from new depots (delay and construction/suitability) and risks that transitioning services may be more complex or costly than expected, encounter unexpected challenges, divert management attention or attract adverse media attention.</p>	<p>Kelsian manages these risks through use of robust transition processes including dedicated transition team planning and resources which it has developed during its experience in transitioning large public transport bus contracts over many years in Australia and Singapore.</p>

OPERATIONAL RISKS	DESCRIPTION	MITIGATION
Financial Risks	Kelsian's continued ability to operate its business and effectively implement its business plans is exposed to a variety of financial risks including credit risk, interest and currency risk, liquidity risk as well as Balance Sheet risk.	Information on how Kelsian manages its financial risks are outlined in the Notes of the Financial Report.
Health & Safety	Transport, tourism and hospitality inherently include safety risks many of which are outside our control. Significant safety incidents, or failings in our safety management systems, could result in reputational, legal and financial damage.	<p>Kelsian has a strong safety culture and is committed to continuous improvement and maintaining safety standards for all our operations.</p> <p>Kelsian has robust Safety Management Systems across all its operations which ensure that safety hazards and risks are identified and managed. Many of our operations are certified to AS 4801 / ISO 45001 and those that are not, are either working towards certification or have safety systems that meet the equivalent of these standards.</p> <p>As an experienced transport and tourism operator, Kelsian understand the safety risks inherent in our business and have an extensive range of controls to protect our people and customers.</p> <p>The Group employs dedicated professionals to manage health and safety outcomes and to provide support, education and training to the Group's employees with respect to health and safety matters in the workplace.</p>
Environmental	<p>The nature of our activities which occur in some environmentally sensitive areas such as marine waters in Australia have the potential to cause harm to the environment if not managed appropriately.</p> <p>Failure to operate in accordance with environmental standards not only has the potential to result in environmental harm but also increases compliance costs, jeopardises our community relations and causes reputational damage with our stakeholder and investors.</p>	Kelsian undertakes comprehensive risk assessments to ensure the environmental risks and hazards we face are identified and risks managed to acceptable standards.
Cyber and Information Security	Kelsian like any business faces an ever-changing cyber security threat and needs to have adequate arrangements in place to prevent, detect and respond to such threats ensuring no loss of or disruption to our systems and data.	<p>The Group aligns with ISO 27001 (Information Security Management) and the ACSC (Australian Cyber Security Centre) Essential 8 Maturity Model.</p> <p>We have an established suite of technical and procedural solutions, as well as routine activities, such as cyber awareness training, to ensure levels of security and resilience are at the optimum level.</p> <p>Our security arrangements are routinely reviewed, through external and internal reviews, and upgraded or reinforced as necessary to ensure their adequacy.</p>
People	Employee costs represent the largest operating cost of the Group. In addition to the management of the various financial aspects of employee costs, the Group also face challenges around talent management - recruitment, retention and training, regulatory compliance and Industrial Relations management. Failing to manage these appropriately could have adverse financial, reputational and operational impacts.	Kelsian have a team of dedicated People & Culture professionals to support the business on all P&C related matters. We have HR strategies, policies and remuneration packages to attract, retain and motivate our people, whilst ensuring succession planning is in place for key staff. We are also experienced at industrial relations management and take into consideration changes in the labour market in our financial planning and contractual arrangements.

RISK MANAGEMENT CONTINUED

OPERATIONAL RISKS	DESCRIPTION	MITIGATION
Business Resilience	<p>As a key element of a location's infrastructure, prolonged and unplanned interruption to Kelsian's operations could significantly impact the financial performance of the Group and its reputation.</p> <p>Whilst a number of these risks are outside our control, we need to ensure that we manage those within our control and our response to their occurrence in order to provide high levels of availability and reliability of our services and products.</p>	Kelsian has an extensive range of controls and strategies in place to manage such risks, including crisis management plans, business continuity plans, inspection and maintenance procedures, customer service training, compliance programs as well as appropriate insurances.

SUSTAINABILITY

In FY23 we continued to improve our sustainability performance and transparency of reporting, whilst building and refining our processes. We recognise that the scale of global sustainability challenges and expectations are becoming more significant.

We also understand and recognise the role of passenger transport in society, including the importance of managing impacts on the environment and being part of the solution to decarbonisation in urban environments.

During the year we have developed and set sustainability targets for the Group including adoption of an aspirational net zero target to achieve net zero group-wide emissions by 2050, and targets related to reducing our carbon intensity, promoting a diverse and inclusive culture, tracking and reducing waste generation, employee health and safety, and working in our communities which will be outlined in more detail in our 2023 Sustainability Report planned for publication in September 2023.

ENVIRONMENTAL REGULATION

The Group's operations are subject to various Australian Commonwealth, State and Territory environmental regulations as well as certain environmental regulations applicable to USA, Channel Islands and Singapore activities. The types of key activities subject to these regulations relate to emissions reporting, storage of fuels and hazardous substances, regulatory controls on water quality, marine parks, noise, and other impacts of operating transport.

Each operating Division has an environmental management framework and supporting environmental management systems to manage these risks, maintain standards and ensure compliance with applicable regulatory and licence requirements. Environmental performance is monitored by site and business division and information about the Group's performance is reported to and reviewed by divisional management, Group Executive management and the People, Culture and Remuneration Committee. All of the public bus operations within the Group's business units have achieved or are working towards certification to ISO14001:2015. Marine safety systems applicable to our marine businesses also apply a systematic approach to managing environmental impacts of our marine businesses.

KEY RESULTS

RESULTS IN BRIEF

	STATUTORY RESULTS			UNDERLYING RESULTS [#]		
	JUNE 2023 \$M	JUNE 2022 \$M	CHANGE %	JUNE 2023 \$M	JUNE 2022 \$M	CHANGE %
Revenue from Ordinary Activities	1,417.8	1,297.4	9.3	1,417.8	1,297.4	9.3
EBITDA[^]	130.5	157.8	(17.3)	161.9	155.8	3.9
Depreciation	(57.0)	(57.1)	(0.2)	(57.0)	(57.1)	(0.2)
EBITA	73.5	100.7	(27.0)	104.9	98.7	6.3
Amortisation of customer contracts	(20.4)	(18.6)	9.7	(20.4)	(18.6)	9.7
EBIT	53.1	82.1	(35.3)	84.5	80.1	5.5
Net finance costs	(19.7)	(17.6)	11.9	(19.7)	(17.6)	11.9
Profit Before Tax	33.4	64.5	(48.2)	64.8	62.5	3.7
Tax	(12.4)	(11.6)	6.9	(15.2)	(14.0)	8.6
Profit after Tax and before Amortisation	41.4	71.5	(42.1)	70.0	67.1	4.3
Profit after Tax	21.0	52.9	(60.3)	49.6	48.5	2.3

Underlying Results adjusted for significant items for the period.

Acquisition, transaction related costs and other[^]

Net gain on investments

Total significant items

Tax effect of significant trading items and one off tax adjustments

(31.6) (3.0)

0.2 5.0

(31.4) 2.0

2.8 2.4

* EBITDA - Earnings Before Interest, Tax, Depreciation & Amortisation. EBITDA, EBITA and EBIT are all non-IFRS measures.

[^] Costs associated with the acquisition of All Aboard America! Holdings, Inc, Horizons West Bus and Coachlines, the Go Ahead transaction and other acquisitions including stamp duty, legal, due diligence, accounting, tax, unrealised FX, net/gain loss on investments and other costs.

DIVIDEND INFORMATION

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)
2022		
Interim Dividend	7.0	7.0
Final Dividend	9.5	9.5
2023		
Interim Dividend	7.5	7.5
Final Dividend	9.5	9.5

FINAL DIVIDEND DATES

Record date	15 September 2023
Payment date	20 October 2023

NET TANGIBLE ASSETS*

	JUNE 2023	JUNE 2022
Net tangible assets per ordinary share	\$0.15	\$0.35

*Net tangible asset calculation includes right-of-use assets and lease liabilities.

The report is based on the consolidated financial statements which have been audited by Ernst & Young. Additional Appendix 4E disclosure requirements can be found in the Directors' Report and the consolidated financial statements.



SeaLink –
Kangaroo Island,
South Australia

DIRECTORS' REPORT

30 August 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Kelsian') consisting of Kelsian Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out on the following pages. Directors have been in office for the entire period unless otherwise stated.

DIRECTORS



Jeffrey Ellison AM
B. Acc, FCA, FAICD
Chair

Mr Ellison holds a Bachelor of Arts Degree in Accounting from the University of South Australia, is a Fellow of the Institute of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors. He previously held the position of Chief Executive Officer of Kelsian Group Limited since 1997 and was appointed Managing Director in 2008. Mr Ellison retired as Managing Director and CEO on 16 January 2020 and following a month of transition as an Executive Director, became a non-executive director from 17 February 2020. He was subsequently appointed Acting Chair with effect from 1 July 2020 and Chair on 23 February 2021.

Mr Ellison is Deputy Chair of Tourism Australia and Chair of Hayborough Investment Partners Pty Ltd. Mr Ellison is a former Board member of the South Australian Tourism Commission, Tourism and Transport Forum Australia, the Adelaide Convention Centre and the South Australian Botanic Gardens and State Herbarium Board. Mr Ellison was a member of the Company's People, Culture and Remuneration Committee from February to October 2022 and is classified by the Company as non-independent director.



Fiona Hele
B.Com, FCA, FAICD
Deputy Chair,
Non-Executive Director

Ms Hele is a Non-Executive Director and an experienced Audit & Risk Chair with a strong commercial and finance background. Ms Hele is a Chartered Accountant with over 30 years' experience in both the private and public sectors specialising in strategic business advisory, mergers and acquisition, risk management and corporate governance.

Ms Hele is a Fellow of the Institute of Chartered Accountants, Australia and New Zealand, and a Fellow of the Australian Institute of Company Directors.

Ms Hele is also a Director of Adelaide Venue Management Corporation, Argo Global Listed Infrastructure Limited and CEA Technologies Pty Ltd. Past Directorships include the South Australian Tourism Commission, Celsus Securitisation Pty Ltd, Prime Q, Adelaide Fringe Festival and SA Water.

Ms Hele joined the Board in 2016 and is Deputy Chair of the Board, Chair of the Company's Audit, Risk and Sustainability Committee and member of the Nomination Committee.

Ms Hele is classified by the Company as an independent director.



Clint Feuerherdt
B.Ecom, B.Com (Hons)
Managing Director &
Group Chief Executive Officer

Mr Feuerherdt joined Kelsian Group as Group CEO in 2020 following the acquisition of the Transit Systems Group. Mr Feuerherdt was CEO Transit Systems Group for 10 years and, under his guidance, Transit Systems Australia was entrusted with more franchised bus service contracts than any other company in Australia, growing revenue by over 400%.

In 2012-2013 Mr Feuerherdt led the expansion of Transit Systems Group into the United Kingdom, making Transit Systems Group the only Australian owned multinational public transport operator and further expanded into Singapore in 2015.

Mr Feuerherdt graduated from the University of Queensland with an Honours Degree in Commerce and was awarded the University Medal. Mr Feuerherdt previously worked in investment banking.

Mr Feuerherdt was appointed Managing Director & Group Chief Executive Officer in July 2023.

DIRECTORS



Christopher Smerdon
MAICD
Non-Executive Director

Mr Smerdon has extensive experience in the Information Technology and cyber security field having established and built companies with national and international operations. He is currently Managing Director of Vectra Corporation, a company that provides specialist cyber security services to organisations globally handling sensitive data, financial information and large volumes of credit card transactions. Clients include banks, telcos, payment gateways, airlines and utilities.

Mr Smerdon joined the Board in 2004 and has previously held directorships on both government and public company boards. He is a Member of the Australian Institute of Company Directors and is classified by the Company as an independent director.

Mr Smerdon is a member of the People, Culture and Remuneration Committee and the Nomination Committee.



Terry Dodd
Non-Executive Director

Mr Dodd has extensive experience in business management and the marine industry. After qualifying as a commercial diver in the USA and working as a commercial diver in the onshore and offshore oil and gas industry, he successfully established a recreational diving business and a travel agency in North Queensland.

Mr Dodd is Managing Director and owner of Pacific Marine Group Pty Ltd, one of Australia's largest marine construction and commercial diving companies. Mr Dodd was previously Managing Director of Sunferries, a ferry transport business based in Townsville, prior to its sale to Kelsian in March 2011 when Mr Dodd joined the Board of Kelsian.

Mr Dodd is a member of the Company's Audit, Risk and Sustainability Committee, Chair of the Nomination Committee and is classified as an independent director by the Company.



Neil Smith
MTM, B.Arts, FCILT
Non-Executive Director

Mr Smith was one of the founding shareholders and the former Chair of the Transit Systems Group prior to the acquisition by Kelsian. He has over 30 years of commuter transport operations experience.

Mr Smith commenced his career within the Sydney bus industry, before acquiring a number of bus operations in rural NSW and then Queensland. Mr Smith was a founding shareholder of Tower Transit.

Mr Smith holds a Bachelor of Arts Degree and a Masters of Transport Management from the University of Sydney and is a Fellow of the Chartered Institute of Transport and Logistics.

Mr Smith joined the Board in 2020, is a member of the Nomination Committee and is classified as a non-independent director by the Company.



Lance Hockridge
FCILT, FIML, MAICD
Non-Executive Director

Mr Hockridge has extensive international experience in the transportation, manufacturing and logistics sectors with a focus on safety, operational and financial transformation of businesses.

Mr Hockridge was previously the Managing Director and CEO of Aurizon Holdings Limited (2010 to 2016) following the demerger of Queensland Rail and QR National from a government owned railway to an ASX50 company. Other notable accomplishments as an executive include the oversight of BHP's global transport business, together with key roles in financial and operational reform in the heavy industrial sector and leading a major turnaround for BlueScope Steel's North American operations.

Mr Hockridge is Chair and Director of AVADA Group Limited as well as Chair of the Salvation Army Queensland Advisory Council, and an active advocate for diversity in the workforce.

Mr Hockridge joined the Board in July 2021, is a member of the Audit, Risk & Sustainability Committee and the Nomination Committee and, Chair of the People, Culture and Remuneration Committee. Mr Hockridge is classified by the Company as an independent director.



Diane Grady AO
B. Arts, M. Arts, MBA, FAICD
Non-Executive Director
(appointed 1 September 2022)

Ms Grady is a highly regarded company director with extensive international experience across a variety of industries. She has been a full-time independent director since 1994 serving on a range of public company and not-for-profit boards, and was previously a partner of McKinsey & Co where she led the Consumer Goods, Marketing and Retailing practice in Australia and was a global leader of the Firm's Organisation, Culture and Change Management practice.

Ms Grady is currently a non-executive director on the Boards of Grant Thornton and Tennis Australia and is on the Strategy Council of Heads Over Heels (a not for profit that supports women entrepreneurs seeking to scale up their businesses). Her former directorships include the Macquarie Group, Woolworths, BlueScope Steel, Goodman Group, Lend Lease, and Wattyl. She has also served as a Trustee of The Sydney Opera House, President of Chief Executive Women, Chair of Ascham School, and Chair of The Hunger Project Australia.

Ms Grady is a member of the People, Culture and Remuneration Committee and the Nomination Committee and is classified by the Company as an independent director.



Andrew Muir
B.Ec, MBA
Joint Company Secretary

Mr Muir was appointed Company Secretary on 1 June 2018. Mr Muir has also held a number of similar financial positions with other ASX listed and private companies. Mr Muir holds a Bachelor of Economics and a Master of Business Administration from the University of Adelaide.



Joanne McDonald
LLB, B.Ec, GAICD, FGIA
Joint Company Secretary

Ms McDonald was appointed Company Secretary on 21 August 2018. Ms McDonald has over 25 years' experience in governance, commercial and corporate law holding company secretarial and senior legal and commercial positions with private and statutory corporations. She holds a Bachelor of Laws (Hons) and Bachelor of Economics from the University of Adelaide as well being a graduate of the Australian Institute of Company Directors and Fellow of the Australian Governance Institute.

INTEREST IN THE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

As at 30 August 2023, the interests of the Directors in the shares of the Company were:

	NUMBER OF ORDINARY SHARES
N Smith	25,986,572
C Smerdon	6,098,868
C Feuerherdt	5,980,041
T Dodd	5,819,010
J Ellison AM	5,529,742
L Hockridge	111,765
F Hele	53,840
D Grady AO	19,559

DIVIDENDS

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Interim fully franked dividend for the year ended 30 June 2023 paid 17 March 2023 of 7.5 cents (2022: 7.0 cents) per ordinary share	16,391	15,288
Final fully franked dividend for the year ended 30 June 2022 paid 6 October 2022 of 9.5 cents (2021: 9.0 cents) per ordinary share	20,761	19,656
	37,152	34,944

Kelsian's Directors on 30 August 2023 declared a 9.5 cents per share fully franked final dividend payable on 20 October 2023 to shareholders registered on 15 September 2023. Total 2023 dividends of 17.0 cents represents a 60% return of underlying net profit after tax and before amortisation to shareholders, which is in line with the Company's policy of returning 50% - 70% of underlying net profit after

PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the consolidated entity consisted of:

- domestic metropolitan public bus transport operations
- international public bus transport operations
- urban, regional and school bus charter and coach tours
- domestic ferry services
- tourism cruises, charter cruises and accommodated cruising
- travel agency services and packaged holidays
- tourist accommodation

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

tax and before amortisation, subject to business needs and ability to pay. The interim dividend for the half-year ended 31 December 2022 was 7.5 cents per share.

The Board will continue to consider Kelsian's growth requirements, its current cash position, market conditions and the need to maintain a healthy balance sheet, when determining future dividends.

SHARES UNDER OPTION

At 30 June 2023, there were 722,711 (2022: 742,219) options/performance rights outstanding to acquire ordinary shares in the Company. No options or performance rights to acquire shares or interests in the Company or a controlled entity were granted since the end of the financial year.

During the year 299,130 of performance rights were exercised by employees.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company is party to Deeds of Indemnity in favour of each of the Directors, referred to in this report who held office during the year and certain officeholders of the Company. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. Kelsian is not aware of any liability having arisen, and no claims have been made, during or since the financial year ending 30 June 2023 under the Deeds of Indemnity.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 33 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 33 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

A fully franked dividend of 9.5 cents per share was declared by Kelsian's Directors on 30 August 2023, representing a total payment of \$25,575,682 to be paid 20 October 2023 based on the current number of ordinary shares on issue.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board Committee held during the year ended 30 June 2023, and the number of meetings attended by each Director during the period were:

	BOARD MEETINGS ATTENDED	AUDIT, RISK AND SUSTAINABILITY COMMITTEE MEETINGS ATTENDED	PEOPLE, CULTURE AND REMUNERATION COMMITTEE MEETINGS ATTENDED	NOMINATION COMMITTEE MEETINGS ATTENDED
Total number of meetings held:	21	4	6	2
J Ellison AM (Board Chair)*	20	–	2	2
F Hele (Deputy Chair)*	21	4	–	2
C Smerdon*	21	–	4	2
T Dodd*	19	4	2	2
N Smith	21	–	–	1
L Hockridge	20	4	6	2
D Grady AO* (appointed 1 September 2022)	15	–	4	1
A Staines OAM* (resigned 25 October 2022)	5	1	–	1

Held: represents the total number of meetings held during the financial year.

Attended: represents the number of meetings attended by a Director.

To the extent that Directors who are not members of the relevant Committee attend Committee meetings as guests from time to time their attendance is not recorded in the table above.

**During FY23 the number of eligible Committee meetings held during the time the following Directors were members of the relevant Committee is less than the total meetings for the year indicated in the above table and is as follows:*

A Staines OAM - eligible to attend nine Board Meetings, one Audit, Risk and Sustainability Committee Meeting and one Nomination Committee Meeting

D Grady AO - eligible to attend seventeen Board Meetings, four People, Culture and Remuneration Committee Meetings and one Nomination Committee Meeting

C Smerdon - eligible to attend four People, Culture and Remuneration Committee Meetings

J Ellison AM - eligible to attend two People, Culture and Remuneration Committee Meetings

T Dodd - eligible to attend two People, Culture and Remuneration Committee Meetings and four Audit, Risk and Sustainability Meetings

Note: C. Feuerherdt became a Director on 3 July 2023.

Committee Membership

During the reporting period the Company had the following Committees with membership for the period as follows:

Audit, Risk and Sustainability Committee

F Hele (Committee Chair)

L Hockridge

T Dodd (Member from October 2022)

A Staines OAM (Member to October 2022)

Nomination Committee

T Dodd (Committee Chair)

All non-executive directors as members

People, Culture and Remuneration Committee

L Hockridge (Committee Chair)

D Grady AO (Member from October 2022)

C Smerdon (Member from October 2022)

J Ellison AM (Member to October 2022)

T Dodd (Member to October 2022)

LETTER FROM CHAIR OF PEOPLE, CULTURE AND REMUNERATION COMMITTEE



Dear Shareholder,

I am pleased to present our Remuneration Report for the financial year ended 30 June 2023 (FY23), which summarises Kelsian Group Limited's ('Kelsian' or the 'Group') remuneration framework, governance, and outcomes for Key Management Personnel (Executives and Non-Executive Directors) ('KMP').

In FY23, we continued to develop and implement our Remuneration Framework to further strengthen the alignment of the remuneration outcomes to business outcomes. We will continue to develop and review our Remuneration Framework year on year to align with good governance principles.

Our approach to remuneration and rewarding Executives ensures that remuneration is competitive, and Executives are incentivised to drive long-term sustainable growth and increase shareholder value.

Our focus remains to ensure Executive reward satisfies key criteria for good reward governance practices including competitiveness and reasonableness; acceptability to shareholders; performance linkage/alignment; and transparency.

The Remuneration Framework for Executives is designed to align Executive rewards with shareholders' interests.

FY23 Highlights

Kelsian's financial performance illustrates the business's resilience and the management team's capability in managing a dynamic operating environment. The results for this year include:

- Revenue \$1,417.8 million
- Underlying EBITDA \$161.9 million
- Underlying NPATA \$70.0 million
- Operating Cashflow \$129.0 million
- Fully franked final dividend 9.5 cents per share

This financial performance was underpinned by several key strategic achievements for the period, including:

- Successful acquisition of All Aboard America! Holdings, Inc. ('AAAHI') in the USA which was completed on 1 June 2023.
- A capital raising of \$278 million to fund the AAAHI acquisition.
- The awarding of Transport for NSW Contracts for Greater Sydney Bus Regions 2, 3, 13, and 15.
- Acquisitions of Horizons West Bus and Coachlines, Grand Touring, North Stradbroke Island Buses and Denmark Buses WA.
- Acquisition of the Starship Group (vessels) on Sydney Harbour.
- Acquisition of Liberty Bus and CT Plus in the Channel Islands.
- Expansion of the Transit Systems Electric and Hydrogen bus fleet across Australia.
- Extension of the Gladstone contracts.

Kelsian remains committed to making safety a priority in everything we do to ensure we create a safe and healthy environment for our employees, contractors, and customers. Throughout the year we made further enhancements and strengthened Kelsian's safety management system *SafeConnect*. In Australia, we implemented this automated system for reporting hazards, incidents, and investigations providing real-time reporting and automated workflows for notifications and management of corrective actions.

In addition to a range of forward-looking safety performance KPIs, Kelsian measures two key safety performance metrics, Total Recordable Incident Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR). Both frequency rates are measured per million hours worked.

