

SEALINK

Travel Group

Annual Report

2020 – 2021



A photograph of two Indigenous Australian men. The man on the left is wearing a red headband and a red cloth around his waist. He is holding a small, round, woven basket containing a piece of food. The man on the right has a long white beard and is smiling. He is holding a piece of food in his hand. The background is a blurred outdoor setting with green foliage.

We acknowledge the Traditional Owners and Custodians of country throughout Australia and their continuing connection to the land, water and community. We pay our respect to Aboriginal and Torres Strait Island Cultures and Elders past, present and emerging.



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Palm Island, Queensland

SEALINK TRAVEL GROUP

SeaLink Travel Group is Australia's largest land and marine tourism and public transport service provider with established international operations.

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

SeaLink is one of Australia's most experienced and diverse multi-modal transport businesses, boasting performance-driven capabilities across ferry, bus, and light rail.

The Group is made up of SeaLink marine and tourism operations and facilities, and Transit Systems Group, which operates domestic and international public transport contracts. Operations span through seven Australian states and territories, as well as Singapore and London.

Collectively the Group moved more than 207 million customers in FY21, has over 8,600 employees and operates approximately 3,500 buses and 117 vessels.

SeaLink is a leading business in zero emission technology having recently

placed Australia's largest order for electric buses. It was also the first in Australia to purchase hydrogen buses to service public transport contracts. SeaLink's commitment to sustainability extends to its marine and tourism operations, most notably demonstrated by the launch of the Kgari (Fraser Island) World Heritage Discovery Centre which is located within Kingfisher Bay Resort. The Centre aims to enhance environmental awareness and conservation efforts on the world's largest sand island.

Headquartered in Adelaide since 1989, the Group has demonstrated its dynamic ability to prosper through sound acquisitions and create remarkable growth periods to emerge as a leader in both public transport and tourism.



FIVE YEAR FINANCIAL HIGHLIGHTS

SEALINK TRAVEL GROUP

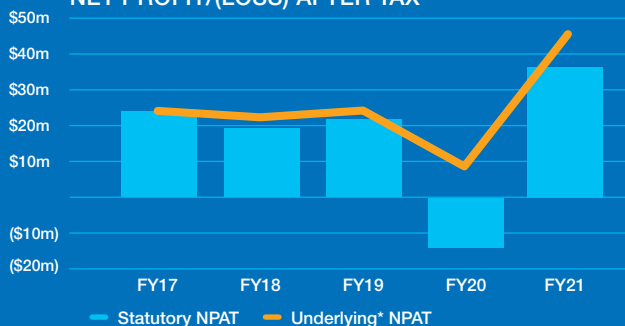
PERFORMANCE

		2017	2018	2019	2020	2021
Total Revenue	\$m	201.4	209.4	251.3	646.5	1,211.7
Underlying* EBIT	\$m	37.5	33.6	31.5	29.9	73.1
EBIT margin	%	18.6	16.0	12.5	4.6	6.0
Underlying* NPAT	\$m	23.8	22.1	23.4	8.7	43.0
Statutory NPAT	\$m	23.8	19.6	21.5	(13.6)	37.8
Operating cash flow	\$m	25.7	28.6	40.6	90.1	111.9
Underlying* EPS (basic)	cents	23.6	21.8	23.1	5.3	19.7
Dividend per share (100% franked)	cents	14.0	14.5	15.0	11.0	16.0

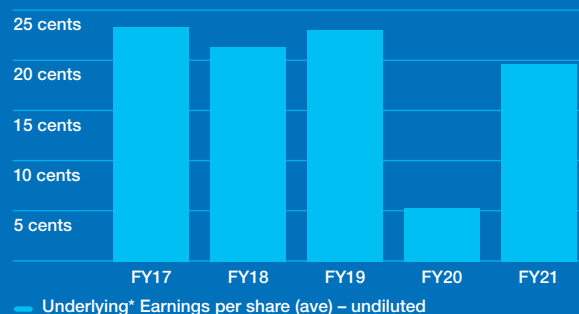
FINANCIAL STRENGTH

Net Assets	\$m	147.7	152.2	157.9	600.2	608.1
Net Tangible Assets per share	cents	100.0	101.0	106.0	5.0	27.0
Gearing	%	31	46	36	31	31

