Experience Co Limited (ASX Code: EXP)

2020 Annual General Meeting

28 October 2020

Chairman's Address

Bob East

FY20 was transformational for EXP in a year that was extraordinary, particularly for Australasian tourism markets.

Management has streamlined the business, reduced debt and improved efficiencies throughout the business in a period that has seen some of the most significant external shocks to Australian and NZ tourism in generations.

At the 2019 AGM, having conducted a thorough review of the business under the leadership of newly appointed CEO, John O'Sullivan, the Company announced its key strategies and objectives that would reset the business for improved performance into FY21, involving:

- Business simplification and clarity on core business;
- Divesting of non-core activities;
- Improving systems and processes to support efficiency throughout the business;
- Implementing cost management disciplines.

In early January 2020, the Group completed the divestment of the GBR Helicopter business – this delivered approximately $16.5 million which was applied to our debt facility strengthening our balance sheet in a clear demonstration of an increased focus on return on capital.

Prior to the emergence of COVID-19, financial performance had been impacted by adverse weather conditions and the catastrophic Australian bushfires in key skydiving geographies, while Tropical North Queensland tourism markets continued to experience weaker demand, as foreshadowed heading into FY20.

The emergence of COVID-19 and Government responses, health advice, international and domestic border restrictions were soon to test the new strategic direction of the business, far greater than any trading or market development.

EXP responded swiftly, safeguarding the health and safety of our employees, customers and the broader community in line with Government health recommendations. In late March 2020, the Board and Management made the difficult but necessary decision to suspend all Group operations. Management streamlined operating structures and implemented cost saving measures to minimise cash outflow during this period of uncertainty.

Pleasingly, operations progressively recommenced from late May 2020 in line with the lifting of restrictions in New Zealand and Australia. Today only our Skydive business in Victoria remains in lockdown as per State Government instructions.

The wage subsidy programs in Australia and New Zealand were welcomed and assisted the Company in managing our business during suspension. Upon resumption of operations they

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supported our team members during a challenging period and allowed the Group to retain critical capabilities within the business for when operations return to normal.

While operations were suspended, the business used the opportunity to accelerate planned improvements in systems and projects aimed at reducing costs, improving business performance and customer experience. Capital preservation was paramount to ensure the Group was well placed to restart operations and capitalise on demand as conditions improved and to provide the platform for growth in the medium term.

Government responses to COVID-19 at state and national level continues to dictate near term financial performance. As domestic restrictions relaxed, demand exceeded initial expectation and modest profitability at both the EBITDA and cash flow level has been achieved in the first quarter of FY21.

The asset divestment program has progressed with diligence and patience, with net debt reducing from $29.5 million at 30 June 2019 to circa $5 million as at 27 October 2020. Importantly, while capital is being released it is not going to impact the ability of EXP to flex to historical earnings levels going forward. An outstanding achievement.

Through all of this, we have not lost focus on growth.

Management has continued to innovate new product opportunities leveraging existing capital and skill base by incorporating unique skydive experiences such as the reactivation of the CBD Langley Park, Perth Drop Zone and exploring similar opportunities in other key markets.

We have also successfully installed a new Skydive reservations system which will provide connectivity to our agency networks and increase efficiencies and customer experience at our Drop Zones by enabling automated check in.

In September, the Queensland Premier, announced that the Group had been awarded a $3 million contribution from the Queensland Government for the construction of a new pontoon on the Great Barrier Reef. The new pontoon, at a total cost of $6.7 million is part of the Dreamtime Island vision featuring, world class facilities and scientific research and sustainable eco-tourism while showcasing the indigenous people of the region as Traditional Owners of the Great Barrier Reef. This project will provide sustainable training and employment pathways for the indigenous people in the region and importantly attract tourists to one of the seven wonders of the world. The project is scheduled for completion in early 2022.

With business simplification largely complete and proven capital discipline in place, the Group has the platform to grow. Management has worked tirelessly on progressing the acquisition pipeline to execute medium to long term opportunities in the sector.

Outlook

In the near term, we expect market conditions to remain curtailed by domestic and international border restrictions. The business will remain agile to respond to emerging market conditions and position itself to capitalise on demand as restrictions relax.

Near term catalysts include domestic border policy in both Queensland and Western Australia and the Victorian Government's approach to easing restrictions. We also remain hopeful of the emergence of a Trans-Tasman travel bubble during the course of FY21. At an international level, we are encouraged by the progress of targeted initiatives for select countries such as Singapore, South Korea and Japan.

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The business remains steadfast in its strategic direction and objective to grow the business both organically and via acquisition opportunities and is well placed to explore and capitalise on opportunities as they align with our strategic objective. Our adventure experience teams are best in class which ensures EXP is able to deliver world class unique experiences to our customers.

The new Management team has performed remarkably well and on behalf of the Board, I thank CEO John O'Sullivan and his management team for leading the Group through a demanding year. The Board's appreciation extends to all employees and business partners for their significant efforts and commitment to our business during these testing and uncertain times.

During the year, the Board met as often as was required to provide support and guidance to the Management team and I thank my fellow Board members for their support during the year.

And finally to all our customers, trading partners and stakeholders for their ongoing support of the EXP Group during a time when they themselves have also been impacted by these unprecedented times.

COVID-19 has undoubtedly impacted the business significantly in 2020. Our business and our team has proven its resilience and has emerged well positioned to capitalise on opportunities in the future. We look forward to growing our adventure experiences offering, executing on growth opportunities and delivering shareholder value into 2021 and beyond.

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About Experience Co Limited (ASX: EXP)

Experience Co Limited (EXP) is an adventure tourism and leisure company. Founded in 1999 in Wollongong, Australia the Group has grown to a diversified adventure tourism business with core activities that include skydiving in Australia and New Zealand and Great Barrier Reef tour and diving and snorkeling experiences. The Group's operations are located primarily on Australia's eastern seaboard from the Great Ocean Road in Victoria, to Tropical North Queensland's Port Douglas, complimented by the skydiving operation in New Zealand located in the world-renowned Queenstown region.