Kelsian achieved a 6.3% reduction in TRIFR versus FY22, but this fell short of the 10% improvement safety objective. Kelsian's LTIFR increased from 7.5 to 8.3, however, a reduction in the severity of incidents resulted in a 7.9% reduction in the average days lost from LTIs. As a result of these outcomes, no payment for the group-wide safety objective was paid. Divisionally Singapore achieved its TRIFR target. We acknowledge that more needs to be done to improve our safety performance and remain resolutely focused on achieving this.

During the year, Kelsian completed the annual employee engagement survey for Australia, Singapore, London, and the Channel Islands with an overall 10% improvement in engagement achieved across the Group. This significant improvement was particularly pleasing given our continued focus on providing a safe and inclusive workplace for our employees.

Response to FY22 Remuneration Report Feedback

The FY22 Remuneration Report received strong support from shareholders (83.46% in favour) at the 2022 AGM. However, the People, Culture & Remuneration Committee and the Board continue to engage with shareholders and proxy advisers and listen to the feedback received. One key area of feedback was a request to include greater disclosure of performance objectives that are not commercially sensitive to provide improved clarity and transparency. We have included greater disclosure in the FY23 Remuneration Report. Furthermore, we have also introduced a cash deferral into equity for FY23 STI awards where 50% of financial objectives for the Executive Leadership Team Short Term Incentive Plan are awarded in deferred equity, with a plan to continue to increase the percentage deferred into equity to 50% of the total potential maximum awards across both financial and non-financial objectives by FY26.

Board and Executive Changes

During the year, Fiona Hele was appointed as Deputy Chair (24 August 2022). Diane Grady AO joined the Kelsian Board (1 September 2022) and Andrea Staines OAM retired at the October 2022 AGM.

Throughout FY23, there were several changes to the Group Executive Leadership Team (ELT).

In August 2022, a new role of Chief Legal & Risk Officer was created with responsibility for group-wide corporate governance, risk and legal matters that will streamline and strengthen management in these areas. Joanne McDonald was appointed to this role.

As a result of a retirement in the Australian Bus Division, a new role of Chief Executive Officer of Transit Systems was created, and Michael McGee was appointed in December 2022. The new CEO role has expanded responsibilities, replacing the scope of the previous Transit Systems Chief Operating Officer.

With the successful completion of the acquisition of All Aboard America! Holdings, Inc. in June 2023, William Trimarco became a member of the ELT.

Subsequent to the end of the period, on 3 July 2023, Clint Feuerherdt, Kelsian's Chief Executive Officer was appointed as Managing Director of Kelsian. This appointment was made in recognition of Clint's exceptional leadership skills and track record of successfully driving strategy to achieve long-term shareholder value.

In addition, in July 2023, Donna Gauci was appointed as CEO SeaLink Marine & Tourism (previously COO of Marine & Tourism) and Graeme Legh was appointed as CEO of AAAHI effective 1 September 2023.



Mr. L. Hockridge
Chair, People, Culture & Remuneration Committee
Kelsian Group Limited
30 August 2023

AUDITED REMUNERATION REPORT

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8. Options, Shareholdings, and Performance Rights of KMP

The Remuneration Report forms part of the Directors' Report and sets out the remuneration framework and arrangements of Kelsian Group Limited ('Group' or 'Kelsian') for the Key Management Personnel ('KMP') of the consolidated entity, for the purposes of the Corporations Act 2001 and Accounting Standards for the financial year ended 30 June 2023.

This information has been audited as required by Section 308 (3A) of the Corporations Act 2001.

1. KEY MANAGEMENT PERSONNEL (KMP)

The KMP for the purposes of this Report are those having the authority and responsibility for planning, directing, and controlling major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of Kelsian.

The term Executive includes the Group Chief Executive Officer and other Executives. Members of the People, Culture & Remuneration Committee ('PCRC') are identified in the last column. The following persons set out in the table below were KMP for the reporting period 1 July 2022 to 30 June 2023:

TABLE 1.1: KMP from 1 July 2022 to 30 June 2023

NON-EXECUTIVE DIRECTORS (NEDS)

Name	Role	Appointed	Term as KMP in FY23	People, Culture and Remuneration Committee
J Ellison AM	Chair, Non-Executive Director	Appointed Chair on 23 February 2021 Director since 9 July 2008	Full	✓ ^
F Hele	Deputy Chair, Non-Executive Director	13 September 2016 Appointed Deputy Chair on 24 August 2022	Full	
C Smerdon	Non-Executive Director	13 May 2004	Full	✓
T Dodd	Non-Executive Director	28 March 2011	Full	✓ ^
N Smith	Non-Executive Director	16 January 2020	Full	
L Hockridge	Non-Executive Director	1 July 2020	Full	Committee Chair
D Grady AO	Non-Executive Director	1 September 2022	Part	✓ ^
A Staines OAM	Non-Executive Director	15 February 2016 (retired AGM October 2022)	Part	

^ part-year Committee member

EXECUTIVES

Name	Role	Appointed	Term as KMP in FY23
C Feuerherdt	Group Chief Executive Officer*	16 January 2020	Full
A Muir	Group Chief Financial Officer & Joint Kelsian Secretary	5 January 2017	Full
G Legh	Chief Development Officer**	16 January 2020	Full
R Carpenter	Chief People & Culture Officer****	12 April 2021	Full
M McGee	Chief Executive Officer - Transit Systems	12 December 2022	Part
D Gauci	Chief Operating Officer – SeaLink Marine & Tourism***	11 October 2013	Full
W Toh	Managing Director – Singapore	16 January 2020	Full
W Trimarco	Chief Executive Officer – AAAHI	1 June 2023	Part
G Balkin	Chief Operating Officer – Transit Systems	1 September 2020	Part

* Appointed as Managing Director from 3 July 2023; ** Appointed as CEO of AAAHI from 1 September 2023 and William Trimarco retiring during FY24; *** Appointed as CEO of SeaLink Marine & Tourism from 3 July 2023; **** Appointed Group Chief People and Culture Officer from 3 July 2023

2. FY23 REMUNERATION SNAPSHOT

The below information provides a high-level overview of remuneration outcomes and any changes to the framework or disclosures in respect of FY23.

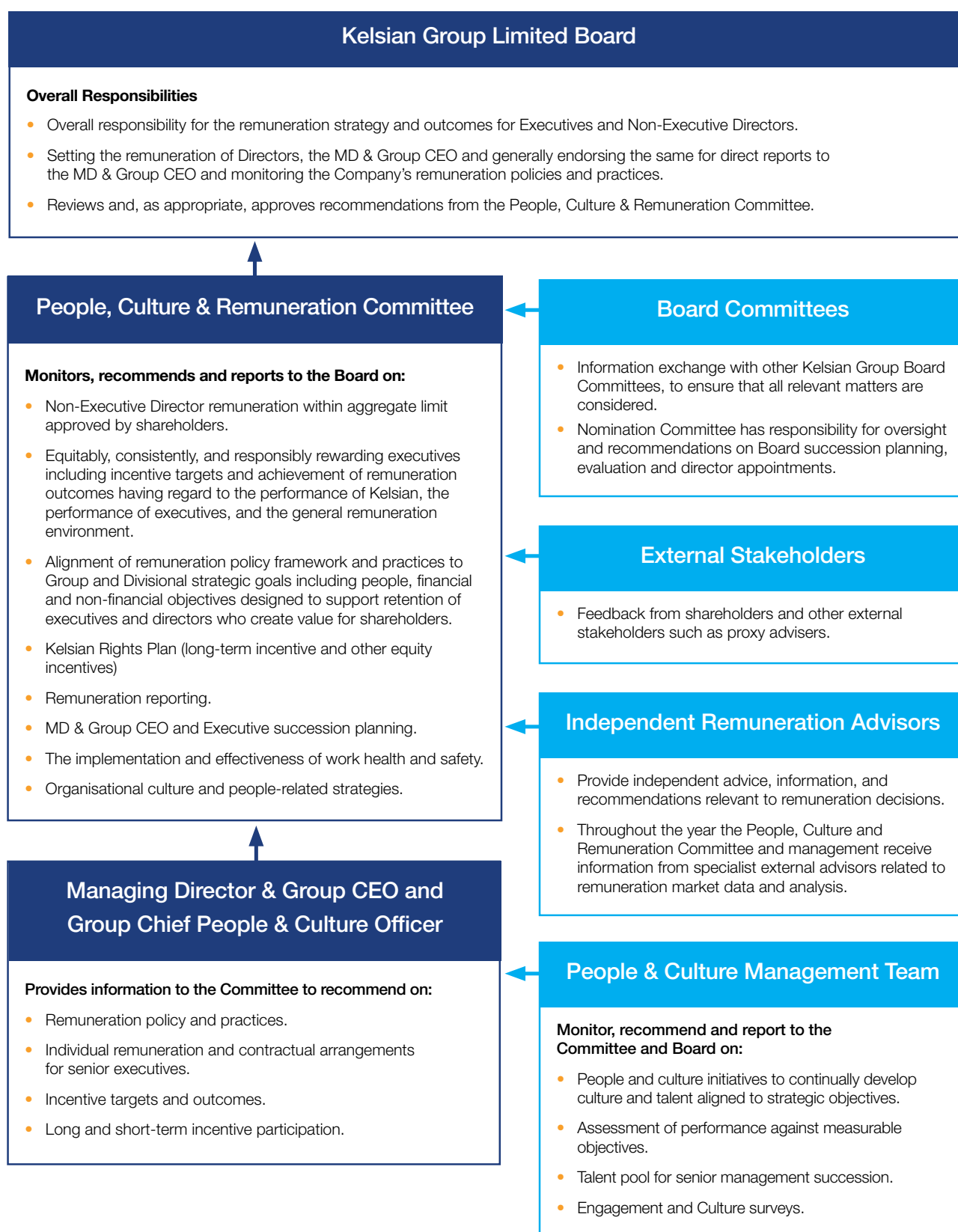
KEY FOCUS	OUTCOME	SUMMARY
EXECUTIVE REMUNERATION	3.35% - 3.75% increase	<p>For roles remaining the same throughout the year, there were increases of between 3.35% to 3.75% in fixed remuneration (inclusive of mandatory superannuation increases, where applicable) from 1 July 2022. The following changes in executive roles were made during the year:</p> <ul style="list-style-type: none"> Joanne McDonald commenced in the new role of Chief Legal & Risk Officer in August 2022, also as a member of the Executive Leadership Team. Michael McGee was appointed to the role of Chief Executive Officer of Transit Systems in December 2022 with expanded responsibilities, replacing the scope of the previous Transit Systems Chief Operating Officer role. William Trimarco, CEO of AAAHI became a KMP on 1 June 2023 with the successful purchase of the AAAHI business by Kelsian.
STI OUTCOMES	32.70% - 68.00%	<p>Amounts were paid for FY23 STI based on performance against Group and Divisional financial performance and individual performance.</p> <p>During FY23, there were several changes to the setting of Executives' performance objectives to further strengthen the alignment of Group and Divisional targets, as well as alignment to performance outcomes, improved transparency and ease of reporting. The changes are summarised below:</p> <ul style="list-style-type: none"> Formal STI Plan Rules were developed which will be reviewed annually to ensure the Plan remains aligned to relevant market trends and shareholder expectations. Shift from Key Performance Indicators to Performance Objectives, shifting the primary focus from inputs to outcomes. Performance objectives were limited to a maximum of eight and weighted according to the level of impact on Kelsian. The performance objectives were also tailored to the responsibilities of each KMP, to ensure Executives focus on objectives for their areas with the largest impact on Kelsian. Deferral of 50% of the financial objective component of the STI potential award for FY23, to be paid as equity, subject to a 12-month deferral period and any disposal restrictions required for legal compliance reasons. <p><i>Note - No service test will apply to the deferred component.</i></p> <p><i>Refer to Section 5 for further information relating to the STI Plan and STI Outcomes.</i></p> <p>In addition, the Board approved a discretionary STI for the successful completion of the AAAHI acquisition (50% of the STI payment is deferred for twelve months subject to meeting certain AAAHI financial outcomes) which was aligned with Kelsian's long-term growth strategy of establishing operations in the United States of America.</p> <p><i>Refer to Table 7.3 for further information.</i></p>
LTI OUTCOMES	100%	<p>The FY21 Performance Rights vested in full following the achievement of the threshold gates and performance hurdles for both Tranche 1 and Tranche 2 of the Rights issued under the LTI Plan.</p> <p>Note – The proposed grant of Performance Rights in FY23 for the Group CEO was submitted for shareholder vote at the 2022 AGM prior to the grant of such Rights. The vote was 86.59% in favour.</p> <p>The Kelsian Group Rights Plan (formerly the SeaLink Travel Group Limited Rights Plan) was also approved at the 2022 AGM for purposes of Listing Rule 7.2 and Exception 13.</p> <p><i>Refer to Section 5 for further information relating to the LTI Plan.</i></p>

2. FY23 REMUNERATION SNAPSHOT CONTINUED

KEY FOCUS	OUTCOME	SUMMARY
NON-EXECUTIVE REMUNERATION	3.97% increase	<p>Non-Executive Director fees were increased by 3.97% inclusive of mandatory superannuation increases where applicable, effective the first full pay period post 1 July 2022.</p> <p>Fiona Hele was appointed as Deputy Chair (24 August 2022) and to reflect the additional duties of the position of Deputy Chair, received an increase to the relevant Director fee from August 2022.</p> <p>To reflect additional Director responsibilities and time commitments of Neil Smith related to the AAAHI acquisition, additional fees were also paid during FY23.</p> <p><i>Refer to Section 7 for information relating to Non-Executive Directors.</i></p>
FY24 AND BEYOND		<p>Throughout FY23, Kelsian continued to review and refine its Remuneration Framework with market insights provided by Korn Ferry, Godfrey Remuneration Group and Morrow Sodali to understand market trends and peer comparisons. Feedback was also considered from shareholders, the AGM and proxy advisors.</p> <p>One consistent insight was the importance of a deferral component to Executives' short-term incentives. Following the initial introduction of a deferred element for FY23 STI awards, the Kelsian Board has also approved a three-year staged approach to apply the deferral across both the financial and non-financial STI objectives and increase the level of deferral from 25% of total potential STI awards in FY24, 33% for FY25 and to 50% STI deferral in FY26 for Executive KMP. No service test will apply to the deferred component.</p> <p>The proposed issue of Performance Rights and Restricted Rights to the Managing Director and Group CEO, Clint Feuerherdt, will be submitted for shareholder vote at the upcoming 2023 AGM of Kelsian prior to the granting of those Rights.</p> <p>With the expansion of Kelsian into the USA in June 2023, it is proposed to extend the offer of Restricted Stock Units (the US equivalent of Performance Rights), under the Kelsian Rights Plan to senior managers residing in the USA with the adoption of appropriate sub-plan rules for USA employees.</p> <p>For FY24, it is also proposed to extend the offer of Performance Rights under the Kelsian Rights Plan to senior managers of Australian businesses, further strengthening shareholder and business unit leadership alignment through equity in the business.</p> <p>Given the additional responsibilities and time commitments of the Board Directors with the expansion of Kelsian into the USA, growth in the business and consideration of the benchmarking undertaken by external consultants, the following changes have been approved by the Board:</p> <ul style="list-style-type: none"> • Board Chair remuneration be adjusted in line with benchmarked data, being an annual payment of \$262,500 inclusive of all sub-committee activities and superannuation contributions. • The introduction of a Committee Chair and membership fee of \$25,500 for Directors chairing Board sub-committees, which include the People, Culture & Remuneration Committee, and Audit, Risk and Sustainability Committee. Committee Chair fees are inclusive of committee membership. • The introduction of a committee membership fee of \$11,200 for Directors serving on Board sub-committees, commencing with fees being paid for serving on the People, Culture & Remuneration Committee and Audit, Risk & Sustainability Committee. • Other than as outlined above and passing through the mandatory increase in Superannuation Guarantee Charges, no annual increase in Non-Executive Directors' base fees is proposed for FY24.

3. REMUNERATION GOVERNANCE

Kelsian's Remuneration governance is illustrated below. While the Board retains ultimate responsibility, Kelsian's Remuneration principles and policies are implemented through the People, Culture & Remuneration Committee.



3. REMUNERATION GOVERNANCE CONTINUED

The People, Culture & Remuneration Committee operates under a Charter that outlines its structure and responsibilities. The Charter is available on the Kelsian corporate website at kelsian.com/our-governance.

Membership of the People, Culture & Remuneration Committee during the period 1 July 2022 to 30 June 2023 was comprised of the following Non-Executive Directors (NEDs) and chaired by an independent NED for the entire year:

L. Hockridge	Non-Executive Director, Independent (Committee Chair)
T. Dodd	Non-Executive Director, Independent (ceased October 2022)
J. Ellison AM, (Board Chair)	Non-Executive Director, Non-Independent (ceased October 2022)
C. Smerdon	Non-Executive Director, Independent (member from October 2022)
D. Grady AO	Non-Executive Director, Independent (member from October 2022)

The People, Culture & Remuneration Committee met regularly throughout the year. The Group Chief Executive Officer, Group Chief Financial Officer, Chief People & Culture Officer and Chief Legal & Risk Officer attend Committee meetings by invitation, where management input is required. However, Executives are not present during discussions related to their own remuneration arrangements.

Throughout the year, the People, Culture & Remuneration Committee and Kelsian Executive received updates regarding remuneration practices, market trends and general information related to remuneration market data and analysis from external advisors such as Korn Ferry and Godfrey Remuneration Group.

Korn Ferry and Godfrey Remuneration Group are renowned global remuneration specialists who have assisted Kelsian in establishing a Remuneration Framework, which also included the benchmarking of all KMP, senior management and other salaried roles throughout Kelsian.

In addition, Kelsian engaged with Morrow Sodali, to provide Australian market insights. Specialist expert tax and legal advice were obtained during the year in relation to the offer of its Long-Term Incentive Program to ensure legal and regulatory compliance of the plan terms and its administration for residents of Australia, United Kingdom, Singapore, and potential extension of the plan for FY24 for residents in the USA. The recommendations that the People, Culture & Remuneration Committee makes to the Board are based on its own independent assessment of the information and advice provided by Korn Ferry and other external remuneration consultants.

No remuneration recommendations as defined in Section 9B of the Corporations Act 2001 were received from any external party providing the services described above.

The Kelsian Group Limited Employee Share Trust was established in August 2022 to facilitate the acquisition and transfer of shares in the Company to eligible participants in accordance with Kelsian's Rights Plan. The first trustee of the Employee Share Trust is Certane CT Pty Ltd ABN 12 106 424 088, a highly experienced independent trustee company.

4. OVERVIEW OF FINANCIAL PERFORMANCE

Kelsian has successfully navigated another challenging operational year considering the tight labour markets across all the operating divisions and the highly inflationary operating environment. The return of both domestic and international travel resulted in a strong performance within the Marine & Tourism division, underpinned by the strength of the underlying contracted revenue and the essential nature of operations resulted in another strong financial result.

The acquisition of AAAHI was another significant achievement throughout FY23 that was aligned with Kelsian's long-term growth strategy of establishing operations in the United States of America. The acquisition will provide considerable future shareholder value with additional EBIT contributions in FY24 and beyond.

Kelsian recorded a statutory Net Profit after Tax and before Amortisation (NPATA) of \$41.4 million for the twelve months ended 30 June 2023 compared to a statutory NPATA of \$71.5 million

in the previous year. Kelsian's statutory results include the costs associated with capital raising undertaken during the period as well as the due diligence and advisor costs associated with the numerous acquisitions completed.

Underlying Earnings Before Interest, Tax, (EBIT), another record was achieved at \$84.5 million compared to an underlying EBIT of \$80.1 million for FY22. Underlying EBIT has been adjusted for significant one-off items during the period including capital raising costs and due diligence-related expenses.

Taking into consideration the timing of the capital raising and only one month's contribution from AAAHI, the Board has taken a prudent approach to capital management and determined a final dividend of 9.5 cents per share (the same as last year) which is at the mid-point of the stated dividend payout range of 50% to 70% of underlying net profit after tax and before amortisation.

TABLE 4.1

Kelsian's financial performance as measured by statutory Earnings Before Interest Tax and Depreciation (EBITDA), Earnings Before Interest and Tax (EBIT), Net Profit After Tax and before Amortisation (NPATA) from continuing operations, earnings per share, gross dividends paid, the dividend paid per share, and the share price at year-end.

	30 JUNE 2019	30 JUNE 2020	30 JUNE 2021	30 JUNE 2022*	30 JUNE 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (\$m)	251.4	646.5	1,211.7	1,297.4	1,417.8
EBITDA (\$m)	47.5	56.7	132.7	157.8	130.5
EBIT (\$m)	29.5	2.4	66.6	82.1	53.1
NPATA (\$m)	22.5	7.3	69.5	71.5	41.4
Gross Dividend Paid (\$m)	15.2	18.1	25.1	34.9	37.1
Earnings Per Share (basic) (cents)	21.3	(8.2)	17.3	24.2	9.1
Dividend Paid Per Share (cents)	15.0	11.0	16.0	16.5	17.0
Share Price (\$)	3.81	4.42	9.41	5.87	7.26

*Restated to reflect the change in accounting treatment

CHART 4.2: KELSIAN'S share price performance since 1 July 2018 relative to S&P ASX 300:

The Compound Annual Growth Rate (CAGR) of Kelsian's share price during the five years 2018-2023 period was 62.7% compared with the CAGR of the S&P ASX300 which was 16.6%.

5. REMUNERATION FRAMEWORK

Remuneration Framework and Details for Executives

(i) Objectives

Kelsian's approach to remunerating and rewarding Executives ensures that:

- Remuneration is at levels that are competitive with market rates to attract, motivate and retain high-calibre candidates;
- Parity exists for similar roles to maintain stability within the Executive group; and
- Executives are incentivised to drive long-term sustainable growth and increase shareholder value.

The objective of Kelsian's Remuneration Framework is to ensure it aligns Executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to market best practices for the delivery of the reward. The Board ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage/alignment of Executive remuneration with Kelsian's strategic goals; and
- Transparency.

Kelsian has taken advice on market remuneration practices and considered the appropriate level of fixed and "at-risk components" for Executive remuneration.

The People, Culture & Remuneration Committee reviews the current mix, market practice and levels of Executive remuneration as part of our ongoing commitment to ensuring Kelsian's remuneration practices are transparent, fit for purpose and exhibit a strong alignment between value creation, Executive reward, and shareholders' interests. The remuneration mix will be reviewed again during FY24. While it is encouraged, there is no requirement for KMP to hold shares in Kelsian.

The Board have considered that it should seek to enhance shareholders' interests by:

- Having economic profit as a core component of the reward framework design;
- Focusing on sustained growth in shareholder wealth, consisting of growth in dividends and in earnings per share, and delivering a constant or increasing return on assets as well as focusing Executives on key non-financial drivers of value; and
- Attracting, motivating, and retaining high calibre Executives.

(ii) Components

The Remuneration Framework has three components:

- Fixed remuneration;
- Short-term performance incentives (STI); and
- Long-term performance incentives (LTI).

The combination of these comprises the Executive's total remuneration.

Fixed Remuneration (FY23)

Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, is reviewed annually by the People, Culture & Remuneration Committee on behalf of the Board. Whilst the Fixed Remuneration is reviewed annually, increases are not guaranteed.

Any proposed increase is based on individual responsibility and contribution, business unit performance, the overall performance of the consolidated entity and comparable market remuneration taking into account the scale of Kelsian's business and responsibilities.

Executives may receive their fixed remuneration in the form of cash and other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to Kelsian and provides additional value to the Executive.