NET PROFIT/(LOSS) AFTER TAX



UNDERLYING EARNINGS PER SHARE UNDILUTED



*Adjusted for significant items for the period ending 30 June 2021. This is a non-IFRS measure and has not been audited.

CHAIR REPORT



Dear fellow Shareholders,

As a result of the COVID-19 pandemic, Australia and the world have endured possibly the most challenging business year we have ever experienced in the life of SeaLink. This challenge has filtered down to almost every aspect of life, and travel and tourism has most notably been one of the most affected areas.

I am very pleased to report that with the support and ongoing efforts of our employees, customers and suppliers, our response to these challenges led by our talented leadership team has placed us in a strong position to address these challenges and also achieve strong growth for our Company.

Our tourism businesses endured the greatest challenge from the pandemic, yet pro-active decision making and dedicated efforts from our employees to operate safely, efficiently and effectively during these times has resulted in cost-reductions and new opportunities being pursued. Results from our public transport businesses demonstrate the resilience of this part of business, where we have improved our service levels and remained focused on the safety of our customers.

We have been able to execute on a number of new contracts and acquisitions during the year which is very pleasing. This includes new bus contract awards in Singapore, Katherine and Adelaide and new ferry contract awards in Brisbane and Hayman Island. We have also secured the renewal of contracts in Townsville, Adelaide, Singapore and Darwin.

Financially, SeaLink has had an impressive year. Our statutory net profit after tax of \$37.8 million was up 377% and had strong share price appreciation during the period. Robust cost control and operational efficiency has lifted earnings, further assisted by a significant full year contribution and new contract awards from the Transit Systems Group business, acquired in January 2020.

Pleasingly, we have been able to declare an increased fully franked final dividend of 9.0 cents per share. This brings the full year dividend to 16.0 cents per share, up 45.5% on the prior year.

I have been particularly pleased with the progress we have made in relation to our commitment to long-term sustainability and climate change. We have expanded our battery electric bus fleet in Australia and overseas, and are well positioned to be the first public transport company to introduce hydrogen bus technology to Australia in the coming year.

In summary, we are well placed for the year ahead. The diversity of our businesses across metropolitan bus transport, marine transport and tourism, and more recently resource sector bus transport, provides resilience and sets us on a strong course to capitalise on opportunities in the future.

There is still a lot of uncertainty in the world due to the COVID-19 pandemic, and the impacts of COVID-19 will likely be with us for a while yet. We are looking forward to the permanent reopening of state and international borders and restoring our tourism business to pre-COVID-19 levels over time.

In closing, I want to return to the performance of our Group CEO, Clint Feuerherdt, and the management team in what has been a very challenging time. The team has reorganised the business to support our strategy for long-term growth while also delivering a terrific result for the year. All of this was achieved while safely managing the many complexities and challenges associated with the COVID-19 environment. This is a strong endorsement of the capabilities of SeaLink's senior team. I also want to sincerely thank all SeaLink employees for their efforts across the year. We greatly appreciate the continued commitment and endeavours of the team at SeaLink and the support of our customers and suppliers.

Finally, I would like to thank my fellow Board Members for their commitment and dedication to making this great company what it is today. Again, I must say how genuinely pleased I am in the way the Board and Management have responded to the challenges of the last year.

Jeff Ellison
Chair
SeaLink Travel Group Limited



CEO REPORT

Dear Shareholders,

Like all businesses around the world, the last year has been overwhelmingly dominated by the management of the COVID-19 pandemic. Although SeaLink is now a global operation with operations in London and Singapore, which made the management of the pandemic that bit more challenging, we are in a great position to have nearly 90% of our revenue base fully contracted by government or large corporate entities.