5. REMUNERATION FRAMEWORK CONTINUED

STI Plan (FY23)

For FY23, the short-term performance incentives ('STI') program is designed to align the strategic objectives of Kelsian and its operating business units with the performance hurdles of Executives.

Kelsian's Strategic Pillars of safety, people, customer, growth, technology & innovation, ESG, and operational excellence underpin the setting of Executive objectives for both financial and non-financial performance objectives at Group and Business Unit levels. STI payments are granted to Executives based on specific annual financial and operational targets and the achievement of set objectives which include stretch targets for both financial and non-financial goals.

The specific objectives set for each Executive are chosen to drive outcomes and behaviours that support the safe operation and delivery of Kelsian's Strategy and lead to the creation of long-term growth in shareholder value.

The financial targets set are based on Earnings Before Interest and Tax (EBIT) (Group EBIT, and where applicable, Divisional, and business unit EBIT) is the primary financial measure against which management and the Board assess the short-term financial performance of Kelsian.

In FY23, Non-Financial performance objectives were further tailored to each KMP, to ensure Executives focus on objectives with the largest contribution to the business. Each of these performance objectives was weighted according to the level of impact on Kelsian.

STI payments are "at-risk" cash components paid to Executives when agreed targets have been met, however, are discretionary and do not form part of the employment contract.

For KMP, STI remuneration paid varies by Executive depending on the impact on the Group and the Business Unit, achievement of defined business targets, achievement of specific business unit EBIT targets as well as the extent to which the Group achieved financial performance targets for the year.

CHART 5.1: Executive Potential Remuneration Mix FY23 – Group CEO

The approximate mix of fixed and at-risk components (STI and LTI) of potential remuneration of the Group CEO based on the current remuneration mix for FY23 is shown below for the achievement of maximum stretch opportunities.

In October 2021, the Group CEO remuneration mix was adjusted slightly to reflect a reduction in short-term remuneration and an increase in fixed remuneration taking into account receipt of independent benchmarking and market information on the Group CEO role from Korn Ferry. For FY23, the Group CEO remuneration mix remained consistent with the FY22 mix, consisting of both fixed and variable components.

Maximum Potential Remuneration Mix - Group CEO

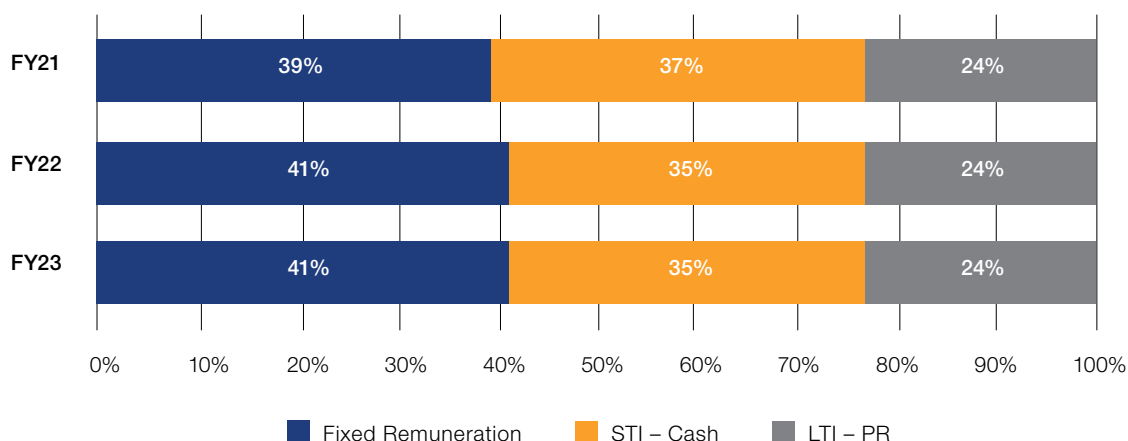


TABLE 5.2: Executive Potential Remuneration Mix FY23 – Other KMP*

The remuneration mix of other Executive KMP potential opportunities ranges in FY23 as follows:

	MAXIMUM
Fixed Remuneration	46.5% to 75.4%
STI-Cash	18.5% to 33.3%
LTI-Performance Rights	5.0% to 24.2%

TABLE 5.3: Executive Short-Term Incentive Program FY23*

How is it paid?

STI awards are paid in cash and in FY23, partly in the form of Deferred Equity.

Deferral into equity (rather than cash award) applies to 50% of the financial component which in turn comprises 25% of the total STI potential award. The Deferred Element will be paid as rights to Kelsian shares ('equity') under the Kelsian Group Rights Plan.

TABLE 5.3: Executive Short-Term Incentive Program FY23* CONTINUED

What is the performance period and how much can the Executive earn?	<p>The effective maximum STI opportunity for the Group CEO during this period is 90% of the Base Salary per annum.</p> <p>The effective maximum STI opportunity for other Executives during this period is a range of between 20%-70% of Base Salary per annum. The actual outcome depends on the Executive's actual achievement against each Performance Objective.</p> <p>Board discretion may be applied to remunerate executives for delivery of outstanding performance for Executives that were not foreseen at the time of target formulation.</p>
How is performance measured?	<p>Performance Objectives are specific targets to be achieved against Kelsian's Strategic Pillars.</p> <p>The Board sets and assesses the performance objectives applicable to the Group CEO and approves the performance objectives for direct reports to the Group CEO. The Group CEO then sets and assesses the performance objectives for Executives.</p> <p>Performance objectives cover Group and/or Divisional financial performance and individual objectives that are non-financial and reflect the Group's key measures of success as well as the Group's values.</p> <p>For FY23, the rationale for choosing the objectives is outlined in the table below. The STI performance measures were chosen as they reflect the key drivers of short-term performance and also provide a framework for delivering sustainable, long-term value to Kelsian and its shareholders</p> <p><i>*Note that Mr William Trimarco's remuneration mix reflects those of the previous owner of AAAHI and does not reflect the Kelsian Remuneration Framework.</i></p>
FINANCIAL MEASURES: UP TO 50%	
PERFORMANCE AREAS & WEIGHTINGS	RATIONALE FOR CHOOSING THIS MEASURE
<p>Group Profit Incentive Group CEO, CDO, CFO, CPCO = 50% All Other KMP = 20%</p> <p>Divisional or Business Unit Profit Incentive All Other KMP = 30%</p>	<p>Financial measures focus senior executives on improving business efficiency and effectiveness along with sustained financial performance and value creation for our shareholders.</p>
NON-FINANCIAL MEASURES: UP TO 50%	
PERFORMANCE AREAS & WEIGHTINGS	RATIONALE FOR CHOOSING THIS MEASURE
<p>Group Safety Group CEO = 10% Group KMP 10% Divisional KMP 10%</p>	<p>Kelsian remains committed to making safety a priority in everything we do to ensure we create a safe and healthy environment for our employees and customers.</p>
<p>Safety Two KMP (not Group CEO) between 5% to 7.5%</p>	<p>Safety measures assigned to nominated KMP to drive strategic safety outcomes in a specific focus area.</p>
<p>People Group CEO = 12.5% All other KMP between 5% to 17.5%</p>	<p>Employees are at the heart of our business and are focused on delivering a brilliant experience for our customers. Building a highly engaged workforce that celebrates diversity is a key pillar of our success.</p>
<p>Customer Group CEO = 10% All other KMP between 5% to 10%</p>	<p>Delivering and exceeding our customer's expectations to continue to attract customers and renew contracts is key to our sustained performance and business growth.</p>
<p>Environmental, Social and Governance Group CEO = 5%</p>	<p>Ensure Kelsian's sustainability targets and strategic objectives are aligned to achieve more sustainable outcomes in our operations.</p>
<p>Technology & Innovation KMP between 5% to 10%</p>	<p>Investing in our digital and data solutions to provide innovative customer solutions is also key to attracting and retaining customers.</p> <p>Ensuring the security and privacy of customer and employee information is maintained.</p>

5. REMUNERATION FRAMEWORK CONTINUEDTABLE 5.3: Executive Short-Term Incentive Program FY23* CONTINUED

NON-FINANCIAL MEASURES: UP TO 50%	
PERFORMANCE AREAS & WEIGHTINGS	RATIONALE FOR CHOOSING THIS MEASURE
Operational Excellence Group CEO = 5% All other KMP between 5% to 10%	Operational Excellence is an essential part of our business, with a continual focus on maximising efficiency through intelligent optimisation, capacity utilisation and disciplined yield management.
Growth Group CEO = 7.5% All other KMP between 10% to 27.5%	Growth is a key pillar in unlocking future sustained shareholder value. We aim to achieve this by maximising our contracted business opportunities and through acquisitive growth to unlock future organic growth opportunities.
Gate	There is a specific safety gate that applies and accounts for 10% of the total STI award. In the event of a 'severe employee injury' (fatality or serious permanent impairment), the Board will assess all available information relating to the incident and determine if the safety gate will result in a 0% outcome.
How is STI assessed?	The Board Chair reviews the Group CEO's performance against the performance targets and objectives set for that year. The Group CEO assesses the performance of the Executive team as he has direct oversight of their work. The performance assessment of the Group CEO and direct reports to the Group CEO are reviewed by the People, Culture & Remuneration Committee and approved by the Board.
What happens to STI awards when an Executive ceases employment?	<p>If the Executive's employment is terminated for cause, no STI will be paid.</p> <p>If the Executive resigns before the end of the performance period or release of full-year financial accounts for the relevant performance period, the STI may be granted on a pro-rata basis in relation to the period of service completed, subject to the discretion of the Board and conditional upon the individual performance of the Executive and taking into consideration the interests of Kelsian and its shareholders.</p>
Is there an overriding performance condition or clawback provision?	<p>Yes. The Board has the discretion to not pay or reduce the amount of the STI otherwise payable, taking into consideration the interests of Kelsian and its shareholders.</p> <p>In the event of a critical or serious safety incident, the Board will assess all available information relating to the incident and apply discretion where appropriate.</p> <p>In the event of serious misconduct or a material misstatement in Kelsian's financial statements, the Board may cancel the STI payment and may also claw back STI payments paid in previous financial years, to the extent this can be done in accordance with the applicable law.</p>
Are any STI payments deferred?	<p>For FY23, a deferral component of 12 months applicable to 50% of the STI payments arising from the Financial STI measure will be applied to KMP.</p> <p>Deferral of a portion of STI into equity was introduced in FY23 using equity rights to meet the deferred STI component. Using equity rights for the award of a portion of STI further aligns Executive interests with those of shareholders. For STI amounts awarded and deferred into equity, the rights are fully vested at Grant Date and in the form of Restricted Rights (Restricted Stock Units for US employees) granted to the Executive KMP and other eligible executives under and subject to the terms of the Kelsian Group Rights Plan. For equity rights to be issued for the FY23 STI financial award component, the rights are subject to an exercise restriction until 31 August 2024 and have no service requirement applicable.</p> <p>The quantum of equity rights granted is calculated using the 10-day volume-weighted average price (VWAP) after the date of release of full-year results for the financial year for the deferred amount awarded.</p>

Long-Term Incentive Plan

To align the interests of Executives with the creation of long-term shareholder value, Kelsian generally awards its KMP long-term incentives (LTI) in the form of Performance Rights. Performance Rights are granted at no cost to the Executive and only vest if Kelsian meets a number of performance hurdles.

If a KMP resigns before the Performance Rights has vested then any unvested rights are forfeited, unless and to the extent otherwise determined by the Board.

The LTI Plan is discretionary and does not form part of the employment contract. Vesting conditions for Performance Rights are determined by the Board annually as part of each invitation with the conditions selected for Performance Rights being intended to create alignment with indicators of shareholder value creation over the measurement period.

The Kelsian Group Limited Employee Share Trust was established in August 2022 to facilitate the acquisition and transfer of shares in Kelsian to eligible participants in accordance with Kelsian Group's Rights Plan. The first trustee of the Employee Share Trust is Certane CT Pty Ltd ABN 12 106 424 088, a highly experienced independent trustee company appointed in August 2022.

Shareholder approval of the Kelsian Group Rights Plan (formerly called the SeaLink Travel Group Limited Rights Plan) was renewed at the 2022 AGM, enabling Kelsian to exempt issues of securities post the 2022 AGM under the Plan from the 15% limit on new securities issues that may be made during any twelve-month period pursuant to the ASX Listing Rules.

TABLE 5.4: Executive Long-Term Incentive Rights Plan FY23

How is the award delivered?	Awards are in the form of Performance Rights over ordinary shares in Kelsian for no consideration. The Performance Rights carry neither Rights to dividends nor voting.
How often are awards made and was an award made in FY23?	Awards are made annually at the discretion of the Board and were made to KMP and others in FY23.
What is the quantum of the award and what allocation methodology is used?	<p>The quantum of Performance Rights granted to an Executive is determined by the Executive's Base Salary; the applicable multiplier; and the face value of Kelsian shares, calculated as the 10-day volume-weighted average price (VWAP) after the date of release of full-year results for the financial year prior to the year of grant of Performance Rights.</p> <p>For FY23, the Group CEO's maximum potential Performance Rights award is set as 62.5% of the Base Salary.</p> <p>The maximum potential Performance Rights award for other Executives' during this period is a range of between 20.0% - 57.8% of Base Salary per annum.</p>
What are the performance conditions?	<p>Overarching Gate: The Company's TSR must be positive.</p> <p>There are two tranches of Performance Rights with the following weighting of performance conditions, referred to as vesting conditions:</p> <p>Tranche 1: Earnings Per Share Compound Annual Growth Rate (EPS CAGR): 50% weighting at target performance.</p> <p>Tranche 2: Indexed Total Shareholder Return (iTSR): Total Shareholder Return (TSR) measured against companies in the ASX200 Total Return Index, 50% weighting at target performance.</p> <p>There is also a service-based condition that is met if employment with Kelsian is continuous for the period commencing on or around the grant date until the date the Performance Rights vest.</p>
What is EPS CAGR?	EPS CAGR is a method for calculating the compound annual growth rate in the Company's earnings per common share, calculated on a fully diluted basis from continuing operations.
What is iTSR?	<p>TSR is a method for calculating the return shareholders would earn if they held a notional number of shares over a period of time. iTSR measures the growth in a company's share price together with the value of dividends during the period, assuming that all those dividends are reinvested into new shares.</p> <p>TSR growth is measured against the applicable index for Kelsian at the commencement of the first year of the measurement period for the Performance Rights. For FY23, this was the ASX200 Total Return Index following Kelsian's entry into the ASX200 Index in September 2021. (Rights issued in FY21 and FY22 are measured against the ASX300 Total Return Index.)</p>

5. REMUNERATION FRAMEWORK CONTINUED

TABLE 5.4: Executive Long-Term Incentive Rights Plan FY23 CONTINUED

Why were the performance conditions selected?	<p>In selecting the performance conditions and the structure of the tranches the Board through a process of consultation with external advisers, reviewing market trends and Kelsian's strategic objectives in structuring the existing LTI plan. The Board then reviews the performance conditions annually to determine the appropriate hurdles based on Kelsian's strategy and prevailing market practice.</p> <p>Service-based conditions are used to encourage retention.</p> <p>Following its annual review of the most appropriate measures to align the interests of shareholders and management, the Board selected the following:</p> <ul style="list-style-type: none">• EPS CAGR as a measure of incentivising growth to reflect long-term growth yields for shareholders.• TSR as an external measure of long-term return performance with the strongest link to shareholder returns.																					
What is the performance period?	The LTI performance period is three financial years commencing 1 July of each applicable financial year.																					
What level of relative EPS and iTSR performance is required for the Rights to vest?	<p>For Performance Rights granted in FY23, half of the Performance Rights will vest where the EPS CAGR performance is:</p> <table><tr><th>EPS CAGR (annualised) of Kelsian</th><th>Percentage of Performance Rights that vest</th></tr><tr><td>Less than 5%</td><td>Nil</td></tr><tr><td>5%</td><td>50% of Rights vest</td></tr><tr><td>Greater than 5% but less than 10%</td><td>Between 50% and 100% Rghts vest</td></tr><tr><td>10% and above</td><td>100% of Rights vest</td></tr></table> <p>For Performance Rights granted in FY23, half of the Performance Rights will vest where the TSR performance of Kelsian relative to the Total Return Index for the financial year in which the Performance Rights are granted is:</p> <table><tr><th>TSR of Kelsian relative to ASX 200 Total Return Index</th><th>Percentage of Performance Rights that vest</th></tr><tr><td>Less than Index TSR</td><td>Nil</td></tr><tr><td>Index TSR</td><td>50% of Rights vest</td></tr><tr><td>Greater than Index TSR but less than 10% above Index TSR</td><td>Between 50% and 100% Rights vest</td></tr><tr><td>Greater than Index TSR + 10%</td><td>100% of Rights vest</td></tr></table> <p>Kelsian intends to employ an independent organisation to calculate the TSR ranking at the time of the potential vesting of any LTI to ensure an objective assessment of the relative TSR comparison.</p>		EPS CAGR (annualised) of Kelsian	Percentage of Performance Rights that vest	Less than 5%	Nil	5%	50% of Rights vest	Greater than 5% but less than 10%	Between 50% and 100% Rghts vest	10% and above	100% of Rights vest	TSR of Kelsian relative to ASX 200 Total Return Index	Percentage of Performance Rights that vest	Less than Index TSR	Nil	Index TSR	50% of Rights vest	Greater than Index TSR but less than 10% above Index TSR	Between 50% and 100% Rights vest	Greater than Index TSR + 10%	100% of Rights vest
EPS CAGR (annualised) of Kelsian	Percentage of Performance Rights that vest																					
Less than 5%	Nil																					
5%	50% of Rights vest																					
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Index TSR	50% of Rights vest																					
Greater than Index TSR but less than 10% above Index TSR	Between 50% and 100% Rights vest																					
Greater than Index TSR + 10%	100% of Rights vest																					
What happens to Performance Rights granted under the LTI Plan when an Executive ceases employment?	<p>If the Executive's employment is terminated for cause, or due to resignation, all unvested Performance Rights will lapse, unless the Board determines otherwise. In all other circumstances, unless the Board decides otherwise, a pro-rata portion of the Executive's Performance Rights, calculated in accordance with the proportion of the performance period that has elapsed, will remain on foot, subject to the performance condition as set by the Board.</p> <p>If and when the Performance Rights vest, shares will be allocated in accordance with the Plan rules and any other condition of the grant.</p>																					
Can Kelsian clawback LTI awards?	<p>In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may:</p> <ul style="list-style-type: none">• Reset the vesting conditions and/or alter the performance period applying to the award;• Deem all awards which have not vested to have lapsed or been forfeited. <p>Where shares have been allocated to an Executive and have been subsequently sold, require the Executive to repay the net proceeds of such as sale to the extent this can be done in accordance with relevant laws.</p>																					
What happens in the event of a change in control?	In the event of a change in control, the Board will exercise its discretion, and determine the treatment of the unvested awards which may include a pro-rata vesting.																					

6. REMUNERATION OUTCOMES

Fixed Remuneration

In FY23, Non-Executive Directors received a 3.97% increase in fixed remuneration for FY23 (inclusive where applicable of an 0.5% increase in Superannuation Guarantee Charge).

For the additional responsibilities and time commitments allocated to Neil Smith in FY23 related to the AAAHI acquisition, additional director fees were paid.

During the period, Executives received an increase of between 3.35% to 3.75% in fixed remuneration effective from the first full pay period post 1 July 2022. For Executive roles that were changed during the period, salaries were set in line with the overall Kelsian Remuneration Framework.

William Trimarco became a KMP of Kelsian on 1 June 2023 and the remuneration outcomes for Mr Trimarco for the relevant part period are included in the remuneration amounts of Executive KMPs set out in Table 7.3 of this Report. William Trimarco did not receive any variable remuneration pursuant to Kelsian's STI program or LTI program during the month of June 2023.

STI Outcomes

Table 6.1 expands on that information in relation to the Group CEO. Table 6.2 identifies the performance measures, relevant weightings, and outcomes for FY23 short-term incentives for Executive KMP (except for William Trimarco).

Kelsian has successfully navigated another challenging operational year considering the tight labour markets across all the operating divisions and the highly inflationary environment. Despite these challenges throughout the reporting period, a strong financial performance was achieved for the Group at levels slightly above the target set for the financial Group measure applicable to all KMP but below the stretch target, consequently, a 56% payout was achieved. At the Divisional level, there was some variation in the achievement of financial targets with Marine & Tourism businesses achieving above stretch targets, while a number of Australian Bus and International Bus divisions failed to meet set financial targets, largely due to the ongoing effects of the pandemic impact on labour supply.

For the financial objectives that were met, 50% of those amounts will be offered as Restricted Rights or Restricted Stock Units, as applicable, under the Kelsian Group Rights Plan, subject to exercise restrictions until 31 August 2024.

In order for the safety-related incentive to be awarded, the performance gate of no employee suffering a 'severe injury' occurring in any part of Kelsian during the reporting period must be achieved. The safety gate was achieved for FY23¹.

Kelsian achieved a 6.3% reduction in TRIFR versus FY22, but this fell short of the 10% improvement safety objective. Kelsian's LTIFR increased from 7.5 to 8.3, however, a reduction in the severity of incidents resulted in a reduction in the average days lost from LTIs by 7.9%. As a result of these outcomes, no payment for the Group safety objective was paid. However, payment was made for Singapore achieving their divisional safety target. We acknowledge that more needs to be done to improve our safety performance and we remain resolutely focused on achieving our objectives.

Individual non-financial STI targets for FY23 were set to achieve initiatives and target outcomes identified in our strategic plans aligned to delivering long-term growth and shareholder value. Important growth opportunities were achieved along with a continued focus on stakeholder relations and tender pipeline opportunities. Key goals achieved during the period include:

- Outperformance of growth objectives with the successful acquisition of All Aboard America! Holdings, Inc ('AAAH!') in the USA.
- A capital raising of \$278 million to fund the AAAHI acquisition.
- The awarding of Transport for NSW Contracts for Greater Sydney Bus Regions 2, 3, 13, and 15.
- Acquisitions of Horizons West Bus and Coachlines, Grand Touring, Stradbroke Buses and Denmark WA.
- Acquisition of the Starship Group in Sydney Harbour.
- Acquisition of Liberty Bus and CT Plus in the Channel Islands.
- Expansion of the Australian Electric and Hydrogen bus fleet.
- The extension of the Gladstone contracts.

A particular technology focus has seen the development and implementation of the enhanced Cyber Security Plan to build resilience and security into our technology platforms. In addition, the SeaLink Marine & Tourism Division implemented the 1SeaLink website to provide an enhanced customer experience and cross-selling opportunities with all SeaLink destinations.

¹ Employee fatality is reported as zero, as the one employee fatality during the year was due to a not-at-fault motor vehicle accident.

6. REMUNERATION OUTCOMES CONTINUED

TABLE 6.1: Group CEO FY23 Performance Objectives and Outcomes

TYPE OF PERFORMANCE MEASURE AND WEIGHTING	KMP PERFORMANCE MEASURE	PERFORMANCE OBJECTIVE	FY23 PERFORMANCE	ACHIEVEMENT*
Group Financial 50% of total STI	Group EBIT (50%)	Achieve Underlying Group EBIT which is 105% at target.	Target EBIT met. Stretch EBIT target partially met.	28.00% (56.00% outcome)
	Safety (10%)	Safety Gate: No employee suffering a 'severe injury' (fatality or serious permanent impairment) during the period. Achieve a 10% reduction in Group LTIFR and TRIFR.	One employee fatality during the year was due to a truck missing a red light, resulting in a collision. Employee fatality is reported as zero as this was a not-at-fault incident. Not Achieved.	0.00% (0.00% outcome)
Non-Financial 50% of total STI	People (12.5%)	Achieve a 10% improvement in Kelsian Group's annual Employee Engagement Survey and a 10% improvement in employee engagement. Succession Planning – a comprehensive improvement in succession planning and implementation for the Group.	Achieved a 5% improvement in employee participation and a 10% improvement in Kelsian's employee engagement. A comprehensive Succession Plan was developed for the Executive Leadership Team and other key Executives.	8.75% (70.00% outcome)
	Growth (7.5%)	Development of a strategy for optimal capital structure, review of target geographies and at least two new business acquisitions pursued.	New capital structure developed and implemented. Target geographies and market sectors were identified, and execution commenced.	7.50% (100.00% outcome)
	Operational Excellence (5%)	Improve profitability and operational efficiency of the business.	Several profitability and efficiency initiatives were achieved, which were in part eroded due to costs associated with managing labour shortages.	1.25% (25.00% outcome)
	Environmental, Social & Governance (5%)	Advance Kelsian Group's ESG position by ensuring Kelsian Group's sustainability targets and strategic objectives are aligned to achieving more sustainable transport outcomes.	Significant achievements on ESG initiatives with benchmarking data and goals set for future years.	3.75% (75.00% outcome)
	Customer (10%)	Improvement in customer experience across the group via a blended assessment of customer complaints, compliments, Net Promotor Scores (NPS) and local measures. Advance Kelsian Group's interactions with key stakeholders, which include shareholders, government, and communities.	5% reduction in customer complaints in Transit Systems and a 60+% improvement in NPS for SeaLink. Further enhanced relationships with most key stakeholders during the year.	6.25% (62.50% outcome)
	TOTAL			55.50%

*The 'outcome' represents the Kelsian Boards' assessment of the actual achievement of the weighted performance measure out of 100% (max). In the example of Safety, this performance measure is weighted at 10% of the overall maximum STI value. The outcome for Safety is 0% of 100% (max), or the weighted performance measure is 0% of 10%, as shown above.

TABLE 6.2: STI Remuneration Payable to KMP for the current reporting period – STI achieved FY23

The following table outlines the percentage of each target STI achieved (and forfeited) in relation to the amount payable to each KMP for FY23

EXECUTIVE	TARGET STI OPPORTUNITY	MAX STI OPPORTUNITY	FINANCIAL			NON-FINANCIAL			% OF MAXIMUM STI AWARDED	
			WEIGHTING %	ACHIEVED %	FORFEITED %	WEIGHTING %	ACHIEVED %	FORFEITED %	STI AWARDED	STI AWARDED
C Feuerherdt	\$526,105	\$789,157	50%	56.0%	44.0%	50%	55.0%	45.0%	55.5%	\$437,982
A Muir	\$202,227	\$303,340	50%	56.0%	44.0%	50%	60.0%	40.0%	58.0%	\$175,937
G Legh	\$212,215	\$318,322	50%	56.0%	44.0%	50%	80.0%	20.0%	68.0%	\$216,459
R Carpenter	\$77,625	\$116,438	50%	56.0%	44.0%	50%	55.3%	44.8%	55.6%	\$64,768
M McGee*	\$43,000	\$64,500	50%	22.4%	77.6%	50%	77.6%	22.4%	50.0%	\$32,250
D Gauci	\$74,247	\$111,370	50%	82.4%	17.6%	50%	52.0%	48.0%	67.2%	\$74,842
W Toh	\$95,737	\$143,605	50%	22.4%	77.6%	50%	43.0%	57.0%	32.7%	\$46,959
W Trimarco**	\$0	\$0	0.0%	0.0%	N/A	0.0%	0.0%	N/A	0.0%	\$0
G Balkin***	\$0	\$0	0.0%	0.0%	N/A	0.0%	0.0%	N/A	0.0%	\$0

* Appointed 12 December 2022 - half year award; ** No award - Appointed 1 June 2023; *** No award - Resigned 16 December 2022.

LTI Outcomes

The LTI award granted in FY21 consisted of two performance measures, EPS CAGR annualised (50% weighting) and index TSR relative to the performance of the ASX300 Total Return Index (50% weighting). The vesting scales are as below:

EPS CAGR (ANNUALISED) OF KELSIAN	PERCENTAGE OF PERFORMANCE RIGHTS THAT VEST
Less than 10%	Nil
10%	50% of Rights vest
Greater than 10% but less than 12%	Between 50% and 100% of Rights vest
12% and above	100% of rights vest

Note the Board has the discretion to normalise EPS results by making adjustments to normalise results as it may see fit in assessing this calculation. As statutory NPATA has been adopted as a consistent measure of EPS CAGR no discretion to normalise EPS has been applied to the assessment of achievement for rights issued in FY21.

TSR OF KELSIAN RELATIVE TO ASX300 TOTAL RETURN INDEX	PERCENTAGE OF PERFORMANCE RIGHTS THAT VEST
Less than Index TSR	Nil
Index TSR	50% of Rights vest
Greater than Index TSR but less than 10% above Index TSR	Between 50% and 100% of Rights vest pro-rata
Greater than Index TSR + 10%	100% of rights vest

The index TSR tranche resulted in the TSR of Kelsian outperforming the ASX300 Total Return Index of 36.1% and exceeding the stretch requirement of 10% above the TSR index percentage (Kelsian TSR was 69.7% for the performance period). This resulted in 100% of the TSR tranche vesting.

The EPS CAGR annualised, based on statutory NPATA, is approximately 63%, which is above the stretch requirement of 12.0%. This resulted in 100% of the EPS CAGR tranche vesting.

The calculation of EPS CAGR for Kelsian is set to ensure that the measure is fit for purpose and reflects alignment with shareholder value creation. Accounting standards require Kelsian to recognise and amortise identifiable goodwill (customer contracts) for acquisitions such as Transit Systems where we recognised \$142.9 million of contracts. The recent AAAHI acquisition has seen \$133.8 million of

customer contracts recognised in the financial statements. The non-cash amortisation charge is excluded (i.e., added back) to statutory NPAT to determine EPS. Kelsian's dividend policy specifically adds this non-cash amortisation chargeback when determining the dividend payout ratio. The Board has, as a result, determined that the NPATA statutory results be used to assess the achievement of EPS CAGR each year for EPS tranche assessment.

Further details on the vested awards can be found in the table in section 8.

The Board also retains the discretion to increase or decrease the extent of vesting in relation to each Tranche of Performance Rights if it forms the view that it is appropriate to do so given the circumstances that prevailed during the Measurement Period. No such discretion has been applied in FY23.

7. EXECUTIVE AND NED REMUNERATION

TABLE 7.1: Group CEO and Executive KMP employment termination conditions

CONTRACT TERM	GROUP CEO	OTHER EXECUTIVES
Contract Type	Permanent	Permanent
Notice Period by Kelsian	6 Months	2–4 Months
Notice Period by Executive	6 Months	2–4 Months
Termination Payment	<p>All Executives have termination benefits that are within the limit allowed by the Corporations Act 2001 without security holder approval.</p> <p>Specifically, in the case where the Executive is not employed for the full period of notice, a payment in lieu of notice may be made.</p> <p>The payment in lieu of notice is based on fixed remuneration unless other arrangements are required to align with applicable local employment legislation and rules.</p>	

Remuneration Framework and Details for Non-Executive Directors (NEDs)

(i) Objectives

The key objectives of Kelsian's NED Remuneration Framework are to:

- Secure and retain talented and qualified Directors – fee levels are set with regard to time commitment and workload, experience and expertise, risk and responsibility of the role, and market benchmarking of listed companies with a similar market capitalisation;
- Promote independence and impartiality – fee levels do not vary according to the performance of the Group; and
- Align Director and shareholder interests – Kelsian encourage its NEDs to build a long-term stake in the Group and Directors can acquire shares through acquisition on the market during permitted trading windows.

(ii) Details

NED fees are reviewed annually by the People, Culture & Remuneration Committee. The People, Culture & Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure NED fees and payments are appropriate and in line with the market.

NEDs do not receive share options, other incentives, or retirement benefits. For FY23 there were no additional fees for chairing or serving on a sub-committee of the Board. However, to reflect the additional Director responsibilities and time commitments of Neil Smith related to the AAAHI acquisition, an additional fee was paid during FY23 of \$78,000.

After considering the strategic importance of Board oversight of significant projects and initiatives, the Board may from time to time allocate additional responsibilities and commensurate fees to nominated directors.

NEDs are entitled to be reimbursed for all business-related expenses.

The remuneration of NEDs consists of Director fees, inclusive of statutory superannuation, which for FY23 were as follows, on an annualised basis:

- Chair receives; \$233,224;
- Deputy Chair receives; \$159,018; and
- All other NEDs receive \$126,979.

The increase in fixed remuneration of NEDs for FY23 was 3.97%, which includes the 0.5% increase in Superannuation Guarantee Charge where applicable. In addition, Fiona Hele received an increase to the Deputy Chair Director fee from August 2022.

For FY24, Committee fees have been introduced for NED chairing and serving on the Audit, Risk & Sustainability Committee and People, Culture & Remuneration Committee with effect from 1 July 2023. For FY24 the Board Chair remuneration has been adjusted in line with benchmarked data to an annual payment of \$262,500 inclusive of all sub-committee activities and superannuation contributions. No increase to FY24 base NED fees has been made other than as outlined above for the Chair and passing through the FY24 increase in the Superannuation Guarantee Charge applicable to Australian Directors (or the equivalent if located overseas).

With respect to the NED Remuneration Principles, adopted by Kelsian, every two years a more detailed market review and benchmarking analysis of Director remuneration is undertaken including with appropriate use of external reports and input from independent remuneration experts. This work commenced in FY23 and will be completed during FY24.

In accordance with Kelsian's Constitution and ASX Listing Rules, the aggregate amount paid to all NEDs must not exceed the maximum determined and approved by shareholders in a General Meeting.

The most recent determination of the maximum aggregate remuneration ('pool') for NEDs was at the General Meeting of shareholders held on 18 December 2019, where the shareholders approved a pool of \$1.25 million. The total Directors' fees paid for FY23 were \$1,118,538 which is less than the maximum approved pool.

TABLE 7.2: NED remuneration for the years ended 30 June 2022 and 30 June 2023

Details of the nature and amount of each major element of the remuneration paid or payable to each Director are:

NON-EXECUTIVE DIRECTOR	YEAR	DIRECTOR FEE	SHORT TERM INCENTIVE	NON-MONETARY BENEFITS	OTHER	SUPER	LONG TERM BENEFIT LSL	PERFORM. RIGHTS/ OPTIONS	TOTAL
J Ellison AM	2023	210,674	-	-	-	22,121	-	-	232,795
	2022	203,927	-	-	-	20,393	-	-	224,319
F Hele*	2023	139,156	-	-	-	14,611	-	-	153,768
	2022	111,233	-	-	-	11,123	-	-	122,356
C Smerdon	2023	114,913	-	-	-	12,066	-	-	126,979
	2022	111,233	-	-	-	11,123	-	-	122,356
T Dodd	2023	114,913	-	-	-	12,066	-	-	126,979
	2022	111,233	-	-	-	11,123	-	-	122,356
N Smith^	2023	126,979	-	-	78,000	-	-	-	204,979
	2022	122,356	-	-	-	-	-	-	122,356
L Hockridge	2023	114,913	-	-	-	12,066	-	-	126,979
	2022	111,233	-	-	-	11,123	-	-	122,356
D Grady AO**	2023	94,315	-	-	-	9,903	-	-	104,218
	2022	-	-	-	-	-	-	-	-
A Staines OAM***	2023	37,867	-	-	-	3,976	-	-	41,843
	2022	111,233	-	-	-	11,123	-	-	122,356

* Appointed Deputy Chair 24 August 2022; ** Appointed 1 September 2022; *** Retired 25 October 2022.

^ Other remuneration relates to additional fees for involvement in AAAHI Acquisition.

7. EXECUTIVE AND NED REMUNERATION CONTINUED**TABLE 7.3: Executive remuneration for the years ended 30 June 2022 and 30 June 2023**

Details of the nature and amount of each major element of the remuneration paid or payable to each Executive are:

EXECUTIVE	YEAR	SALARY	SHORT TERM INCENTIVE	NON-MONETARY BENEFITS	OTHER	SUPER	LONG TERM BENEFIT LSL	DEFERRED SHORT TERM INCENTIVE	PERFORM. RIGHTS	TOTAL
C Feuerherdt [^]	2023	875,701	327,500	20,953	200,000	27,500	48,660	110,482	392,623	2,003,419
	2022	848,586	648,100	29,018	-	27,500	48,610	-	475,272	2,077,085
A Muir [^]	2023	432,779	133,469	-	150,000	27,167	22,828	42,468	110,004	918,716
	2022	418,450	260,842	-	-	25,000	21,998	-	116,416	842,707
G Legh [^]	2023	454,155	171,894	17,458	150,000	27,273	16,090	44,565	206,321	1,087,755
	2022	436,906	267,575	20,629	-	25,000	11,672	-	243,266	1,005,048
R Carpenter	2023	387,620	48,467	-	-	26,941	2,970	16,301	33,088	515,387
	2022	371,819	102,375	-	-	25,000	995	-	15,017	515,206
M McGee*	2023	233,192	28,638	-	-	14,556	176	3,612	16,455	296,630
	2022	-	-	-	-	-	-	-	-	-
D Gauci	2023	380,745	51,899	-	-	26,857	9,932	22,943	56,020	548,395
	2022	366,987	51,650	-	-	25,000	9,634	-	65,427	518,698
W Toh	2023	552,665	38,917	-	-	15,427	-	8,042	23,907	638,958
	2022	486,190	131,817	-	182,376	9,730	-	-	16,574	826,687
W Trimarco**	2023	81,820	-	2,115	-	-	-	-	-	83,935
	2022	-	-	-	-	-	-	-	-	-
G Balkin***	2023	243,245	-	30,261	-	12,646	1,901	-	-	288,054
	2022	327,188	59,378	33,674	-	23,568	9,808	-	36,106	489,721

* Appointed 12 December 2022; ** Appointed 1 June 2023, (Note that Mr William Trimarco's remuneration mix reflects those of the previous owner of AAAHI and does not reflect the Kelsian Remuneration Framework); *** Resigned 16 December 2022; ^ AAAHI Acquisition STI Payment (50% of the payment is deferred for twelve months subject to meeting certain AAAHI financial outcomes); and ^^ Sembawang Yishun Contract Bonus Payment.

TABLE 7.3 Explanatory Notes:

- Non-monetary benefits represent the inclusion of reportable fringe benefits (such as the provision of motor vehicles)
- Short Term Incentive represents the cash component of the STI. STI cash is paid after the end of the financial year to which it relates but is allocated to the earning year.
- Introduced in FY23, the balance of the STI is Deferred Short Term Incentive.

8. OPTIONS, SHAREHOLDINGS AND PERFORMANCE RIGHTS OF KMP

There were no Options granted, awarded/forfeited, or exercised by KMP in FY22 or FY23.

TABLE 8.1: Shareholdings held by KMP in previous and current reporting years

DIRECTORS	BALANCE AT THE BEGINNING OF YEAR	EXERCISE OF RIGHTS	ACQUIRED / (SOLD)	BALANCE AT YEAR END #
J Ellison AM	5,049,769	-	479,973	5,529,742
F Hele*	38,172	-	15,668	53,840
C Smerdon	5,686,875	-	411,993	6,098,868
T Dodd	5,386,578	-	432,432	5,819,010
N Smith	25,444,556	-	542,016	25,986,572
L Hockridge	100,000	-	11,765	111,765
D Grady AO**	-	-	19,559	19,559
A Staines OAM***	-	-	-	-
OTHER KMP				
C Feuerherdt	5,044,171	156,392	779,478	5,980,041
A Muir	100,000	31,904	19,431	151,335
G Legh	60,000	78,196	69,064	207,260
R Carpenter	-	-	-	-
M McGee^	-	-	-	-
D Gauci	31,250	21,269	-	52,519
W Toh	30,000	-	15,847	45,847
W Trimarco ^^	-	-	259,009	259,009
TOTAL	46,971,371	-	3,056,235	50,315,367

* Appointed Deputy Chair 24 August 2022; ** Appointed 1 September 2022; *** Retired 25 October 2022.

^ Appointed 12 December 2022; ^^ Appointed 1 June 2023.

The balance reflects the number of shares held as of 30 June 2023.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those Kelsian would have adopted if dealing on an arm's length basis.

Performance Rights are generally granted to Executive KMP as part of an LTI Plan. When a participant ceases employment prior to the vesting of their Performance Rights or where the performance hurdle is not met, the Performance Rights are forfeited, unless and to the extent that the Board determines otherwise.

Should all conditions be met, one Ordinary Share is issued for each Performance Right at no consideration.

There was a total of 300,419 Performance Rights issued to Executives in the 12-month period to 30 June 2023 with 241,912 of those being issued to KMP. As of 30 June 2023, 722,711 Performance Rights in total remained outstanding.

There were no loans to Directors or Executives during the 2023 financial year.

8. OPTIONS, SHAREHOLDINGS AND PERFORMANCE RIGHTS OF KMP CONTINUED**TABLE 8.2: Performance Rights held by KMP in previous and current reporting**

KEY MANAGEMENT PERSONNEL	DATE OF GRANT	PERFORMANCE RIGHTS ON ISSUE 30 JUNE 2022	FAIR VALUE PER PR \$	GRANTED	VESTED/ EXERCISED	PERFORMANCE RIGHTS ON ISSUE 30 JUNE 2023	VESTING DATE
C Feuerherdt	12/06/2020	156,392	-	-	156,392	-	31/08/2022
	21/12/2020	100,604	-	-	-	100,604	31/08/2023
	25/10/2021	60,115	-	-	-	60,115	31/08/2024
	6/12/2022	-	3.1095	109,622	-	109,622	31/08/2025
Total		317,111		109,622		270,341	
Total \$				340,870			
A Muir	12/06/2020	31,904	-	-	31,904	-	31/08/2022
	21/12/2020	27,666	-	-	-	27,666	31/08/2023
	25/10/2021	16,328	-	-	-	16,328	31/08/2024
	27/09/2022	-	3.491	28,894	-	28,894	31/08/2025
Total		75,898		28,894	-	72,888	
Total \$				100,883			
G Legh	12/06/2020	78,196	-	-	78,196	-	31/08/2022
	21/12/2020	53,879	-	-	-	53,879	31/08/2023
	25/10/2021	29,688	-	-	-	29,688	31/08/2024
	27/09/2022	-	3.491	52,577	-	52,577	31/08/2025
Total		161,763		-	-	136,144	
Total \$				183,573			
R Carpenter	25/10/2021	8,775	-	-	-	24,302	31/08/2024
	27/09/2022	-	3.491	15,527	-	15,527	31/08/2025
Total		-		15,527	-	39,829	
Total \$		8,775		54,213			
M McGee	6/12/2022	-	3.491	14,139	-	14,139	31/08/2025
Total		-		14,139	-	14,139	
Total \$				49,366			
D Gauci	12/06/2020	21,269	-	-	21,269	-	31/08/2022
	21/12/2020	13,921	-	-	-	13,921	31/08/2023
	25/10/2021	8,393	-	-	-	8,393	31/08/2024
	27/09/2022	-	3.491	14,852	-	14,852	31/08/2025
Total		45,583		-	-	37,166	
Total \$				51,856			
W Toh	21/12/2020	6,036	-	-	-	6,036	31/08/2023
	25/10/2021	3,510	-	-	-	3,510	31/08/2024
	27/09/2022	-	3.491	6,301	-	6,301	31/08/2025
Total		9,546		6,301	-	15,847	
Total \$				22,000			

Disclosures required in the remuneration report by the Corporations Act, particularly the inclusion of accounting values for LTI Performance Rights awarded but not vested, can vary significantly from the remuneration actually paid to Executives. This is because Accounting Standards require a value to be placed on the Performance Rights at the time it is granted to an Executive and then reported as remuneration even if ultimately the Executive does not receive any actual value, for example, because performance conditions are not met, and the Performance Rights do not vest.

Signed in accordance with a resolution of the Directors.
On behalf of the Directors



Mr. L. Hockridge
Chair, People, Culture & Remuneration Committee
Kelsian Group Limited
30 August 2023

Auditor's Independence Declaration to the Directors of Kelsian Group Limited

As lead auditor for the audit of the financial report of Kelsian Group Limited for the financial year ended 30 June 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 audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kelsian Group Limited and the entities it controlled during the financial year.

Ernst + Young

Ernst & Young



David Sanders
Partner
30 August 2023



Electric Bus,
Tower Transit –
Singapore

GENERAL INFORMATION

The financial statements cover Kelsian Group Limited (formerly SeaLink Travel Group Limited) as a consolidated entity consisting of Kelsian Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Kelsian Group Limited's functional and presentation currency.

Kelsian Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 26 Flinders Street, Adelaide SA 5000

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 August 2023. The Directors have the power to amend and reissue the financial statements.

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KELSIAN GROUP LIMITED
STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2023

	Note	2023 \$'000	Consolidated 2022 Restated \$'000
Revenue from contracts with customers	5	1,417,840	1,297,409
Other income	6	13,475	21,243
Interest income		2,639	136
Expenses			
Direct operating expenses:			
Direct wages		(711,456)	(694,010)
Repairs and maintenance		(91,240)	(77,437)
Fuel		(147,797)	(111,539)
Commission		(8,279)	(3,987)
Meals and beverage		(17,608)	(10,720)
Tour costs		(8,923)	(4,166)
Depreciation		(42,867)	(37,654)
Depreciation - ROUA		(14,182)	(19,486)
Other direct expenses		(97,223)	(86,467)
Administration expenses:			
Indirect wages		(110,366)	(104,602)
General and administration		(71,274)	(58,166)
Marketing		(6,501)	(5,597)
Financing charges		(22,333)	(17,736)
Amortisation		(20,360)	(18,643)
Acquisition and transaction costs		(30,180)	(4,104)
Total expenses		(1,400,589)	(1,254,314)
Profit before income tax expense		33,365	64,474
Income tax expense	7	(12,366)	(11,564)
Profit after income tax expense for the year attributable to the owners of Kelsian Group Limited	28	20,999	52,910
		Cents	Cents
Basic earnings per share	43	9.1	24.2
Diluted earnings per share	43	9.0	24.2

Refer to note 3 for detailed information on Restatement of comparatives.

The above statement of profit or loss should be read in conjunction with the accompanying notes

KELSIAN GROUP LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Note	2023 \$'000	Consolidated 2022 Restated \$'000
Profit after income tax expense for the year attributable to the owners of Kelsian Group Limited	28	20,999	52,910
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		98	6,964
Foreign currency translation		22,721	5,832
Other comprehensive income/(loss) for the year, net of tax		22,819	12,796
Total comprehensive income/(loss) for the year attributable to the owners of Kelsian Group Limited		43,818	65,706

Refer to note 3 for detailed information on Restatement of comparatives.