Throughout the year, SeaLink has anticipated, navigated, and repositioned to finish this year with a strong balance sheet that supports our growth strategy and ultimate purpose: to become a world leader in delivering essential journeys through safe and intelligent transport solutions and creating brilliant customer experiences.

Operating safely has been essential to the success of our business. We are committed to the health, safety and welfare of employees, contractors, visitors, and customers to ensure we provide a high quality of service that is efficient, reliable, and safe for our customers.

I can proudly say that as a team we have risen to these challenges and worked together to deliver strong results for the year. Notwithstanding the efforts of managing the impacts of the COVID-19 pandemic and driving greater efficiency within all businesses, the team has also been able to deliver on some impressive organic growth opportunities within each of the three operating divisions.

This year, we were very pleased to announce the acquisition of Go West Tours for an enterprise value of A\$84.7 million, plus an earn-out component of up to A\$25 million, which successfully completed on July 1, 2021. Go West Tours is a leading supplier of modern charter, rental and tour vehicles to the resources sector, school bus transfers, government, and tourism products. It is one of the largest specialist bus operators in Western Australia and will provide us with an extended geographical reach and platform for growth. The acquisition saw us grow by approximately 184 employees and a fleet of 323 buses across 8 depots.

We also welcomed two new vessels to a marine fleet that now numbers 117 vessels. MV Parrabah, was built in Tasmania and will service Bruny Island, and MV Coolgaree Cat, a A\$7.3 million vessel that will service Palm Island locals and visitors. Both vessels are at the forefront of passenger ferry design, efficiency, and performance and are a great addition to our service offerings.

Tenders

Tender success has been a key focus for our business. Domestically we have been awarded many. In Queensland, RiverCity Ferries commenced operations in November 2020 with the operation of Brisbane City Council's CityCats, City Hoppers and KittyCat's. We have also been able to continue our contract to operate our passenger ferry operations to Magnetic Island and a subsidised contract for the delivery of the Palm Island ferry service. SeaLink was also awarded a three-year contract as the new operator of the InterContinental Hayman Island Resort ferry transfers in the Whitsunday Islands. In addition, there will also be guest transfers between Hayman Island Resort and Hamilton Island Airport to meet all arrivals and departures, as required.

In the Northern Territory, we were awarded the Katherine school bus contract in February 2021, which will see us operate 11 buses over a large geographic area in remote Northern Territory.

Our South Australian Bus business has also expanded with commencement of the East West, Outer North East and Outer North bus contracts this financial year. In addition, the Torrens Connect Joint Venture commenced the North South bus and tram contract, the first light rail contract for the Group.

Internationally, our Tower Transit Singapore business was awarded the PT217 contracts with the new Bulim contract commencing operations in May 2021 and Sembawang-Yishun contract operating from September 2021, totalling 56 bus services at a total contract fee of approximately S\$1 billion over five years.

Sustainability

Sustainability is an ongoing focus for us at SeaLink and we are the leader in delivering zero emission bus solutions to Australian public transport networks. In December 2020, we placed Australia's largest order for battery electric buses (BEB) after a successful two-year bus pilot in Region 6 in Sydney. In June 2021, 10 battery electric buses were placed into service, and we are working closely with TfNSW on a proposal to introduce a fleet of a further 40 BEB's into Sydney.

In May 2021, and in an Australian first, we ordered two hydrogen fuel cell buses to service public transport contracts in Australia. This purchase follows our extensive trials in operating a fleet of this type of buses in London as part of the Transport for London led Clean Hydrogen in European Cities (CHIC) and 3Emotion projects. Over the next year, we will be exploring and trialling this technology to better understand how it adapts to Australian conditions.

In addition, our London operation continued to diversify its fleet of buses, investing in 37 new electric double decker buses to support key routes around London.