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The above statement of other comprehensive income should be read in conjunction with the accompanying notes

FINANCIAL REPORT

KELSIAN GROUP LIMITED STATEMENT OF FINANCIAL POSITION As at 30 June 2023

	Note	2023 \$'000	2022 Restated \$'000	Consolidated 1 July 2021 Restated \$'000
Assets				
Current assets				
Cash and cash equivalents	8	157,939	141,093	103,497
Trade and other receivables	9	166,939	118,602	92,319
Inventories	10	27,338	19,338	14,308
Derivative financial assets	12	4,543	3,211	549
Income tax refund due	7	2,897	-	-
Other assets	13	22,111	20,869	16,716
		381,767	303,113	227,389
Non-current assets classified as held for sale	14	-	7,657	-
Total current assets		381,767	310,770	227,389
Non-current assets				
Derivative financial assets	12	2,519	3,711	-
Other financial assets	15	-	948	-
Property, plant and equipment	16	656,443	404,818	373,375
Right-of-use assets	11	135,614	105,897	149,604
Intangibles	17	989,316	584,820	563,008
Other assets	13	12,407	12,622	-
Total non-current assets		1,796,299	1,112,816	1,085,987
Total assets		2,178,066	1,423,586	1,313,376
Liabilities				
Current liabilities				
Trade and other payables	18	91,344	67,162	66,285
Contract liabilities	19	14,634	14,354	12,991
Borrowings	20	-	19,411	19,477
Lease liabilities	21	15,200	11,579	15,951
Derivative financial liabilities		-	-	1,283
Income tax	7	-	3,057	13,170
Employee benefits	22	97,340	92,635	90,112
Provisions	23	40,101	27,589	35,259
Other liabilities	24	96,240	79,156	40,303
		354,859	314,943	294,831
Liabilities directly associated with assets classified as held for sale	25	-	997	-
Total current liabilities		354,859	315,940	294,831
Non-current liabilities				
Borrowings	20	677,755	345,000	284,845
Lease liabilities	21	113,425	83,128	87,768
Derivative financial liabilities		-	-	2,292
Deferred tax liabilities	7	100,559	21,310	13,541
Employee benefits	22	7,763	8,451	9,606
Other liabilities	24	98	9,745	12,387
Total non-current liabilities		899,600	467,634	410,439
Total liabilities		1,254,459	783,574	705,270
Net assets		923,607	640,012	608,106

The above statement of financial position should be read in conjunction with the accompanying notes

KELSIAN GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	2023 \$'000	2022 Restated \$'000	Consolidated 1 July 2021 Restated \$'000
Equity				
Issued capital	26	849,943	572,377	572,377
Reserves	27	27,260	5,078	(8,862)
Retained profits	28	46,401	62,554	44,588
Equity attributable to the owners of Kelsian Group Limited		923,604	640,009	608,103
Non-controlling interest	29	3	3	3
Total equity		923,607	640,012	608,106

Refer to note 3 for detailed information on Restatement of comparatives.

The above statement of financial position should be read in conjunction with the accompanying notes

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KELSIA GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2021	572,377	(8,862)	44,588	3	608,106
Profit after income tax expense for the year	-	-	52,910	-	52,910
Other comprehensive income/(loss) for the year, net of tax	-	12,796	-	-	12,796
Total comprehensive income/(loss) for the year	-	12,796	52,910	-	65,706
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 44)	-	1,144	-	-	1,144
Dividends paid (note 30)	-	-	(34,944)	-	(34,944)
Balance at 30 June 2022	572,377	5,078	62,554	3	640,012

Refer to note 3 for detailed information on Restatement of comparatives.

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	572,377	5,078	62,554	3	640,012
Profit after income tax expense for the year	-	-	20,999	-	20,999
Other comprehensive income/(loss) for the year, net of tax	-	22,819	-	-	22,819
Total comprehensive income/(loss) for the year	-	22,819	20,999	-	43,818
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 26)	276,788	-	-	-	276,788
Share-based payments - non cash (note 44)	-	1,009	-	-	1,009
Employee rights converted (note 44)	778	(1,646)	-	-	(868)
Dividends paid (note 30)	-	-	(37,152)	-	(37,152)
Balance at 30 June 2023	849,943	27,260	46,401	3	923,607

The above statement of changes in equity should be read in conjunction with the accompanying notes

KELSIAN GROUP LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	2023 \$'000	Consolidated 2022 Restated \$'000
Cash flows from operating activities			
Receipts from customers		1,423,342	1,313,894
Payments to suppliers and employees*		(1,261,197)	(1,180,581)
		162,145	133,313
Interest received		2,639	136
Other income		9,661	21,243
Interest and other finance costs paid		(22,015)	(15,682)
Income taxes paid		(23,450)	(23,974)
Net cash from operating activities	42	128,980	115,036
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	37	(543,371)	(68,027)
Payments for prior period's business acquisition	24	(20,134)	-
Payments for property, plant and equipment	16	(100,169)	(43,108)
Payments for intangibles	17	(763)	(1,183)
Proceeds from disposal of business		-	17,634
Proceeds from disposal of property, plant and equipment		14,200	8,602
Net cash used in investing activities		(650,237)	(86,082)
Cash flows from financing activities			
Proceeds from issue of shares	26	274,876	-
Drawdown of facilities		332,755	79,000
Payments for leases		(13,932)	(15,634)
Repayment of vendor loan		(20,000)	(20,000)
Movements in equity - other		(868)	-
Dividends paid	30	(37,152)	(34,944)
Net cash from financing activities		535,679	8,422
Net increase in cash and cash equivalents		14,422	37,376
Cash and cash equivalents at the beginning of the financial year		141,093	103,497
Effects of exchange rate changes on cash and cash equivalents		2,424	220
Cash and cash equivalents at the end of the financial year	8	157,939	141,093

* Included in FY23 operating cashflows are \$27.2m acquisition costs (of the total \$30.2m expensed).

The above statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period and relevant.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. These standards are outlined below. The impact of the standards not yet mandatory is not expected to be material for the Group.

The following Accounting Standards and Interpretations are not yet mandatory until their effective date as disclosed below.

- AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Noncurrent (1 July 2023)
- AASB 2021-5 Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 July 2023)
- AASB 2022-1 Amendments to AASs – Initial Application of AASB 17 and AASB 9 – Comparative Information (1 July 2023)
- AASB 2022-5 Amendments to AASs – Lease Liability in a Sale and Leaseback (1 July 2023)
- AASB 2023-1 Amendments to AASs – Amendments to AASB 107 and AASB 7 – Disclosures of Supplier Finance Arrangements (1 July 2024)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

From time to time comparative balances are restated to better align with current year classification or for compliance with the Group's accounting policies.

Comparatives have been restated to adjust for \$2.6m reclassified from Indirect wages to Direct wages in the Australian Bus segment. In addition, \$8.4m of rechargeable costs have been reclassified from General and Administration expenses to Other Direct expenses for the International Bus segment. There is no impact on the Group's reported profit or net operating cashflows for the comparative periods.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern

The financial statements are prepared on a going concern basis. As at 30 June 2023, the Consolidated Statement of Financial Position reflected net current assets of \$26.9m (2022:(\$5.2m)).

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 36.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kelsian Group Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Kelsian Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Kelsian Group Limited's functional and presentation currency.

Note 1. Significant accounting policies (continued)

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Good transferred at a point in time

Revenue from the transport of passengers, freight and accommodation is recognised at the time of delivery of the service to the customer. This is the time where the control is transferred and when each separate performance obligation in the customer contract is fulfilled given the short time services are provided (less than a day). This typically occurs on a departure date or booking date basis whereby customers who have paid for services have actually departed on those travel or accommodation services. The revenue is recognised in the month of the departure date.

Some of the ferry and freight transportation have a series of performance obligations, but as the duration of these are short term the impact from splitting these contract into "distinct services" does not have material impact.

Revenue in relation to retailing of travel services is recognised on a gross basis when customers have paid for their travel services.

Revenue is recognised at the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer, excluding GST and after deduction of trade discounts. Trade Receivables typically do not contain a significant financing component. The general credit terms are overall short and aligned with market terms.

Accounting estimates and judgements are made in order to determine time of delivery and account for income accruals when it is deferred. These accounting estimates and judgements are based on experience and continuous follow-up on services delivered.

Services transferred over time

Revenue from bus contracts to provide services is recognised over time as the services are delivered based on agreed contractual rates for delivery of the defined services. If services are increased or decreased, a pre-determined contractual adjustment on a per kilometre basis is made against the contractual rates.

Contract revenue includes the revenue from any pre-operational phase, initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Government grants

Revenue for government grants is recognised when you have reasonable assurance that the obligations under the government grant will be satisfied. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1. Significant accounting policies (continued)

The parent entity and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the parent entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the parent entity.

Current and non-current classification

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement between 30-60 days.

The consolidated entity has established a provision matrix that is based on its historical loss experience, adjusted for forward looking factors specific for the debtors and the economic environment. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If cashflow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cashflows are still expected to occur and released to profit or loss when the forecast transaction occurs. Otherwise the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Note 1. Significant accounting policies (continued)**Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	14-60 years
Leasehold improvements	4-22 years
Plant and equipment	3-30 years
Vessels	5-25 years
Motor vehicles	3-20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets (ROUA)

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 1. Significant accounting policies (continued)

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite life of between 1 to 10 years.

Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their estimated finite life of between 1 to 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets including right of use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-60 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset may fully written down after taking into account remaining lease term and any options to extend or terminate the agreement.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions are initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in the Statement of Profit or Loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Valuation techniques for fair value measurements categorised within levels 1 & 2

Level 1 and 2 financial assets and liabilities have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Valuation techniques for fair value measurements categorised within level 3

Level 3 financial assets and liabilities have been valued by using the discounted cash flows (DCF) method.

Note 1. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

From time to time comparative balances are restated to better align with current year classification or for compliance with the Group's accounting policies.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Kelsian Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. From time to time comparative balances are restated to better align with current year classification or for compliance with the Group's accounting policies. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Carrying value of property, plant & equipment

The Group has assessed the carrying value of its tangible assets at the reporting date for indicators of impairment and, where applicable, reviewed the measurement of the carrying value of such tangible assets.

Impairment of financial assets specifically trade receivables

The Group has reviewed the expected credit losses for its trade receivables balances. AASB 9 requires forward-looking information (including macroeconomic information) to be considered both when assessing whether there has been a significant increase in credit risk and when measuring expected credit losses.

Impairment of non-financial assets

Intangible assets comprise of goodwill and other intangible assets with both finite and indefinite lives. Consistent with the Group's accounting policies, it has evaluated the conditions specific to the Group and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss at 30 June 2023 (refer note 17).

Risk management

The Group's risk management framework continues to be applied and the CODM continue to monitor the Group's risk profile. Non-financial risks emerging from global and local movement restrictions, liquidity, remote working by our staff, counterparties, clients and suppliers, are being identified, assessed, managed and governed through timely application of Group's risk management framework.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Estimation of unregulated revenue for bus contracts

The Company has contracts with different government bodies to provide bus and ferry services across the Group. Management have assessed that where unregulated services are permitted under the respective contracts and such revenue streams are expected at contract inception to contribute to significant unregulated revenue compared to the total contract revenue, for the arrangement to fall out of scope of AASB Interpretation 12 'Service Concession Arrangements' (AASB Interpretation 12). The Company has exercised judgement on what is considered 'significant' in respect to unregulated revenue to cause a whole arrangement to fall out of scope of AASB Interpretation 12.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The Group applies judgement in estimating future taxable profits from internal budgets and forecasts. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date, a key judgement of which is the identification, recognition and measurement of intangible assets recognised on acquisition. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Restatement of comparatives

Change in accounting

The Company has reviewed the recording of their lease payments in the International Bus segment (Singapore). Previously, lease payments made to the Singapore Land Transport Authority ("SLTA") for the use of buses to service contracts were recorded on a gross basis with right of use assets and associated lease liabilities being recorded on the balance sheet. As the lease payments to SLTA are ultimately re-funded, the arrangement will now be recorded on a net basis, resulting in the relevant right of use assets and lease liability being de-recognised from the balance sheet. No impact on Net Profit before Tax, Net Profit after Tax, net cashflows, net assets, financial covenants or Kelsian operations or prospects of the Company.

Statement of profit or loss and other comprehensive income

	2022 \$'000 Reported	2022 \$'000 Adjustment	Consolidated 2022 \$'000 Restated
Extract			
Revenue from contracts with customers	1,324,672	(27,263)	1,297,409
Expenses			
Depreciation - ROUA	(42,978)	23,492	(19,486)
Other direct expenses	(78,073)	(8,394)	(86,467)
Administration expenses:			
Indirect wages	(104,807)	205	(104,602)
General and administration	(66,355)	8,189	(58,166)
Financing charges	(21,507)	3,771	(17,736)
Profit before income tax expense	64,474	-	64,474
Income tax expense	(11,564)	-	(11,564)
Profit after income tax expense for the year attributable to the owners of Kelsian Group Limited	52,910	-	52,910
Other comprehensive income/(loss) for the year, net of tax	12,796	-	12,796
Total comprehensive income/(loss) for the year attributable to the owners of Kelsian Group Limited	65,706	-	65,706

Note 3. Restatement of comparatives (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	24.2	-	24.2
Diluted earnings per share	24.2	-	24.2

Statement of cash flows

For the prior period ended 30 June 2022 the net impact to the Statement of Cashflows of the change in accounting for leases was an increase in Payments to suppliers and employees (inclusive of net GST) of \$27.3m and a reduction in financing charges of \$3.8m (both in Net cash from operating activities) with a reduction of \$23.5m in Payments for leases (Cash flows from financing activities).

Statement of financial position at the beginning of the earliest comparative period

	1 July 2021 \$'000 Reported	Consolidated 1 July 2021 \$'000 Adjustment	Consolidated 1 July 2021 \$'000 Restated
Extract			
Assets			
Current assets			
Trade and other receivables	92,398	(79)	92,319
Total current assets	227,468	(79)	227,389
Non-current assets			
Right-of-use assets	206,119	(56,515)	149,604
Total non-current assets	1,142,502	(56,515)	1,085,987
Total assets	1,369,970	(56,594)	1,313,376
Liabilities			
Current liabilities			
Lease liabilities	27,193	(11,242)	15,951
Total current liabilities	306,073	(11,242)	294,831
Non-current liabilities			
Lease liabilities	133,120	(45,352)	87,768
Total non-current liabilities	455,791	(45,352)	410,439
Total liabilities	761,864	(56,594)	705,270
Net assets	608,106	-	608,106

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

Extract	2022 \$'000 Reported	Consolidated 2022 \$'000 Adjustment	Consolidated 2022 \$'000 Restated
Assets			
Current assets			
Trade and other receivables	119,900	(1,298)	118,602
Total current assets	312,068	(1,298)	310,770
Non-current assets			
Right-of-use assets	209,888	(103,991)	105,897
Total non-current assets	1,216,807	(103,991)	1,112,816
Total assets	1,528,875	(105,289)	1,423,586
Liabilities			
Current liabilities			
Lease liabilities	37,071	(25,492)	11,579
Total current liabilities	341,431	(25,491)	315,940
Non-current liabilities			
Lease liabilities	162,925	(79,797)	83,128
Total non-current liabilities	547,431	(79,797)	467,634
Total liabilities	888,862	(105,288)	783,574
Net assets	640,012	(0)	640,012
Equity			
Retained profits	62,554	(0)	62,554
Total equity	640,012	(0)	640,012

Note 4. Operating segments

Identification of reportable operating segments

For management purposes the consolidated entity is organised into four operating segments. The principal products and services of each of these operating segments are as follows:

Marine & Tourism – operates vehicle and passenger ferry services, barging, coach tours and package holidays, lunch, dinner and charter cruises and accommodation facilities throughout Australia;

Australian Bus – operates metropolitan public bus services on behalf of governments in Sydney, Melbourne, Perth and Adelaide. Operates regional and remote bus services supporting the resources sector in Western Australia. Operates charter bus services in the Northern Territory.

International Bus – operates metropolitan public bus services on behalf of governments in London, Channel Islands and Singapore; Operates charter coaches for corporates, local and federal government and education sectors in the United States of America.

Corporate (Head Office) – provides finance, domestic and international sales and marketing, information and technology, business development, fleet management, health and safety and administration and risk management support.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors and Executive Committee (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Note 4. Operating segments (continued)

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Current taxes and deferred taxes are not allocated to the individual segments below as the underlying instruments are managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

Transfer pricing between operating segments is on an arm's length basis in a manner similar to transactions with third parties and inter-segment revenues are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

During the year ended 30 June 2023, approximately 72.0% (2022: 83.0%) of the consolidated entity's external revenue was derived from sales to governments.

Operating segment information

	Marine and Tourism \$'000	Australian Bus \$'000	International Bus \$'000	Corporate \$'000	Total \$'000
Consolidated - 2023					
Revenue					
Sales to external customers	329,390	845,014	243,436	-	1,417,840
Interest received	230	997	14	1,398	2,639
Total revenue	329,620	846,011	243,450	1,398	1,420,479
EBITDA	72,867	104,089	14,062	(29,170)	161,848
Depreciation	(16,718)	(19,971)	(5,799)	(379)	(42,867)
Depreciation ROUA	(2,449)	(8,712)	(2,382)	(638)	(14,181)
Amortisation of customer contracts	(426)	(17,080)	(2,854)	-	(20,360)
Net finance costs	(99)	(1,855)	(1,860)	(15,880)	(19,694)
Acquisition and transaction costs	(33)	(1,618)	(17,055)	(11,475)	(30,181)
Net foreign exchange gain/(loss)	-	-	-	(1,442)	(1,442)
Net gain on investment	-	-	242	-	242
Profit/(loss) before income tax expense	53,142	54,853	(15,646)	(58,984)	33,365
Income tax expense					(12,366)
Profit after income tax expense					20,999
Assets					
Segment assets	331,899	747,940	963,734	134,493	2,178,066
Total assets					2,178,066
Liabilities					
Segment liabilities	75,220	224,647	144,086	709,947	1,153,900
<i>Unallocated liabilities:</i>					
Deferred tax liability					100,559
Total liabilities					1,254,459

Note 4. Operating segments (continued)

Restated	Marine and Tourism \$'000	Australian Bus \$'000	International Bus \$'000	Corporate \$'000	Total \$'000
Consolidated - 2022					
Revenue					
Sales to external customers	252,608	803,913	240,888	-	1,297,409
Interest received	2	96	-	38	136
Total revenue	252,610	804,009	240,888	38	1,297,545
EBITDA	55,358	109,007	14,214	(22,541)	156,038
Depreciation	(15,419)	(20,263)	(1,644)	(328)	(37,654)
Depreciation ROUA	(2,663)	(6,362)	(9,728)	(733)	(19,486)
Amortisation of customer contracts	(610)	(18,033)	-	-	(18,643)
Net finance costs	(456)	(2,717)	(1,896)	(12,666)	(17,735)
Business acquisition expenses	(15)	(13)	(1,132)	(2,944)	(4,104)
Revaluation of deferred consideration	-	-	-	1,098	1,098
Net gain on investment	-	-	4,960	-	4,960
Profit/(loss) before income tax expense	36,195	61,619	4,774	(38,114)	64,474
Income tax expense					(11,564)
Profit after income tax expense					52,910
Assets					
Segment assets	299,108	798,889	262,646	62,943	1,423,586
Total assets					1,423,586
Liabilities					
Segment liabilities	72,230	211,803	60,105	418,126	762,264
<i>Unallocated liabilities:</i>					
Deferred tax liability					21,310
Total liabilities					783,574
Geographical information					
	Sales to external customers 2022 Restated \$'000		Geographical non-current assets 2022 Restated \$'000		
Australia	1,174,404	1,056,521	1,002,015	904,816	
Singapore	185,179	156,164	124,096	125,353	
United Kingdom	25,665	84,724	71,044	82,648	
United States	31,845	-	599,144	-	
	1,417,093	1,297,409	1,796,299	1,112,817	

The geographical non-current assets above are exclusive of, where applicable, financial instruments and deferred tax assets.

Note 5. Revenue from contracts with customers

	2023	Consolidated 2022
	\$'000	\$'000
Goods transferred at a point in time	313,596	224,989
Services transferred over time	1,104,244	1,072,420
Revenue from contracts with customers	1,417,840	1,297,409

Due to a change in accounting there was a restatement in relation to the International segment. Refer note 3 for further details.

Note 6. Other income

	2023	Consolidated 2022
	\$'000	\$'000
Net gain on investments	241	4,970
Gain on disposal of property, plant and equipment	3,814	-
Other income	9,420	16,273
Other income	13,475	21,243

Other income earned includes grants, rebates and other sundry items. Prior year Other income earned also included some Covid relief, favourable derivative movement and insurance proceeds \$5.2m.

Note 7. Income tax

	2023	Consolidated 2022
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	13,879	13,087
Deferred tax - origination and reversal of temporary differences	(1,959)	(769)
Adjustment recognised for prior periods	446	(754)
Aggregate income tax expense	12,366	11,564
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(1,959)	(769)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	33,365	64,474
Tax at the statutory tax rate of 30%	10,010	19,342
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based expenses	303	343
Non-taxable income	(4,478)	(2,050)
Tax effect of other non-assessable foreign income	(515)	(7,688)
Other non-deductible expenses	5,615	573
	10,935	10,520
Adjustment recognised for prior periods	446	(754)
Difference in overseas tax rates	412	(1,723)
Transferred losses	324	1,870
Deferred adjustment recognised for prior periods	1,020	1,180
Other	(771)	471
Income tax expense	12,366	11,564
	2023	Consolidated 2022
	\$'000	\$'000
<i>Amounts charged/(credited) directly to equity</i>		
Deferred tax assets	(3,009)	2,981

Note 7. Income tax (continued)

	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,168	1,587
Allowance for expected credit losses	108	50
Employee benefits	32,842	32,160
Leases	22,119	23,431
Provisions	3,535	1,543
Property, plant and equipment	(96,766)	(51,399)
Customer contracts and other intangible assets	(69,339)	(28,066)
Other	6,893	1,461
	(98,440)	(19,233)
Amounts recognised in equity:		
Derivative financial instruments	(2,119)	(2,077)
Deferred tax liability	(100,559)	(21,310)
Movements:		
Opening balance	(21,310)	(13,541)
Credited to profit or loss	1,959	769
Credited/(charged) to equity	3,009	(2,981)
Additions through business combinations (note 37)	(84,217)	-
Other	-	(5,557)
Closing balance	(100,559)	(21,310)
	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Income tax refund due</i>		
Income tax refund due	2,897	-
	Consolidated	
	2023	2022
	\$'000	\$'000
<i>Provision for income tax payable</i>		
Provision for income tax payable	-	3,057

Note 8. Cash and cash equivalents

	2023	Consolidated 2022
	\$'000	\$'000
<i>Current assets</i>		
Cash on hand	847	729
Cash at bank	131,117	109,092
Cash on deposit	25,975	31,272
	157,939	141,093

Note 9. Trade and other receivables

	2023	Consolidated 2022
	\$'000	\$'000
<i>Current assets</i>		
Trade receivables	142,746	94,231
Less: Allowance for expected credit losses	(401)	(168)
	142,345	94,063
Other receivables	24,594	24,539
	166,939	118,602

Allowance for expected credit losses

Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance is made for trade receivables and other receivables as the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	-	-	107,086	109,967	-	-
0 to 1 month overdue	-	-	47,971	4,188	-	-
1 to 2 months overdue	-	-	7,427	1,189	-	-
2 to 3 months overdue	-	-	2,086	2,913	-	-
Over 3 months overdue	14.48%	32.74%	2,770	513	401	168
			167,340	118,770	401	168

Note 9. Trade and other receivables (continued)

Movements in the allowance for expected credit losses are as follows:

	2023	Consolidated 2022
	\$'000	\$'000
Opening balance	168	194
Additional provisions recognised	16	-
Additions through business combinations	235	-
Exchange differences	(4)	-
Receivables written off during the year as uncollectable	(14)	(26)
Closing balance	401	168

Note 10. Inventories

	2023	Consolidated 2022
	\$'000	\$'000
<i>Current assets</i>		
Goods held for resale - at cost	4,766	3,587
Less: Provision for impairment	(31)	(31)
	4,735	3,556
Fuel at cost	3,512	3,753
Spare parts at cost	20,605	12,299
Less: Provision for impairment	(1,514)	(270)
	27,338	19,338

The majority of the increase in the provision for impairment associated with spare parts at costs relates to the acquisition of the US operations.

Note 11. Right-of-use assets

	2023	Consolidated 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	111,884	72,776
Less: Accumulated depreciation	(28,329)	(20,919)
	83,555	51,857
Motor vehicles - right-of-use	59,181	57,824
Less: Accumulated depreciation	(7,122)	(3,784)
	52,059	54,040
	135,614	105,897

Note 11. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$'000	Motor vehicles \$'000	Total \$'000
Balance at 1 July 2021	107,010	40,804	147,814
Additions	8,979	65,312	74,291
Additions through business combinations (note 37)	3,851	-	3,851
Disposals	(54,854)	(40,401)	(95,255)
Exchange differences	(3,094)	(1,304)	(4,398)
Write off of assets	-	(255)	(255)
Transfers in/(out)	-	(961)	(961)
Depreciation expense	(10,035)	(9,155)	(19,190)
Balance at 30 June 2022	51,857	54,040	105,897
Additions	2,829	2,121	4,950
Additions through business combinations (note 37)	37,882	2,019	39,901
Exchange differences	645	(38)	607
Transfers in/(out)	(71)	(1,488)	(1,559)
Depreciation expense	(9,587)	(4,595)	(14,182)
Balance at 30 June 2023	83,555	52,059	135,614

Current year additions include \$2.0m (2022:\$42.8m) of operating leases for the electric bus infrastructure in NSW. Prior year included \$10.0m hire purchase financed replacement bus fleet program in Go West Tours. There was \$37.9m of leased property and \$2.0m of leased coaches as part of the All Aboard America! acquisition refer note 37.

Due to a change in accounting there was a restatement in relation to the International Bus segment. Refer note 3 for further details.

Note 12. Derivative financial assets

	2023 \$'000	Consolidated 2022 \$'000
<i>Current assets</i>		
Interest rate swap contracts - cash flow hedges	4,042	2,401
Fuel price swap contracts - cash flow hedges	501	810
	4,543	3,211
<i>Non-current assets</i>		
Interest rate swap contracts - cash flow hedges	2,519	3,711
	7,062	6,922

Refer to note 31 for further information on financial instruments.

Note 13. Other assets

	2023 \$'000	Consolidated 2022 \$'000
<i>Current assets</i>		
Prepayments	15,739	12,178
Deferred expenses	3,580	4,411
Other deposits	726	-
Deferred consideration receivable	1,316	1,846
Other current assets	750	2,434
	22,111	20,869
<i>Non-current assets</i>		
Deferred consideration receivable	12,407	12,622
	34,518	33,491

Deferred expenses relate to the new Singapore bus contract which commenced in September 2021 and will be amortised over the life of the contract.

Deferred consideration receivable relates to the divestment of the Lea interchange business in London in June 2022. The deferred component of the Lea interchange divestment will be payable in ten equal instalments of 1.0m Pound Sterling on the anniversary of the sale for the remaining 9 years and is shown at present value converted to Australian dollars.

Note 14. Non-current assets classified as held for sale

	2023 \$'000	Consolidated 2022 \$'000
Plant and equipment	-	113
Motor vehicles	-	7,271
Stock and parts	-	273
	-	7,657

Kelsian was unsuccessful with its tender for the new, expanded Darwin public bus services contract package and was therefore required to sell all of the operating assets (buses, fuel and spare parts) to the incoming operator on commencement of the new contract on 1 July 2022. The assets and liabilities held for sale were reported in the Australian Bus segment in prior year. Proceeds on sale of \$9.7m are included in cashflow in current year.

Note 15. Other financial assets

On 11 December 2021, Kelsian through its Tower Transit subsidiaries, Tower Transit Operations Ltd and Tower Transit Ltd, completed entry into an incorporated joint venture with RATP Dev UK Ltd called RATP Dev Transit London Ltd (Joint Venture Company) via transfer of net assets and liabilities. Kelsian's wholly owned subsidiary Tower Transit Ltd owns a 12.5% interest in the Joint Venture Company with a carrying value of \$0.0m.

The Joint Venture has been challenged by labour shortages and high inflationary environment in London and with little chance of dividend return in the short to medium term the small investment in the Joint Venture has been written down to nil.

Note 15. Other financial assets (continued)

	2023	Consolidated 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Shares in RATP Dev Transit London Ltd - at fair value	-	948

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	948	-
Additions	-	1,000
Revaluation decrements	(948)	-
Foreign currency translation	-	(52)
Closing carrying amount	-	948

The investment in RATP Dev Transit London Ltd is a level 3 financial instrument and changes in its fair value are determined with reference to a the discounted cash flow (DCF) model. The inputs used in the DCF calculations are derived from the approved business plan of the Joint Venture Company and management's assumption of an appropriate discount rate, terminal growth rate and associated volatility. As at 30 June 2023 management have reviewed the projected DCF calculations for the operations of the underlying investment and concluded that the fair value of the financial asset was not supported and has been reduced to nil.

Kelsian has accounted for this as an investment under AASB 9 Financial Instruments. The Group has made the election to present in Other Comprehensive Income (OCI) subsequent changes in the fair value of the investment.

Note 16. Property, plant and equipment

	2023	Consolidated 2022
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - at cost	115,803	88,970
Less: Accumulated depreciation	(9,651)	(7,257)
	106,152	81,713
Leasehold improvements - at cost	10,456	5,222
Less: Accumulated depreciation	(3,901)	(3,264)
	6,555	1,958
Plant and equipment - at cost	51,864	44,933
Less: Accumulated depreciation	(29,878)	(24,118)
	21,986	20,815
Motor vehicles - at cost	406,306	183,965
Less: Accumulated depreciation	(67,471)	(38,873)
	338,835	145,092
Vessels - at cost	235,846	221,098
Less: Accumulated depreciation	(86,243)	(75,725)
Less: Accumulated impairment	(2,526)	(3,908)
	147,077	141,465
Capital works in progress - at cost	35,838	13,775
	656,443	404,818

Note 16. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land & buildings \$'000	Leasehold improve \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Vessels \$'000	CWIP \$'000	Total \$'000
Balance at 1 July 2021	77,530	4,015	18,343	127,109	129,435	16,943	373,375
Additions	7,679	1,020	4,850	8,416	1,577	19,566	43,108
Additions through business combinations (note 37)	1,203	161	746	45,546	-	-	47,656
Classified as held for sale (note 14)	-	-	(113)	(7,271)	-	-	(7,384)
Disposals	(167)	(2,788)	(911)	(10,052)	(155)	-	(14,073)
Exchange differences	(1,404)	32	262	(61)	-	-	(1,171)
Transfers in/(out)	(1,934)	15	3,061	1,229	21,324	(22,734)	961
Depreciation expense	(1,194)	(497)	(5,423)	(19,824)	(10,716)	-	(37,654)
Balance at 30 June 2022	81,713	1,958	20,815	145,092	141,465	13,775	404,818
Additions	22,614	523	2,719	31,367	11,497	31,449	100,169
Additions through business combinations (note 37)	-	4,236	2,596	188,093	-	869	195,794
Disposals	(35)	(4)	(6)	(1,625)	(413)	(919)	(3,002)
Exchange differences	2,687	(5)	124	(3,072)	-	(16)	(282)
Write off of assets	-	(128)	-	-	-	-	(128)
Transfers in/(out)	646	314	1,660	2,296	6,345	(9,320)	1,941
Depreciation expense	(1,473)	(339)	(5,922)	(23,316)	(11,817)	-	(42,867)
Balance at 30 June 2023	106,152	6,555	21,986	338,835	147,077	35,838	656,443

At 30 June 2023, 4 vessels are under construction and 2 electric buses (Go West Tours) and a further 425 conventional buses (New and expanded regions in Sydney, NSW) are under contract (427 buses total).

At 30 June 2022, three vessels were under construction and nine electric buses (Victoria) and two hydrogen fuel cell buses (NSW) with a further eight conventional buses (Go West Tours) were under contract (19 buses total).

Refer to note 20 for further information on assets pledged as security for financing arrangements.

Note 17. Intangibles

	2023 \$'000	Consolidated 2022 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	714,153	499,067
Less: Accumulated impairment	(7,799)	(7,799)
	706,354	491,268
Brands and trademarks - at cost	50,573	2
Customer contracts - at cost	163,165	158,975
Less: Accumulated amortisation	(85,500)	(74,836)
	77,665	84,139
Software - at cost	1,063	-
Less: Accumulated amortisation	(44)	-
	1,019	-
Other intangible assets - at cost	14,764	3,379
Less: Accumulated amortisation	(9,459)	(1,341)
	5,305	2,038
Customer relationships - at cost	151,981	8,700
Less: Accumulated amortisation	(3,581)	(1,327)
	148,400	7,373
	989,316	584,820

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Customer contracts \$'000	Other intangibles \$'000	Customer relationships \$'000	Trademarks Brands \$'000	Software \$'000	Total \$'000
Balance at 1 July 2021	467,386	85,406	2,180	8,036	-	-	563,008
Additions	50	954	181	-	2	-	1,187
Additions through business combinations (note 37)	18,419	15,436	-	-	-	-	33,855
Exchange differences	5,413	-	-	-	-	-	5,413
Amortisation expense	-	(17,657)	(323)	(663)	-	-	(18,643)
Balance at 30 June 2022	491,268	84,139	2,038	7,373	2	-	584,820
Additions	-	-	763	-	-	-	763
Additions through business combinations (note 37)	212,244	10,133	3,710	145,682	51,464	1,063	424,296
Exchange differences	3,333	635	(386)	(2,401)	(893)	-	288
Transfers in/(out)	(491)	-	-	-	-	-	(491)
Amortisation expense	-	(17,242)	(820)	(2,254)	-	(44)	(20,360)
Balance at 30 June 2023	706,354	77,665	5,305	148,400	50,573	1,019	989,316

Included in other intangible additions through business combinations are amounts related to 'concession assets' recognised in accordance with AASB Interpretation 12 representing the Group's right to charge users in respect of the operation of certain government bus contracts.

There was no impairment of assets made in 2023 (2022: \$Nil). See commentary below.

Note 17. Intangibles (continued)

Impairment Testing

Goodwill, trademarks and brands acquired through business combinations have been allocated to the following cash-generating units (CGU's):

	Brands 2023 '000	Brands 2022 '000	Goodwill 2023 '000	Goodwill 2022 '000
Transit - WA & NT	-	-	162,030	162,030
Tower Transit - Singapore	-	-	111,174	104,237
Hotard, USA	17,799	-	67,768	-
Transit - NSW	-	-	61,155	61,155
Transit - SA	-	-	59,649	59,649
LuxBus America, USA	13,725	-	54,627	-
Transit - Victoria (Sita)	-	-	45,727	45,727
SeaLink - South East QLD	-	-	30,081	30,081
All Aboard America!, USA	5,430	-	26,610	-
First Class Transportation, USA	4,223	-	21,583	-
Go West Tours - WA	2	2	17,929	18,419
Ace Express Coaches, USA	4,977	-	15,314	-
SunDiego, USA	2,715	-	11,300	-
Horizons West, WA	1,099	-	10,127	-
SeaLink - QLD	-	-	6,420	6,420
Fraser Island, QLD	-	-	3,500	3,500
Grand Touring, NT	603	-	1,310	-
Swan Valley Tours, WA	-	-	50	50
	50,573	2	706,354	491,268

The business combinations assessment for the businesses of All Aboard America, Horizons West, Grand Touring and North Stradbroke Island Bus are provisional. Refer note 37 for further details.

The recoverable amount of the consolidated entity's goodwill has been determined by value-in-use calculations using a discounted cash flow model. The cashflow projections are based on annual financial budgets approved by senior management and the Board, extrapolated using the growth rates below for a five-year period as approved by management together with a terminal value. The assumptions for determining the recoverable amount are based on past experience and senior management's expectation for the future taking into consideration the longer-term recovery from COVID-19 and recent trading performance.

A terminal value growth rate of 3.0% has been used for Marine & Tourism and 1.5% for Australian and International Public Bus CGUs (2022: 3.0% for Marine & Tourism CGUs and 1.5% for all Australian and International Public Bus CGUs). The terminal value growth rates are used to determine the terminal value of a CGU based on long range forecasts for CPI or comparable indices in the geographies we operate in.

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The key general assumptions used in the discounted cash flow models and value in use calculations are the pre-tax discount rates and the projected revenue growth rates detailed below.

The pre-tax discount rates reflect management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for, the risk-free rate and the volatility of the share price relative to market movements.

	Marine & Tourism %	Australian Bus %	International Bus %
Discount rate used in impairment calculations for 2023	12.8%	11.1%	9.1%
Discount rate used in impairment calculations for 2022	11.9%	10.2%	8.9%

Management believe the projected revenue growth rates are prudent and justified given the current uncertainty of the market.

Marine & Tourism CGU's

Marine & Tourism CGU's have had growth rates applied of 3.0% (2022: 3.0%), this is based on historical experience and current operating trends within these CGUs.

This specific application to Marine & Tourism CGUs is outlined further below:

Note 17. Intangibles (continued)

SeaLink - QLD and NT

An increase of 3.0% in traffic has been built into forecast sales based on strong domestic growth to both Magnetic Island and Tiwi Islands, continued recovery of the backpacker and adventure tourist markets as well as a growing population base in Townsville.

SeaLink - SE Queensland

An increase in revenue of 3.0% to reflect underlying traffic growth based on increased tourism flow to Stradbroke Island, CPI increases built into fixed contracts and growth in vessel charter opportunities and rates.

Fraser Island - QLD

An increase in revenue of 3% to reflect the underlying growth in traffic and visitation to the Island. Domestic demand has recovered strongly post COVID-19 and there has been a moderate recovery of international tourism.

Swan Valley Tours - WA

An increase in revenue of 3.0% to reflect the Western Australian tourism industry's ongoing recovery post COVID-19.

Australian Bus CGUs

Contracted increases in revenue – all CGU's within the Australian Bus Segment have had contracted revenue grow by at least 1.5% (2022: 1.5%). This is based on the contracted nature of these businesses and the increases reflected in the contracts it has with its government clients.

International Bus - Singapore

An increase in contracted revenue by at least 1.5% (2022: 1.5%). This is based on the contracted nature of these businesses and the increases reflected in the contracts it has with its primary government client. An increase in performance incentives has been assumed to return to pre-COVID levels by year 2 of the forecast period.

Sensitivity

As disclosed in note 2, Management have made assumptions and estimates in respect of impairment testing of goodwill. Should these assumptions and estimates not occur the resulting goodwill carrying amount may decrease.

Summary of goodwill impairment testing

Management have reviewed the changes to the key assumptions in the model and based on those changes have assessed there would not be an impairment of goodwill for any of the Group's CGU's (2022:\$Nil).

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of each segment's goodwill is based would not cause the CGU's carrying amount to exceed its recoverable amount.

Customer Contracts, Relationships and Other intangibles (Permits and Trademarks)

Customer contracts of \$7.4m are associated with several government contracts for ferry services in the Southern Moreton Bay, Gladstone and Perth. As part of the Fraser Island acquisition in 2018, touring and access permits were acquired with a fair value of \$3.2m.

As part of the Transit Systems Group acquisition in 2020, bus contracts in Australia and Singapore were acquired with a fair value of \$134.7m. In addition, \$8.7m of intangible customer relationships were also recognised for Transit - Victoria (Sita).

A further \$15.4m of customer contracts associated with bus contracts in the resources sector were part of the Go West Tours acquisition on 1 July 2021. In addition, the asset acquisition of Dave's Transit in June 2022 resulted in a further \$0.9m customer contract intangible being recognised.

As part of the All Aboard America acquisition, \$49.8m of trademarks/brand names and \$133.8m of customer relationship intangibles were recognised. As part of the Horizons West acquisition, \$9.8m of customer relationship intangibles, \$1.1m of software and \$1.1m of trademarks/brand names were recognised. For the Grand Touring acquisition, \$2.1m of customer relationships intangibles and \$0.6m of trademarks/brand names were recognised.

During the period the Group recorded amortisation of \$20.4m (2022: \$18.6m) associated with customer contracts and permits with an associated reduction in the Deferred Tax Liability of \$6.1m (2022: \$5.6m).

All customer contracts and relationships are amortised over their estimated finite life and the amortisation period ranges between 1 and 10 years.

Note 18. Trade and other payables

	2023	Consolidated 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	50,837	36,760
BAS payable	10,789	10,419
Other payables	29,718	19,983
	<u>91,344</u>	<u>67,162</u>

Refer to note 31 for further information on financial instruments.

Trade creditors are non-interest bearing and are normally settled on 30-60 day terms.

Note 19. Contract liabilities

	2023	Consolidated 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Contract liabilities	14,634	14,354

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

Opening balance	14,354	12,991
Deferred during the year	113,974	74,833
Recognised during the year	(113,694)	(73,470)
Closing balance	<u>14,634</u>	<u>14,354</u>

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$6,221,837,000 as at 30 June 2023 (\$3,576,692,000 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	2023	Consolidated 2022
	\$'000	\$'000
Within one year	1,339,656	962,224
More than one year	4,882,181	2,614,468
	<u>6,221,837</u>	<u>3,576,692</u>

The increase in unsatisfied performance obligations relates to the renewed and extended Region 3 bus contract and the new Region 2 contract in Sydney, NSW.

Note 20. Borrowings

	2023 \$'000	Consolidated 2022 \$'000
<i>Current liabilities</i>		
Other loans	-	19,411
<i>Non-current liabilities</i>		
Commercial bills payable	677,755	345,000
	677,755	364,411

Refer to note 31 for further information on financial instruments.

Total secured liabilities

Commercial bills payable are under the Group's multi tranche facility were negotiated immediately preceding the Transit Systems Group acquisition in 2020. These facilities were increased by \$150.0m in June 2022 and the term extended. As part of the recent All Aboard America! Holdings, Inc. acquisition the facility was increased and the lender pool expanded providing additional term loan facilities of \$151m USD for the transaction and revolving credit of up to \$55m USD for future US based growth opportunities.

The final \$20.0m instalment for the Sita vendor financing (Other Loans) was repaid 2 months early in February 2023 (2022: \$19.4m).

Interest bearing loans and borrowings have a fair value of \$677.8m (2022: \$364.4m) and a carrying value of \$677.8m (2022: \$364.4m). During the year \$332.8m funds (2022: \$79.0m) were drawn down.

Note 20. Borrowings (continued)**Financing arrangements**

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2023	2022
	\$'000	\$'000
Total facilities		
Facility A - multi currency term loan	230,000	230,000
Facility B1 - revolving credit	200,000	200,000
Facility B2 - revolving credit	65,000	65,000
Facility C - revolving letter of credit	125,000	125,000
Facility D1 - USD term loan	227,753	-
Facility D2 - USD revolving credit	52,790	-
Vendor financing facility	-	19,411
Insurance bonds	14,003	13,130
	914,546	652,541
Used at the reporting date		
Facility A - multi currency term loan	230,000	230,000
Facility B1 - revolving credit	200,000	50,000
Facility B2 - revolving credit	20,000	65,000
Facility C - revolving letter of credit	77,151	74,737
Facility D1 - USD term loan	227,753	-
Facility D2 - USD revolving credit	-	-
Vendor financing facility	-	19,411
Insurance bonds	14,003	13,130
	768,907	452,278
Unused at the reporting date		
Facility A - multi currency term loan	-	-
Facility B1 - revolving credit	-	150,000
Facility B2 - revolving credit	45,000	-
Facility C - revolving letter of credit	47,849	50,263
Facility D1 - USD term loan	-	-
Facility D2 - USD revolving credit	52,790	-
Vendor financing facility	-	-
Insurance bonds	-	-
	145,639	200,263

The AUD based facilities are provided on a floating rate basis referenced to the BBSY rate and the USD based facilities are provided on a floating rate basis referenced to the SORA rate. As at year end, the balance of Facility A (fully drawn) \$230.0m had an average rate of 5.60% (2022: 2.96%), Facility B \$220.0m had an average rate of 5.47% (2022: 2.80%) and Facility D \$151.9m USD had an average rate of 6.73% with the weighted average rate for Facility A, B and D 5.84% (2022: 2.93%). All current facilities are at floating rates. Committed financing facilities A, B1, B2, D1 and D2 total \$776.5m (2022: \$495.0m) and were available to the consolidated entity at the end of the financial year. As at that date, \$677.8m (2022: \$345.0m) of these facilities were in use.

During the current year, there were no defaults or breaches.

Financing cash flows

During the period \$333.8m (2022: \$79.0m) of borrowings were drawn down together with a net \$2.4m increase in letters of credit drawn the latter having no cashflow impact.

Assets pledged as security

Kelsian and each borrower, have provided security in respect of all of their respective assets and undertakings, including direct shares and units in entities within the Group other than those which cannot be charged without third party consent and real property mortgages over its freehold real property (excluding the bus depot at Westbourne Park, UK) and certain leasehold property. Also registered mortgages over all vessels and buses in the fleet that are not leased, except for the Tasmanian Bruny Island vessels. Assets pledged as security (minus exclusions) total \$608.3m (2022: \$366.7m). Kelsian and certain guarantors have provided a guarantee and indemnity to the Lenders in respect of the financing facilities.

Note 20. Borrowings (continued)

Various guarantees / performance bonds have been provided as surety on a range of material operational contracts and lease contracts. Guarantees provided total \$77.2m (2022: \$74.7m), the net increase relates to the increase of existing guarantees on the anniversary of the contract and various changes to lease related guarantees.

Note 21. Lease liabilities

	2023 \$'000	Consolidated 2022 \$'000
<i>Current liabilities</i>		
Lease liability - Current	15,200	11,579
<i>Non-current liabilities</i>		
Lease liability - Non current	113,425	83,128
	128,625	94,707

	2023 \$'000	Consolidated 2022 \$'000
Opening balance	94,707	103,719
Additions	7,758	68,354
Additions through business combinations (note 37)	42,717	3,921
Exchange differences	26	239
Lease payments	(13,932)	(15,634)
Lease related interest	(2,651)	(574)
Lease relinquishment (non cash)	-	(65,318)
	128,625	94,707

Short term lease payments of \$2.6m were made during the period (2022: \$2.4m)

Refer to note 31 for further information on financial instruments.

Note 22. Employee benefits

	2023 \$'000	Consolidated 2022 \$'000
<i>Current liabilities</i>		
Annual leave	56,768	52,601
Long service leave	39,340	38,719
Sick leave	296	1,118
Employee benefits	936	197
	97,340	92,635
<i>Non-current liabilities</i>		
Long service leave	7,763	8,451
	105,103	101,086

Note 23. Provisions

	2023 \$'000	Consolidated 2022 \$'000
<i>Current liabilities</i>		
Deferred consideration	26,621	24,646
Other provisions	13,480	2,943
	40,101	27,589

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Motor claims \$'000	Bus parts \$'000	Deferred consideration \$'000	Other \$'000	Workers compensation \$'000
Consolidated - 2023					
Carrying amount at the start of the year	2,429	239	24,646	275	-
Additional provisions recognised	383	-	-	-	-
Additions through business combinations (note 38)	5,029	-	-	1,731	3,925
Amounts used	337	(239)	-	-	-
Payments	(350)	-	-	(240)	(36)
Exchange differences	99	-	1,975	(31)	(71)
Carrying amount at the end of the year	7,927	-	26,621	1,735	3,818

Note 24. Other liabilities

	2023 \$'000	Consolidated 2022 \$'000
<i>Current liabilities</i>		
Deferred consideration	16,470	20,725
Accrued expenses	68,654	50,928
Deferred revenue	6,931	7,150
Revenue received in advance	3,468	42
Subsidies and grants received in advance	119	217
Other current liabilities	598	94
	96,240	79,156
<i>Non-current liabilities</i>		
Deferred consideration	-	9,530
Subsidies and grants received in advance	98	215
	98	9,745
	96,338	88,901

There is one remaining instalment of deferred consideration \$8.1m and the earn out consideration of up to \$1.8m due in relation to the acquisition of Go West Tours payable in August 2023. (2022: One remaining instalment of deferred consideration in relation to acquisition of Transit Systems Group and 2 instalments for Go West Tours.)