Reconciliation

SeaLink reaffirmed its commitment to Aboriginal and Torres Strait Islander people, cultures, and communities with a new Reconciliation Action Plan (RAP) this year. We celebrate the vast diversity of our network. Each employee brings a fusion of skills and contributions to our operations and services. It is through this diversity that we can embrace and incorporate recognition, acknowledgement and understanding of Aboriginal and Torres Strait Islander peoples and cultures.

Outlook

Looking ahead, we will continue to focus on company growth and shareholder value creation. We remain the largest marine tourism and transport operator in Australia with plans to increase our tendering capabilities, redevelop and improve our facilities, and explore accretive acquisitions, both domestically and internationally.

I would like to extend my thanks to our Chair, Jeff Ellison and the Board. I commenced this role in January 2020 and have received the full support of a confident, highly skilled and dedicated team. I look forward to working with you in the coming year and improving on the successes of the past.

Clinton Feuerherdt Group CEO

SeaLink Travel Group Limited



OUR GLOBAL OPERATIONS

Through 2020-21, SeaLink's operations continued to grow and diversify throughout the world. Here's a snapshot of the numbers at 30 June 2021.

207 Million Passengers





OPERATIONS

● Vessels

● Buses

● Tourism

● Trams

LONDON



SINGAPORE



AUSTRALIA



Operations at September 2021

SUSTAINABILITY

INTRODUCTION

SeaLink Travel Group Limited ('SeaLink') is the parent company of businesses operating in different geographies throughout the world and across two main industries – transport and tourism.

We transport people to and from locations in Australia, London and Singapore and offer tourism products for travel, tours and accommodation in Australia. We successfully operate services in a range of communities providing efficient services, working to minimise our impact on the environment and focusing on delivering sustainable services in ways that matter most to our business and our stakeholders.

During the year, we invested in training on sustainability reporting frameworks and held workshops on relevant Environment, Social and Governance (ESG) topics to enhance and validate our reporting of material sustainability topics for SeaLink.

PEOPLE

Our people are at the core of our business, and we implement a wide range of initiatives and programs to support them, including those promoting an engaged and diverse workforce, and equal opportunity and performance. Globally we employed over 8,600 people and we are committed to providing them with a safe and inclusive workplace in which they can bring their whole-self.

Our People, Culture and Remuneration Committee assists the Board with oversight of people related topics at the highest level of our Company and the Board receives regular reports from Management on people related programs and issues arising in our business. To further enhance our senior management resources, we have recruited a new Group Executive - Chief People and Culture Officer and invested in additional resources to increase our expertise and breadth of the People & Culture teams in the business.

SeaLink has established management systems aimed at ensuring we recruit, train, and support our people to thrive and work safely in the workplace. We strive to provide our employees with market-competitive pay rates and have renewed and updated several workforce industrial agreements (enterprise agreements) during the year. Compliance with workplace laws is monitored by the Executive and the Board to ensure controls are working as intended.

VALUES

Our COMPASS Values guide the way we manage our sustainability pillars including our people, our community and reconciliation, environment and governance.

CUSTOMER FOCUSED

We focus on delivering an excellent experience for every customer.

ONE TEAM

We are one united team. We support, respect and value each other.

MOTIVATED

We embrace each day with energy, enthusiasm and a can-do attitude.

PROFESSIONAL

We take responsibility to 'do the right thing' with honesty and integrity.