Deferred consideration of \$5.1m and \$1.3m has been recognised in relation to the business combinations of Horizons West Bus and Coachlines and Grand Touring NT respectively refer note 37.

Deferred consideration of \$20.1m was paid during the period, \$12m in relation to the Transit Systems Group acquisition and \$8.1 in relation to Go West Tours.

Note 25. Liabilities directly associated with assets classified as held for sale

	2023	Consolidated 2022
	\$'000	\$'000
<i>Current liabilities</i>		
Employee entitlements	-	997

Refer note 14 for further details of the transaction requiring the liabilities be held for sale.

Note 26. Issued capital

	2023 Shares	2022 Shares	2023 \$'000	Consolidated 2022 \$'000
Ordinary shares - fully paid	269,217,706	218,399,048	849,943	572,377

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

Note 26. Issued capital (continued)

The gearing ratio at the reporting date was as follows:

	2023	Consolidated 2022
	\$'000	\$'000
Current liabilities - trade and other payables (note 18)	91,344	67,162
Current liabilities - borrowings (note 20)	-	19,411
Non-current liabilities - borrowings (note 20)	677,755	345,000
Total borrowings	769,099	431,573
Current assets - cash and cash equivalents (note 8)	(157,939)	(141,093)
Net debt	611,160	290,480
Total equity	923,607	640,012
Total capital	1,534,767	930,492
Gearing ratio	40%	31%

Note 27. Reserves

	2023	Consolidated 2022
	\$'000	\$'000
Foreign currency reserve	19,631	(3,090)
Hedging reserve - cash flow hedges	4,944	4,846
Other capital reserves	2,685	3,322
	27,260	5,078

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Other capital reserves

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 27. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share option surplus \$'000	Cash flow hedging \$'000	Foreign currency \$'000	Total \$'000
Balance at 1 July 2021	2,179	(2,118)	(8,923)	(8,862)
Revaluation - gross	-	9,948	-	9,948
Deferred tax	-	(2,984)	-	(2,984)
Share based payment expense	1,143	-	-	1,143
Foreign currency translation	-	-	5,833	5,833
Balance at 30 June 2022	3,322	4,846	(3,090)	5,078
Revaluation - gross	-	140	-	140
Deferred tax	-	(42)	-	(42)
Share based payment expense	1,009	-	-	1,009
Employee rights converted	(1,646)	-	-	(1,646)
Foreign currency translation	-	-	22,721	22,721
Balance at 30 June 2023	2,685	4,944	19,631	27,260

Note 28. Retained profits

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Retained profits at the beginning of the financial year	62,554	44,588
Profit after income tax expense for the year	20,999	52,910
Dividends paid (note 30)	(37,152)	(34,944)
Retained profits at the end of the financial year	46,401	62,554

Note 29. Non-controlling interest

The non-controlling interest \$3.0k, relates to Torrens Connect Pty Ltd which is a majority owned subsidiary in the consolidated group under accounting standards however operationally is a joint venture entity used to service the Torrens Transit Tram contract in South Australia.

Note 30. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Interim fully franked dividend for the year ended 30 June 2023 paid 17 March 2023 of 7.5 cents (2022: 7.0 cents) per ordinary share	16,391	15,288
Final fully franked dividend for the year ended 30 June 2022 paid 6 October 2022 of 9.5 cents (2021: 9.0 cents) per ordinary share	20,761	19,656
	37,152	34,944

Note 30. Dividends (continued)**Franking credits**

	Consolidated	
	2023	2022
	\$'000	\$'000
Franking credits available at the reporting date based on a tax rate of 30%	129,660	124,806
Franking credits available for subsequent financial years based on a tax rate of 30%	129,660	124,806

The above amounts represent the balance of the franking account as at the end of the financial year.

Note 31. Financial instruments**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk**Foreign currency risk**

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge 100% of foreign currency purchases and 50% of anticipated foreign currency transactions (i.e. acquisitions) for the subsequent 6 months.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Consolidated				
US dollars	227,753	-	227,753	-
Pound Sterling	2,857	2,645	26,621	24,646
Singapore dollars	44,790	45,119	-	-
	275,400	47,764	254,374	24,646

The consolidated entity had net current liabilities denominated in foreign currencies of \$26.6m (assets of \$0.0m less liabilities of \$26.6m) as at 30 June 2023 (2022: Net current liabilities of \$24.6m, assets of \$0.0m less liabilities of \$24.6m). Based on this exposure, had the Australian dollar weakened by 5.0%/strengthened by 5.0% (2022: weakened by 5.0%/strengthened by 5.0%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been \$1.3m higher/\$1.3m lower (2022: \$1.2m lower/\$1.2m higher) and equity would have been \$0.9m higher/\$0.9m lower (2022: \$0.8m lower/\$0.8m higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The net foreign exchange loss for the year ended 30 June 2023 was a non cash unrealised loss of (\$1.4m) (2022: gain of \$1.0m). There is no expectation the foreign exchange movements will be realised in the future as they relate to indefinite intercompany loans and provisions.

Note 31. Financial instruments (continued)

Price risk

The consolidated entity is not exposed to any significant price risk from fluctuations in fuel price as this is indexed in the bus contracts and passed through to the customer.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk. The policy is to maintain approximately 50% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary.

As at the reporting date, the consolidated entity had the following average interest rate borrowings and interest rate swap contracts outstanding:

		2023		2022
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Consolidated				
Commercial bills - floating	6.60%	677,755	2.96%	345,000
Vendor financing - fixed	-	-	6.00%	19,411
Net exposure to cash flow interest rate risk		677,755		364,411

The consolidated entity has entered into a interest rate swap of \$338.9m (2022: \$120.0m) that effectively hedges approximately 50.0% (2022: 50.0%) of the company's exposure to fluctuations in interest rates.

An analysis by remaining contractual maturities is shown in Liquidity Risk management below.

For the consolidated entity the commercial bills outstanding, totalling \$677.8m (2022: \$345.0m) are interest only payment loans. Monthly cash outlays of approximately \$3.4m (2022: \$0.4m) per month are required to service the interest payments. An official increase in interest rates of 0.5% and decrease of 1.0% (2022: increase 1.0%, decrease 0.5%) basis points would have an adverse effect on profit before tax of \$2.4m and positive effect of \$4.8m respectively (2022: adverse effect on profit before tax of \$2.3m and positive effect of \$1.2m). The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. There are no minimum principal repayments due (2022: nil).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on references, industry knowledge, ability to pay and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored with an analysis reported to the Board monthly. Material debtors are largely associated with government agencies and are reviewed by management taking into consideration the associated credit ratings and risk applicable to the relevant country for (international operations) or state within Australia and are generally considered relatively low risk.

Generally, trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

There were no exposures that comprised more than 30% of trade receivables. Collection of this debt is generally not considered doubtful however some small provisions have been made for debts with the indicators of no reasonable recovery.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Audit, Risk and Sustainability Committee in accordance with the Group's policy. Investments of surplus funds are only placed with the Group's major bank.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk using a liquidity planning tool and by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 31. Financial instruments (continued)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, interchangeable limits, finance leases and hire purchase contracts. The Group's policy is to ensure that the core funding limits have no less than a 12 month maturity date. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing or alternative lenders.

Financing arrangements

Unused borrowing facilities at the reporting date:

	2023	Consolidated 2022
	\$'000	\$'000
Facility B1 - revolving credit	-	150,000
Facility B2 - revolving credit	45,000	-
Facility C - revolving letter of credit	47,849	50,263
Facility D2 - USD revolving credit	52,790	-
	145,639	200,263

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 2.5 years (2022: 4.0 years).

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. Except for leases, the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	50,837	-	-	50,837
Other payables	-	29,719	-	-	29,719
BAS payables	-	10,789	-	-	10,789
Financial guarantee contracts (on demand)	-	77,151	-	-	77,151
Insurance bonds	-	14,003	-	-	14,003
<i>Interest-bearing variable</i>					
Commercial bills	6.60%	44,731	789,573	-	834,304
<i>Interest-bearing - fixed rate</i>					
Hire purchase	3.33%	3,984	7,335	-	11,319
Lease liability	4.11%	17,937	55,695	55,843	129,475
Total non-derivatives		249,151	852,603	55,843	1,157,597

Note 31. Financial instruments (continued)

Consolidated - 2022	Weighted average interest rate %	1 year or less \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	36,760	-	-	36,760
Other payables	-	19,983	-	-	19,983
BAS payables	-	10,419	-	-	10,419
Other loans	-	19,411	-	-	19,411
Financial guarantee contracts (on demand)	-	74,737	-	-	74,737
Insurance bonds	-	13,130	-	-	13,130
<i>Interest-bearing variable</i>					
Commercial bills	2.96%	10,195	345,000	-	355,195
<i>Interest-bearing - fixed rate</i>					
Hire purchase	3.17%	2,139	6,786	-	8,925
Lease liability	2.49%	38,267	122,234	33,950	194,451
Vendor financing	6.00%	20,000	-	-	20,000
Total non-derivatives		245,041	474,020	33,950	753,011

Details about the financial guarantee contracts are provided in note 20. The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The Group does not expect these payments to eventuate.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Valuation techniques for fair value measurements categorised within level 2

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

The interest rate swap is categorised as a level 2 within the fair value hierarchy with the fair value determined using a present value valuation technique based on market inputs (including interest rates) which are actively traded and quoted through the Australian banking system.

The fuel forward contract is categorised as a level 2 within the fair value hierarchy with the fair value determined using a present value valuation technique based on market inputs (including commodity swap pricing) which are actively traded and quoted through the Australian banking system. The two product types we have under the fuel forward contract are PLATTS Sing Gas Oil 10ppm and ICE Gas Oil.

Valuation techniques for fair value measurements categorised within level 3

Level 3 financial assets and liabilities have been valued by using the discounted cash flows (DCF) method.

Note 31. Financial instruments (continued)

The fair values of financial assets and liabilities, together with their carrying amounts in the statement of financial position, for the Group are as follows:

		2023		2022
	Carrying amount	Fair value	Carrying amount	Fair value
Consolidated	\$'000	\$'000	\$'000	\$'000
<i>Assets</i>				
Cash on hand	33,709	33,709	729	729
Cash at bank	98,255	98,255	109,092	109,092
Cash on deposit	25,975	25,975	31,272	31,272
Trade receivables	142,345	142,345	94,063	94,063
Other receivables	24,594	24,594	24,539	24,539
Cash flow hedges	7,062	7,062	6,922	6,922
	331,940	331,940	266,617	266,617
<i>Liabilities</i>				
Trade payables	50,837	50,837	36,760	36,760
Other payables	29,719	29,719	19,983	19,983
BAS payable	10,789	10,789	10,419	10,419
Commercial bills	677,745	677,745	345,000	345,000
Lease liability	128,625	128,625	94,707	94,707
Vendor financing	-	-	19,411	19,411
	897,715	897,715	526,280	526,280

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Note 32. Key management personnel disclosures**Directors**

The following persons were Directors of Kelsian Group Limited during the financial year:

Non-executive Directors

J Ellison AM	Chair	
F Hele	Non-Executive Director & Deputy Chair	
C Smerdon	Non-Executive Director	
N Smith	Non-Executive Director	
L Hockridge	Non-Executive Director	
T Dodd	Non-Executive Director	
D Grady AO	Non-Executive Director	Appointed 1 September 2022
A Staines OAM	Non-Executive Director	Resigned 25 October 2022

Note 32. Key management personnel disclosures (continued)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Senior executives

C Feuerherdt	Group Chief Executive Officer	
A Muir	Group Chief Financial Officer & Joint Kelsian Secretary	
G Legh	Group Chief Development Officer	
R Carpenter	Group Chief People and Culture Officer	
M McGee	Chief Executive Officer - Australian Bus	Appointed 12 December 2022
D Gauci	Chief Executive Officer - Marine & Tourism	
W Toh	Managing Director - Singapore	
B Trimarco	Chief Executive Officer - All Aboard America! Holdings, Inc.	Appointed 1 June 2023
G Balkin	Chief Operating Officer - Australian Bus	Resigned 16 December 2022

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2023	2022
	\$'000	\$'000
Short-term employee benefits	6,558	6,554
Long-term benefits	103	103
Share-based payments	838	999
	7,499	7,656

Note 33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company, its network firms and unrelated firms:

	2023 \$'000	Consolidated 2022 \$'000
<i>Audit services - Ernst & Young</i>		
Audit or review of the financial statements	860	680
<i>Other services - Ernst & Young</i>		
Preparation of the tax return	238	106
Due diligence	274	43
Fuel tax credit assurance review	15	15
	527	164
	1,387	844
<i>Audit services - network firms</i>		
Audit or review of the financial statements	107	-
<i>Other services - network firms</i>		
Due diligence	-	417
Other	-	8
	-	425
	107	425
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	276	272
<i>Other services - unrelated firms</i>		
Preparation of the tax return	183	112
Other	10	119
	193	231
	469	503

Note 34. Commitments

	2023 \$'000	Consolidated 2022 \$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Vessels	50,511	7,650
Buses and motor vehicles	80,047	9,511
Other	8,639	3,924
	139,197	21,085

Note 35. Related party transactions

Parent entity

Kelsian Group Limited is the parent entity.

Note 35. Related party transactions (continued)

Subsidiaries

Interests in subsidiaries are set out in note 38.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties at arms length prices:

	2023 \$	Consolidated 2022 \$
Payment for goods and services: Pacific Marine Group Pty Ltd (controlled by Mr T Dodd) - Provision of marine piling services following a formal selective tender process.	1,106,009	-
ST Property Trust, ST Property Trust No. 2, Newton No. 2 Trust (controlled or jointly controlled by Mr N Smith) -Rental for bus depots operated by Transit Systems Group in Australia.	2,993,343	2,869,037

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 36. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2023 \$'000	Parent 2022 \$'000
Profit after income tax	83,961	20,354
Total comprehensive income/(loss)	83,961	20,354

Note 36. Parent entity information (continued)

Statement of financial position

	2023 \$'000	Parent 2022 \$'000
Total current assets	9,201	42,434
Total assets	1,174,339	903,676
Total current liabilities	32,330	42,742
Total liabilities	318,634	335,652
Equity		
Issued capital	849,943	572,378
Hedging reserve - cash flow hedges	4,944	4,846
Other capital reserves	2,685	3,322
Accumulated losses	(1,867)	(12,522)
Total equity	855,705	568,024

The have been some reclassifications of prior year balances in the parent entity note to ensure comparability with current year.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent has entered into various cross-guarantees with it's subsidiaries to support borrowings across the Group. Refer note 40 for further details.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 (2022:Nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 (2022:Nil).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 37. Business combinations

Acquisition of All Aboard America! Holdings Inc.

On 1 June 2023, Kelsian through it's subsidiary Kelsian USA Inc. acquired 100% of the ordinary shares of All Aboard America! Holdings Inc. (AAAH!) for total consideration transferred of \$512.4m. AAAH! is a leading provider of passenger motorcoach services to corporate, government, education, LNG, and tourism sector customers in the USA and its results are reported in the International Bus segment of the Group. It was acquired to provide an entry point into the large and attractive USA market, through an established, highly regarded, customer centric operator with a multi-state footprint.

The goodwill of \$200.8m represents the value of expected synergies and future benefits arising from the acquisition associated with AAAH!'s track record and experience to win and retain future contracts that are not separately recognised. The acquired business would have contributed revenues of \$356.0m and profit after tax of \$23.0m to the Group for the period from 1 July 2022 to 30 June 2023 if held for the full period. The values identified in relation to the acquisition of AAAH! are provisional as at 30 August 2023.

Note 37. Business combinations (continued)

Acquisition of Horizons West Bus and Coachlines

On 31 January 2023, Kelsian through its subsidiary WA Bus and Coachlines Pty Ltd acquired the business assets of Horizons West Bus and Coachlines ("Horizons West") for an enterprise value of \$28.4 million including a contingent, deferred consideration and earn-out component of up to \$7.0 million. Horizons West is a market leading provider of contracted bus services and bus charter services to the education sector in Western Australia. The acquisition creates a platform for growth, complementing and enhancing existing Kelsian businesses in Western Australia, and allowing expansion into the adjacent education bus transportation sector in Australia.

The goodwill of \$10.1m represents the value of expected synergies and future benefits arising from the acquisition associated with Horizon West's track record and experience to win and retain future contracts that are not separately recognised. The acquired business would have contributed revenues of \$19.0m and profit after tax of \$3.2m to the Group for the period from 1 July 2022 to 30 June 2023 if held for the full period. The values identified in relation to the acquisition of Horizons West are provisional as at 30 August 2023 pending finalisation.

Other Acquisitions

Other acquisitions during the period were strategic extensions of our existing bus operations including public transport contracts in the Channel Islands (reported in International segment) and North Stradbroke Island Bus, school bus contracts in Western Australia with Denmark and regional charter bus business in the Northern Territory, the latter 3 reported in Australian Bus segment. The amounts are provisional pending finalisation.

Note 37. Business combinations (continued)

Details of the acquisitions are as follows:

	All Aboard America! Fair value \$'000	Horizons West Fair value \$'000	Channel Islands Fair value \$'000	North Stradbroke Island Bus Fair value \$'000	Grand Touring Fair value \$'000	Denmark Fair value \$'000	Total \$'000
Cash and cash equivalents	6,366	-	55	2	-	-	6,423
Trade receivables	48,721	453	67	-	-	-	49,241
Other receivables	1,185	-	228	-	-	-	1,413
Inventories	4,698	-	731	-	-	-	5,429
Accrued revenue	-	-	398	-	-	-	398
Prepayments	2,225	-	35	-	-	-	2,260
Other current assets	576	-	-	-	-	-	576
Property, plant & equipment	182,018	9,336	727	1,172	1,768	773	195,794
Right-of-use assets	39,901	-	-	-	-	-	39,901
Brands and trademarks	49,762	1,099	-	-	603	-	51,464
Customer contracts	-	-	5,267	3,020	-	1,846	10,133
Software	-	1,063	-	-	-	-	1,063
Customer relationships	133,774	9,803	-	-	2,105	-	145,682
Other intangible assets	349	-	3,361	-	-	-	3,710
Trade payables	(4,142)	(56)	(1,872)	-	-	-	(6,070)
Other payables	(2,999)	-	(287)	-	-	-	(3,286)
Provision for income tax	(1,699)	-	-	-	-	-	(1,699)
Deferred tax liability	(78,973)	(3,184)	-	(906)	(813)	(554)	(84,430)
Employee benefits	(2,758)	(288)	-	(3)	-	-	(3,049)
Other provisions	(10,613)	-	(72)	-	-	-	(10,685)
Accrued expenses	(12,155)	-	(722)	-	-	-	(12,877)
Deferred revenue	(268)	-	-	-	-	-	(268)
Revenue received in advance	(4,443)	-	-	-	-	-	(4,443)
Lease liability	(39,901)	-	(2,816)	-	-	-	(42,717)
Net assets acquired	311,624	18,226	5,100	3,285	3,663	2,065	343,963
Goodwill	200,807	10,127	-	-	1,310	-	212,244
Acquisition-date fair value of the total consideration transferred	512,431	28,353	5,100	3,285	4,973	2,065	556,207
Representing:							
Cash paid or payable to vendor	512,431	23,271	5,100	3,285	3,642	2,065	549,794
Contingent consideration	-	5,082	-	-	1,331	-	6,413
	512,431	28,353	5,100	3,285	4,973	2,065	556,207
Acquisition costs expensed to profit or loss	17,851	2,363	703	183	300	2	21,402
Cash used to acquire business, net of cash acquired:							
Acquisition-date fair value of the total consideration transferred	512,431	28,353	5,100	3,285	4,973	2,065	556,207
Less: cash and cash equivalents	(6,366)	-	(55)	(2)	-	-	(6,423)
Less: payments to be made in future periods	-	(5,082)	-	-	(1,331)	-	(6,413)
Net cash used	506,065	23,271	5,045	3,283	3,642	2,065	543,371

Note 38. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
AAAH Acquisition Corporation	United States of America	100.00%	-
AAAH TempCo Holdings LLC	United States of America	100.00%	-
AAAH Intermediate Holdings LLC	United States of America	100.00%	-
AAAH Topco Corporation	United States of America	100.00%	-
Ace Express Coaches, LLC	United States of America	100.00%	-
All Aboard America! Holdings, Inc	United States of America	100.00%	-
All Aboard America! School Transportation, LLC	United States of America	100.00%	-
All Aboard America! Transit Services, LLC	United States of America	100.00%	-
Australia Inbound Pty Ltd	Australia	100.00%	100.00%
Avonward Pty Ltd	Australia	100.00%	100.00%
Big Red Cat Pty Ltd	Australia	100.00%	100.00%
BITS Assets Pty Ltd	Australia	100.00%	100.00%
BITS Ferry Services Pty Ltd	Australia	100.00%	100.00%
Captain Cook Cruises Pty Ltd	Australia	100.00%	100.00%
CT Plus Guernsey Ltd	Channel Islands	100.00%	-
CT Plus Jersey Ltd	Channel Islands	100.00%	-
Curtis Island Assets Pty Ltd	Australia	100.00%	100.00%
Curtis Island Services Pty Ltd	Australia	100.00%	100.00%
First Class Transportation, LLC	United States of America	100.00%	-
Hotard Coaches, Inc	United States of America	100.00%	-
Industrial Bus Lines, Inc	United States of America	100.00%	-
Kangaroo Island Adventure Tours Pty Ltd	Australia	100.00%	100.00%
Kangaroo Island Odysseys Pty Ltd	Australia	100.00%	100.00%
Kangaroo Island SeaLink Pty Ltd	Australia	100.00%	100.00%
KBRV Resort Operations Pty Ltd	Australia	100.00%	100.00%
KBRV Services Pty Ltd	Australia	100.00%	100.00%
Kelsian International Holdings Pty Ltd	Australia	100.00%	-
Kelsian UK Limited	United Kingdom	100.00%	100.00%
Kelsian USA Inc.	United States of America	100.00%	-
Lux Bus America Co	United States of America	100.00%	-
Lux Leasing, LLC	United States of America	100.00%	-
Magnetic Island Cruise Corporation Pty Ltd	Australia	100.00%	100.00%
McClintock Enterprises, Inc	United States of America	100.00%	-
NT Bus and Coachlines Pty Ltd	Australia	100.00%	-
Pacific Transit Pty Ltd	New Zealand	100.00%	100.00%
PDW Pty Ltd	Australia	100.00%	100.00%
RiverCity Ferries Pty Ltd	Australia	100.00%	100.00%
S. V. Haoust Pty Ltd	Australia	100.00%	100.00%
Sea Stradbroke Services Pty Ltd	Australia	100.00%	100.00%
SeaCap Pte Ltd	Singapore	100.00%	100.00%
SeaLink Ferries Pty Ltd	Australia	100.00%	100.00%
SeaLink Fraser Island Pty Ltd	Australia	100.00%	100.00%
SeaLink KI Ferries Pty Ltd	Australia	100.00%	100.00%
SeaLink KI Holding Pty Ltd	Australia	100.00%	100.00%
SeaLink Marina Pty Ltd	Australia	100.00%	100.00%
SeaLink Northern Territory Pty Ltd	Australia	100.00%	100.00%
SeaLink Queensland Pty Ltd	Australia	100.00%	100.00%
SeaLink SA Ferry Services Pty Ltd	Australia	100.00%	100.00%
SeaLink Tasmania Pty Ltd	Australia	100.00%	100.00%
SeaLink Vessels Pty Ltd	Australia	100.00%	100.00%
Sita Coaches Pty Ltd	Australia	100.00%	100.00%
Sita Tours Pty Ltd	Australia	100.00%	100.00%
STG Properties Pty Ltd	Australia	100.00%	100.00%
Stradbroke Assets Pty Ltd	Australia	100.00%	100.00%

Note 38. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Stradbroke Ferries Pty Ltd	Australia	100.00%	100.00%
Sunferries Travel Pty Ltd	Australia	100.00%	100.00%
Sureride Charter, Inc	United States of America	100.00%	-
Swan Transit Canning Pty Ltd	Australia	100.00%	100.00%
Swan Transit Group Pty Ltd	Australia	100.00%	100.00%
Swan Transit Kalamunda Pty Ltd	Australia	100.00%	100.00%
Swan Transit Marmion Pty Ltd	Australia	100.00%	100.00%
Swan Transit Midland Pty Ltd	Australia	100.00%	100.00%
Swan Transit Pty Ltd	Australia	100.00%	100.00%
Swan Transit Services (South West) Pty Ltd	Australia	100.00%	100.00%
Swan Transit Services (South) Pty Ltd	Australia	100.00%	100.00%
Swan Transit Services Pty Ltd	Australia	100.00%	100.00%
Swan Transit South West Pty Ltd	Australia	100.00%	100.00%
Swan Transit Southern River Pty Ltd	Australia	100.00%	100.00%
Swan Transit Trust	Australia	100.00%	100.00%
Territory Transit Holdings Pty Ltd	Australia	100.00%	100.00%
Territory Transit Pty Ltd	Australia	100.00%	100.00%
The Living Classroom Pty Ltd	Australia	100.00%	100.00%
The Port Jackson & Manly Steamship Company Pty Ltd	Australia	100.00%	100.00%
The South Australian Travel Company Pty Ltd	Australia	100.00%	100.00%
Torrens Connect Pty Ltd*	Australia	55.00%	55.00%
Torrens Transit Group Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Services (North) Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Services Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Trust	Australia	100.00%	100.00%
Tower Transit Asset Holdings Limited	United Kingdom	100.00%	100.00%
Tower Transit Europe Pty Ltd	Australia	100.00%	100.00%
Tower Transit Holdings USA, Inc.	United States of America	100.00%	100.00%
Tower Transit Limited	United Kingdom	100.00%	100.00%
Tower Transit Operations Ltd	United Kingdom	100.00%	100.00%
Tower Transit Property Holdings Limited	United Kingdom	100.00%	100.00%
Tower Transit Singapore Pte Ltd	Singapore	100.00%	100.00%
Tower Transit Training Singapore Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Group Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Liverpool Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Services Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Trust	Australia	100.00%	100.00%
Transit Systems (Victoria) Pty Ltd	Australia	100.00%	100.00%
Transit Systems Finance Holdings Pty Ltd	Australia	100.00%	-
Transit Systems MBF Pty Ltd	Australia	100.00%	100.00%
Transit Systems Melbourne Pty Ltd	Australia	100.00%	100.00%
Transit Systems NSW Pty Ltd	Australia	100.00%	100.00%
Transit Systems NSW R6 Assets Pty Ltd	Australia	100.00%	-
Transit Systems NSW SW Pty Ltd	Australia	100.00%	-
Transit Systems Pty Ltd	Australia	100.00%	100.00%

Note 38. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Transit Systems Queensland Pty Ltd	Australia	100.00%	100.00%
Transit Systems WA Holdings Pty Ltd	Australia	100.00%	-
Transit Systems WA Pty Ltd	Australia	100.00%	100.00%
Transit Systems West Pty Ltd	Australia	100.00%	100.00%
Transit Systems West Services Pty Ltd	Australia	100.00%	100.00%
TravelLink Pty Ltd	Australia	100.00%	100.00%
TravelLink Technology Pty Ltd	Australia	100.00%	100.00%
Vivonne Bay Outdoor Education Centre Pty Ltd	Australia	100.00%	100.00%
Vyscot Pty Ltd	Australia	100.00%	100.00%
WA Bus and Coachlines Pty Ltd	Australia	100.00%	-

*Torrens Connect Pty Ltd is a subsidiary member of the consolidated group for accounting purposes but operationally functions as a joint venture. Refer note 29.

Note 39. Interests in joint ventures

Kelsian has a 50% joint controlling interest in International Travel Technology Pty Ltd which was not trading at 30 June 2023 (2022: Not trading).

Note 40. Deed of cross guarantee

The parent has entered into various cross-guarantees with its subsidiaries to support borrowings across the Group. Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, Kelsian Group Limited and the following subsidiaries have entered into a Deed of Cross Guarantee on 3 June 2019: Kangaroo Island SeaLink Pty Ltd, Captain Cook Cruises Pty Ltd, SeaLink Queensland Pty Ltd, Curtis Island Assets Pty Ltd, Curtis Island Services Pty Ltd, TSA Ferry Group Pty Ltd, Stradbroke Ferries Pty Ltd, Stradbroke Assets Pty Ltd, Sealink Ferries Pty Ltd, KBRV Resort Operations Pty Ltd and SeaLink Fraser Island Pty Ltd.

On 9 June 2020 the following subsidiaries entered into a deed of assumption and also became parties to that Deed of Cross Guarantee: Transit Systems (Victoria) Pty Ltd (formerly Sita Bus Lines Pty Ltd), Sita Coaches Pty Ltd, Transit Systems Pty Ltd, Swan Transit Pty Ltd, Swan Transit Services Pty Ltd, Torrens Transit Pty Ltd, Torrens Transit Services Pty Ltd, Transit (NSW) Services Pty Ltd, Transit Systems West Pty Ltd, Transit Systems West Services Pty Ltd, Sita Tours Pty Ltd, Swan Transit Group Pty Ltd and Transit (NSW) Group Pty Ltd.

On 25 June 2021, the following subsidiary entered into a deed of assumption and also became party to that Deed of Cross Guarantee: Transit NSW (Liverpool) Pty Ltd.

On 23 June 2022, the following subsidiary entered into a deed of assumption and also became party to that Deed of Cross Guarantee: S.V. Haoust Pty Ltd (trading as Go West Tours).

On 30 June 2023, the following subsidiaries entered into a deed of assumption and also became party to that Deed of Cross Guarantee: Transit Systems WA Holdings Pty Ltd, WA Bus and Coachlines Pty Ltd and Kelsian International Holdings Pty Ltd.

The effect of the deed is that Kelsian Group Limited has guaranteed to pay any deficiency in the event of winding up any controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event Kelsian Group Limited is wound up or it does not meet its obligations under the terms of the overdrafts, loans, leases or other liabilities subject to the guarantee.

In reliance on ASIC Corporations (Audit Relief) Instrument 2016/784, subsidiary companies in the closed group (as described above) that are also large proprietary companies have complied with the terms of that instrument and relied on it for relief from individual auditing requirements for those companies as separate entities.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the Group and therefore have not been separately disclosed.

Note 41. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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.

Note 42. Reconciliation of profit after income tax to net cash from operating activities

	2023 \$'000	Consolidated 2022 \$'000
Profit after income tax expense for the year	20,999	52,910
Adjustments for:		
Depreciation and amortisation	77,409	75,783
Share-based payments	1,009	1,144
Write off of assets	619	-
Net gain on disposal of non-current assets	(3,814)	-
Other expenses - non-cash	1,442	-
Finance costs - non-cash	98	2,025
Foreign currency differences	25,799	3,296
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,318	(18,386)
Increase in inventories	(2,571)	(3,254)
Increase in income tax refund due	(2,897)	-
Decrease/(increase) in deferred tax assets	(42)	1,439
Decrease in accrued revenue	398	-
Increase in derivative assets	(2,519)	-
Decrease/(increase) in prepayments	(1,301)	834
Decrease/(increase) in other operating assets	4,031	(18,024)
Increase/(decrease) in trade and other payables	(5,842)	19,604
Increase in contract liabilities	280	1,363
Increase/(decrease) in derivative liabilities	2,519	(2,984)
Decrease in provision for income tax	(4,756)	(14,634)
Increase/(decrease) in deferred tax liabilities	(3,354)	785
Increase in employee benefits	969	533
Increase/(decrease) in other provisions	830	(6,673)
Increase in other operating liabilities	17,356	19,275
Net cash from operating activities	128,980	115,036

Note 43. Earnings per share

	2023 \$'000	Consolidated 2022 \$'000
Profit after income tax attributable to the owners of Kelsian Group Limited	20,999	52,910
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	231,410,432	218,399,048
Adjustments for calculation of diluted earnings per share:		
Performance rights	696,709	683,312
Weighted average number of ordinary shares used in calculating diluted earnings per share	232,107,141	219,082,360
	Cents	Cents
Basic earnings per share	9.1	24.2
Diluted earnings per share	9.0	24.2

Note 44. Share-based payments

	2023	Consolidated 2022
	\$'000	\$'000
Recognised share-based payment expenses		
Expense arising from performance rights issued in 2020	-	375
Expense arising from performance rights issued in 2021	422	446
Expense arising from performance rights issued in 2022	310	323
Expense arising from performance rights issued in 2023	336	-
Forfeited performance rights	(59)	-
	1,009	1,144

Types of share option plans

Employee Performance Rights Plan "EPRP"

Performance rights are generally granted to senior executives with more than 12 months service. The EPRP is designed to align participants interests with those of shareholders. When a participant ceases employment prior to the vesting of their performance rights or where the performance hurdle is not met, the performance rights lapse. Should all conditions be met, one ordinary share is issued for each performance right for no consideration to the participant.

For the 2021 and 2022 EPRP issue there are two tranches of Performance Rights with the following weighting:

- 50% for earnings per share growth (Tranche 1).
- 50% for Total Shareholder Return (TSR) measured against companies in the ASX 300 Total Return Index (Tranche 2).

For the 2023 EPRP issue there are two tranches of Performance Rights with the following weighting:

- 50% for earnings per share growth (Tranche 1).
- 50% for Total Shareholder Return (TSR) measured against companies in the ASX 200 Total Return Index (Tranche 2).

For the 2021, 2022 and 2023 Performance Rights to vest in total, Kelsian must achieve the following conditions:

Tranche 1 - a compound annual growth rate (CAGR) of earnings per share (EPS) measured over a three-year measurement period, commencing 1 July 2021 (2021 issue), 1 July 2021 (2022 issue) and 1 July 2022 (2023 issue). A target CAGR over that three-year period of 10% for the 2020 and 2021 issues will result in 50% of the Performance Rights vesting, with pro rata vesting for the 2020 and 2021 issues for achievement for between 10% and 12% of CAGR for the three-year measurement period. For the 2022 and 2023 issues a target threshold CAGR over that three-year period of 5% will result in 50% of the Performance Rights vesting, with pro rata vesting for the 2022 issue for achievement for between 5% and 10% of CAGR for the three-year measurement period.

Tranche 2 - an Annualised Indexed TSR measured against the ASX300 Total Return Index for the three-year measurement period, commencing 1 July 2020 (2021 issue), 1 July 2021 (2022 issue) and measured against the ASX200 Total Index Return for 1 July 2022 (2023 issue). A threshold annualised TSR over that three year period meeting the Index will result in 50% of the Performance Rights vesting, with pro rata vesting of the remaining remainder of the tranche for achievement up to 10% above the Index TSR for the three-year measurement period.

The amount recognised as an expense is only adjusted when performance rights do not vest due to non-market-related conditions.

The fair value of the performance rights granted is estimated at the date of grant using a custom binomial lattice pricing model, taking into account terms and conditions upon which the performance rights were granted.

Effective date issued	2023 Issue	2022 Issue	2021 Issue
Number of Performance Rights issued	300,419	188,572	254,517
Minimum hurdle share price	Nil	Nil	Nil
Dividend yield	3.30%-3.50%	2.2%	2.45%
Expected volatility (as per valuation)	40%	40%	40.0%
Risk free interest rate	3.6%-3.7%	0.7%	0.1%
Expected life (years)	2.7-2.8	2.7	2.5
Valuation per performance right (Tranche 1 - KMP)	\$2.362	\$3.250	\$4.351
Valuation per performance right (Tranche 1 - CEO)	\$1.954	\$3.250	\$4.351
Valuation per performance right (Tranche 2 - KMP)	\$4.621	\$7.018	\$6.153
Valuation per performance right (Tranche 2 - CEO)	\$4.265	\$7.018	\$6.153

Note 44. Share-based payments (continued)

Performance rights	Number (000's) 2023	Weighted average exercise price	Number (000's) 2022	Weighted average exercise price
Outstanding at the beginning of the year	742	n/a	554	n/a
Granted (under the Employee Performance Rights Plan)	300	\$Nil	188	\$Nil
Forfeited	(20)	\$Nil	-	\$Nil
Exercised	(300)	\$5.49	-	n/a
	722		742	

KELSIAN GROUP LIMITED
DIRECTORS' DECLARATION
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 40 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Jeffrey R Ellison AM
Chair

30 August 2023

AUDITOR'S REPORT



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Ernst & Young
121 King William Street Fax:
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
+61 8 8417 1775
ey.com/au

Independent Auditor's Report to the Members of Kelsian Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kelsian Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit and loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Impairment of Intangible Assets

Why significant	How our audit addressed the key audit matter
<p>The Group carries a significant amount of goodwill and other intangible assets.</p> <p>As stated in Note 18 to the financial statements, the carrying value of goodwill and other intangible assets are tested annually for impairment. The Group performed its annual impairment test and determined the recoverable amount on a value in use basis, of its individual cash generating units (CGUs) to which the goodwill was allocated. The Group's impairment assessment resulted in no impairment for the period.</p> <p>Goodwill impairment was considered a key audit matter because impairment assessment requires estimation and significant judgement in respect of assumptions used in the value in use calculation. The Group makes assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, demographic developments, revenue and margin development. Key assumptions relating to the impairment test are disclosed in Note 18 to the financial statements.</p> <p>Key assumptions used in the impairment testing, are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. Changes in certain assumptions can lead to significant changes in the recoverable amount of these assets.</p> <p>In this situation disclosure in the financial report provides important information about the assumptions made in the impairment testing and the market conditions at 30 June 2023. For this reason, we consider it important that attention is drawn to the information in Note 16 to the financial statements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ➤ We considered the relationship between market capitalisation and net assets of the Group. ➤ We agreed the forecast cash flows used in the impairment model to Board approved budgets for the 2024 financial year ➤ We tested the mathematical accuracy of the cash flow model used for the Group's value in use impairment assessment. ➤ We evaluated the Group's key input assumptions, analysed the extent to which the outcome of the impairment test was sensitive to changes in key assumptions and assessed the historical accuracy of the Group's budgeting process. ➤ We involved our valuation specialists to assess the discount rate and both the short and long term growth rates used in the Group's impairment models for its CGUs. ➤ We compared the recoverable amount calculated within the value in use models to the carrying value recorded at 30 June 2023. ➤ We assessed the adequacy of the disclosures in Note 18 to the financial statements.

AUDITOR'S REPORT



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Provisional business combination accounting for the acquisition of All Aboard America Holdings Inc ('AAAH')

Why significant	How our audit addressed the key audit matter
<p>On 1 June 2023, Kelsian acquired the All Aboard America Holdings Inc ('AAAH') for \$512 million.</p> <p>The acquisition resulted in the recognition of goodwill of \$199.9 million after the allocation of the purchase price across the identifiable assets acquired, liabilities and contingent liabilities assumed. This provisional allocation of the purchase price is based on estimated fair values as 30 June 2023 and will be finalised within twelve months of the acquisition date. Kelsian engaged an independent expert to assist in the identification and valuation of the main tangible and intangible assets and liabilities of AAAH.</p> <p>We considered the Group's provisional business combination accounting to be a key audit matter given the significance of the transaction and the level of judgement exercised by the Group to identify the acquired assets, liabilities and contingent liability and to assess their fair values.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ➤ With the assistance of our valuation specialists, we: <ul style="list-style-type: none"> • Assessed whether the valuation methodologies used by the Group to measure the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed as part of the acquisition were in accordance with the requirements of Australian Accounting Standards. • Tested the mathematical accuracy of those models. • Assessed the key inputs and assumptions used in the fair value calculations prepared by the Group with assistance from their independent valuation experts. ➤ We assessed the qualifications, competence and objectivity of the independent valuation experts used by the Group to measure the provisional fair values of acquired fleet, being a significant component of acquired plant and equipment. ➤ We involved our tax specialists to consider the current and deferred tax balances recorded as part of the provisional business combination accounting by the Group. ➤ We tested the recognition of goodwill as part of the business combination was consistent with the requirements of Australian Accounting Standards. ➤ We tested transaction costs associated with business combination were recorded in profit and loss for the year. ➤ We assessed the adequacy of the disclosures in Note 38 to the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

AUDITOR'S REPORT



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We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Kelsian Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young



David Sanders
Partner

Adelaide
30 August 2023

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows.
The information is current as of 30 August 2023.

A Distribution of EQUITY securities

(i) Ordinary share capital

269,217,706 fully paid ordinary shares are held by 5,309 individual shareholders. All issued ordinary shares carry one vote per share and carry the right to dividends.

(ii) Performance Rights

722,711 performance rights are held by eighteen employees of the Company. Pursuant to the Rules of the Kelsian (formerly SeaLink Travel) Group Rights Plan, performance rights do not carry voting or dividend entitlements. Shares issued when performance rights vest rank equally with fully paid ordinary shares.

The number of holders of equity securities, by size of holding in each class are:

HOLDING RANGES	FULLY PAID ORDINARY SHARES			PERFORMANCE RIGHTS		
	NUMBER OF HOLDERS	NUMBER OF SECURITIES	% OF CLASS	NUMBER OF HOLDERS	NUMBER OF SECURITIES	% OF CLASS
1–1,000	1,955	755,676	0.28	0	0	0.00
1,001–5,000	1,918	4,945,235	1.84	0	0	0.00
5,001–10,000	691	4,990,360	1.85	1	5,409	0.75
10,001–100,000	660	14,864,221	5.52	15	310,817	43.01
100,001 and over	85	243,662,214	90.51	2	406,485	56.24
Total	5,309	269,217,706	100.00	18	722,711	100.00
Holdings less than a marketable parcel (based on a closing price of \$6.50 on 30 August 2023)	292	5,698	0.00212	N/A	N/A	N/A

B Substantial shareholders

Substantial shareholders as disclosed by notices received by the Company as at 30 August 2023.

SUBSTANTIAL HOLDER [^]	NUMBER OF VOTING SHARES IN WHICH THE SUBSTANTIAL HOLDER OR AN ASSOCIATE HAD A RELEVANT INTEREST AS AT THE DATE OF NOTICE	DATE OF NOTICE
SMITH ENTITIES ^{^^}	26,765,276	28/03/2023
LEISHMAN ENTITIES ^{^^^}	23,000,000 ^{^^^^}	20/02/2022

[^]Sarto Pty Ltd provided a notice on 21/06/2019 stating that it had a relevant interest in 5,331,000 voting shares. No notice of ceasing to be a substantial holder has been received from Sarto Pty Ltd as at 30/08/2023. However, as at 30/08/2023 Sarto Pty Ltd held approximately 2.8% based on details of the previous notice and accordingly has not been listed a substantial holder in the table above.

^{^^} As at 28 March 2023, the registered holders of the voting shares in which the Smith Entities had a relevant interest were: (i) Relay (Australia) Pty Ltd (formerly Pacific Transit Pty Limited) as trustee for The Relay Trust (Australia) (formerly the Pacific Transit Trust); (ii) Accuro Trustees (Jersey) Ltd as trustee for the Inubia Paulista Trust; and (iii) BNP Paribas Nominees Pty Ltd as described in the ASX notice dated 28 March 2023; and

^{^^^} As at 20 February 2022 the registered holders of the voting shares in which the Leishman Entities had a relevant interest were: (i) Leishman Australia Pty Ltd as trustee for the Leishman Enterprises Trust; and (ii) Finchton Enterprises Pty Ltd as trustee for the Leishman Family Trust No 2 as described in the ASX notice dated 20 February 2022.

^{^^^^} As at 30 August 2023 Leishman Australia Pty Ltd as trustee for the Leishman Enterprises Trust and Finchton Enterprises Pty Ltd as trustee for the Leishman Family Trust No 2 are the registered holders of 23,929,387 voting shares.

C Twenty largest holders of quoted equity securities

ORDINARY SHAREHOLDERS	BALANCE AS AT 30/08/2023	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,981,945	12.622%
CITICORP NOMINEES PTY LIMITED	32,904,160	12.222%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	24,779,874	9.204%
FINCHTON ENTERPRISES PTY LTD <THE LEISHMAN FAMILY NO 2 A/C>	19,300,959	7.169%
RELAY (AUSTRALIA) PTY LTD <THE RELAY (AUSTRALIA) A/C>	14,392,292	5.346%
NATIONAL NOMINEES LIMITED	13,632,462	5.064%
ACCURO TRUSTEES (JERSEY) LTD <THE INUBIA PAULISTA A/C>	10,994,280	4.084%
WINDFURY PTY LIMITED <THE CLEVELAND TRANSPORT A/C>	10,282,353	3.819%
SARTO PTY LTD <R ZAPPIA & SONS P/FUND A/C>	7,071,309	2.627%
BNP PARIBAS NOMS PTY LTD <DRP>	5,677,623	2.109%
PRESCOTT NO 22 PTY LTD <PRESCOTT NO 22 A/C>	5,197,360	1.931%
SMITH FEUERHERDT HOLDINGS PTY LTD <THE RUBICON A/C>	5,044,171	1.874%
LEISHMAN AUSTRALIA PTY LTD <THE LEISHMAN ENTERPRISES A/C>	4,628,428	1.719%
SUNROP PTY LTD <SUNROP UNIT A/C>	4,562,863	1.695%
WG ADMINISTRATION PTY LTD <RELAY FOUNDATION A/C>	4,400,000	1.634%
EQUILINK PTY LTD <F A MANN FAMILY A/C>	3,721,000	1.382%
ARISTOS NOMINEES PTY LTD <BJ MAYFIELD FAMILY A/C>	3,363,692	1.249%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	3,311,769	1.230%
MR JEFFREY ROY ELLISON & MRS TONI ALICE ELLISON <ELLISON SUPERANNUATION A/C>	2,680,000	0.995%
BELAHVILLE PTY LTD	2,435,644	0.905%
Total Securities of Top 20 Holdings	212,363,184	78.881%
Total of Securities	269,217,706	



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Head Office

Level 3, 26 Flinders Street
Adelaide SA 5000

Web Kelsian.com

Email info@kelsian.com

Phone +61 8 8202 8688

ABN 49 109 078 257

ACN 109 078 257

ASX Code KLS