AUTHENTIC

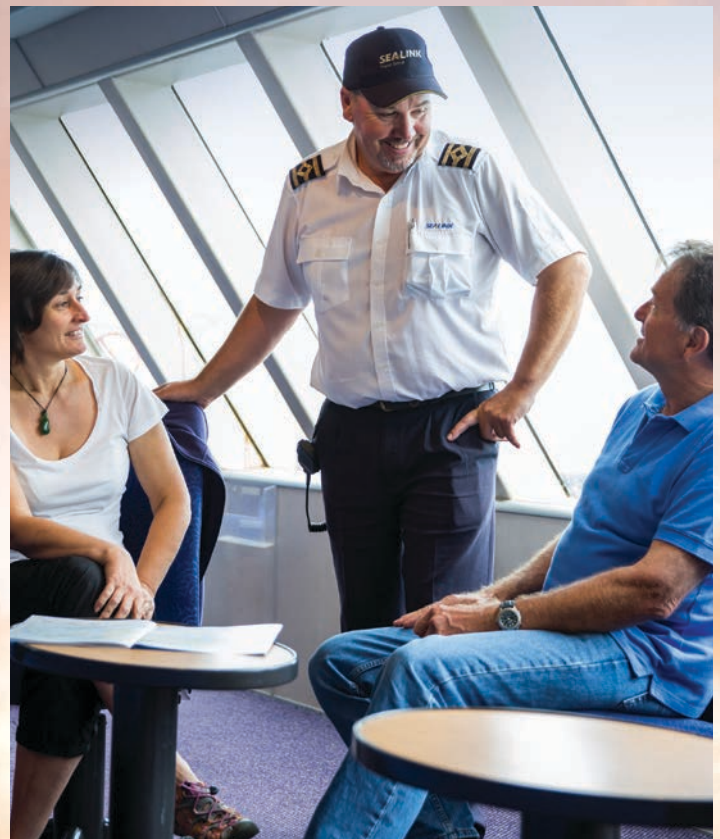
We are 'real' and genuinely care about what we do.

SUCCESSFUL

We are easy to do business with and we deliver results.

SAFETY FIRST

We make safety a priority in everything we do.



SUSTAINABILITY

Health and Safety

Employing approximately 8,600 people and with operations in three countries and transporting over 207 million customers in FY21, puts safety at the top of our priorities and it is essential to the success of our business. SeaLink is committed to the health, safety and welfare of our employees, contractors, visitors and customers. We are also committed to a high quality of service that provides an efficient, reliable and safe experience.

SeaLink has a Health and Safety Policy in place and well-established and mature Safety Management Systems in its businesses, with many of the business units ISO or AS equivalent certified across a range of relevant standards (Safety Management- ISO 45001:2018; Quality Management – ISO 9001:2015, Asset Management – 55001:2014). Safety performance is measured and reviewed using both lead and lag indicators by management and the Board on a monthly basis. Extensive controls are in place to manage health and safety risks supported by a regular internal audit schedule and external certification audits.

Whilst health and safety is everyone's responsibility, ultimate responsibility for health and safety resides with the Board and the Group Executive. The Audit and Risk Committee of the Board assist the Board in overseeing health and safety and to enhance our focus at Executive level. Our Group Executive Safety Committee meets monthly to focus on safety matters. All our business units maintain safety committees to engage with and involve employees in our safety management and safety related decisions.

This year we continued to enhance our safety reporting across the Group to give us greater insight into our risks and performance. This includes a wider array of consistent metrics to improve the comparability of our safety reporting across our divisions. In addition, we have continued to explore technology to assist in improving safety outcomes such as use of telematics and 360° cameras on vehicles and we run regular safety campaigns on issues and topics tailored to our operations.

The impact of COVID-19 has necessitated significant management attention to focus on the health and safety of our people and customers. This is balanced with the need to continue operating essential transport services and managing the impacts of border closures on our operations, especially the tourism parts of our business. Some of the measures implemented throughout the year included:

- Following health authority guidance in each relevant jurisdiction.
- Implementing recommended additional COVID-19 management measures such social distancing, protective barriers, masks, temperature tests, cashless operations, boarding procedures, QR codes and load limits.
- Working with our Government partners to increase vehicle and vessel cleaning frequency for our customers.
- Distribution of regular safety guidance on preventative measures, health and wellbeing.
- Executive and senior management oversight and response planning with appropriate committees/groups meeting regularly to focus and collaborate on COVID-19 responses and manage interruptions to operations from travel restrictions and border closures.
- Regularly communicating with our people via different mediums.
- Enabling flexible working arrangements where required and practical, along with support to ensure effective remote working.
- Reviewing depot, workshop, terminal work processes and operations in light of health guidance.

SUSTAINABILITY



PEOPLE Continued

Diversity and Inclusion

SeaLink has a Diversity and Equity Policy in place and during FY21, SeaLink developed its inaugural Australian Diversity and Inclusion strategy, which represents our commitment to fostering a diverse and inclusive workplace. As one of Australia's most experienced and diverse multi-modal transport businesses, we continue to grow to reflect the 207 million customers we proudly serve each year. We will continue to champion inclusivity across our business in order to promote and support a workforce representative of the diversity of our customers and the Australian community.

The strategy outlines a roadmap to sustain our responsibility in providing a safe, inclusive and accessible workplace, where our team-members and customers feel acknowledged, respected and appreciated. We are committed to enabling people to bring their whole selves to work, allowing them to be their best, bring their best, and feel their best. In doing so, we seek to create exceptional employee and customer experiences.

With this in mind, we are conscious of the adversity particular groups face and acknowledge that within our society and the broader Australian community, some groups experience greater social and economic disadvantage as a result of stigma and bias.

We seek to continue to build a values-driven organisation focused on our people and the communities in which we live and serve. We aim to continue to provide meaningful and sustainable employment opportunities that are free from barriers, support and celebrate the diverse talents of our team members, improve awareness of the

value of diversity and inclusion across our organisation, and enable our leaders to champion diversity and inclusion.

Our Australian Diversity and Inclusion Strategy outlines a three-year plan to establish a foundation for Diversity and Inclusion in our workplace by educating our workforce about the importance and benefits a diverse and inclusive workforce. It complements the existing Diversity and Inclusion programs across our Singapore and United Kingdom divisions.

SeaLink's diversity objectives which apply to all our employees wherever located, include:

- Ensure recruitment is on the basis of competence and performance, regardless of age, ethnicity, gender, or cultural background.
- Provide equal opportunities based on merit.
- Make more informed and innovative decisions, drawing on the broad range of experience and perspectives that employees from diverse backgrounds and different skill sets bring to their roles, and
- Ensure every employee is treated with respect and fairness whilst performing their work.

SUSTAINABILITY

COMMUNITY

SeaLink is highly aware of its responsibility to local residents and services in the communities in which we operate. We value and are committed to two-way communication with our local communities to engage and continually improve the way our services are delivered and support those communities.

Our engagement and support for communities where we work takes the approach of a bespoke local content plan to capture the needs of our community and empower our teams on the ground. Support for local communities primarily takes the shape of creating local jobs directly through us or our suppliers as well as charitable donations, sponsorships and provision of in-kind services.

Over the last two summers, many of our Australian communities battled some of the most severe bushfires in our country. We played a key role in transporting people and emergency services to and from bushfire affected areas, which included Kangaroo Island, South Australia (2019/20 summer) and Fraser Island (K'Gari), Queensland (December 2020). We continue to work with communities to support their recovery efforts.

CASE STUDY 1

SeaLink supports the Tiwi Islands

SeaLink has a strong connection to the Tiwi Islands. In 2014, SeaLink Northern Territory partnered with Tiwi Design Aboriginal Corporation to deliver a new tourism experience incorporating traditional dancing and culture stories as well as a 'behind-the-scenes' screen printing activity.

This partnership has been instrumental in developing the skills and capacity of Tiwi Design artists to share cultural experiences with visitors to the Tiwi Islands. Since commencement, SeaLink has carried nearly 6,500 guests on the tour, with a boost of around \$1m to the Tiwi economy. Many of these visitors also take the opportunity to purchase art, further supporting Tiwi artists.



RECONCILIATION

SeaLink's embedded history of community engagement rightly includes support of Aboriginal and Torres Strait Islander peoples, cultures, and communities. In 2018, SeaLink launched an Innovate Reconciliation Action Plan (RAP). Since that time, the Group has experienced tremendous growth, mainly through the acquisition of Transit Systems Group in January 2020.



In 2021, SeaLink renewed its commitment to reconciliation with our new national Reflect RAP. It acknowledges our past achievements whilst aligning to the new vision, capability, size and scale of SeaLink. It provides us with a structured framework to be intentional about our contribution to reconciliation as we build respect for, and relationships with, Aboriginal and Torres Strait Islander peoples. The implementation of the Reflect RAP is governed by an established RAP Working Group.

The new national RAP will also complement local existing RAPs in our Transit NSW and Brisbane RiverCity Ferries operations.

SeaLink also has a fleet of vessels and vehicles that reflect our Group RAP efforts. These include the recent launch of the South East Tasmania Aboriginal Corporation (SETAC) named vessel for Bruny Island, MV Parrabah, a new vessel servicing Palm Island, the MV Coolgaree Cat, and two reconciliation wrapped buses operating in the Transport for New South Wales bus network.

SUSTAINABILITY

ENVIRONMENT

We care for the environment and are committed to preserving it through the efficient use of resources, minimising waste and reducing environmental impact, whilst promoting a culture of sustainability. We are also committed to high quality service that provides an efficient and reliable experience to our customers.

SeaLink has an Environmental Policy in place and well-established Environmental Management Systems with many of its business units certified to Environmental Management ISO14001:2015. Environmental performance is monitored and reported to the Board on a monthly basis, supported by a regular internal audit schedule and external certification audits.

The Audit and Risk Committee assists the Board in overseeing management of environmental risks and uses its Group-wide Risk Management Framework to identify, assess and monitor risks to the environment from our activities and the actions we are taking to mitigate those risks. Compliance with relevant laws, maintaining vehicles and vessels to operate efficiently and thereby minimising emissions and waste disposal and seeking to reduce our impact on the environment, are part of our daily operational management processes.

We report our greenhouse gas (GHG) emissions in Australia pursuant to the National Greenhouse and Energy Reporting Act 2007 (Commonwealth) and also report GHG emissions for our London operations to the relevant transport authority in London.

SeaLink recognises that the risk of climate change related issues to which it is exposed is increasing with changes in government policy, emissions targets being adopted by many of its clients and the increased focus of its customers, employees and

stakeholders on business' role in addressing climate related issues. Accordingly, SeaLink has assessed the physical and transitional opportunities and risks related to its business arising from climate change related issues. The identification of material business risks including environmental impacts and climate change for SeaLink are assessed using our Group Risk Management Framework (further information on this can be found in our Corporate Governance Statement).

Our Risk Management Framework is supported by processes in place to address business risks at a local level. In its risk management and strategic planning, SeaLink considers the interests of a broad range of key stakeholders including its shareholders, employees, customers, financiers, suppliers, governments and local communities in which it operates.

One of SeaLink's significant inputs is fuel for its vehicles and ferries, primarily fossil fuels. SeaLink recognises community concern regarding the contribution of fossil fuels to climate change and the important role of public transport in helping to lower carbon emissions from urban mobility. SeaLink is actively involved in a variety of activities and projects to explore use of alternative propulsion systems such as hydrogen fuel cell and battery electric buses.

To that end, our fleet of buses are subject to a rigorous maintenance regime that ensures they operate efficiently and cleanly across all our businesses. Across the Group, we operate a range of propulsion systems including electric-diesel hybrid vehicles which meet strict Euro 6 emission standards, as well as battery electric buses.

CASE STUDY 2

SeaLink places Australia's largest order for battery electric buses

Increased use of public transport services can be a positive contributor to lowering carbon emissions in metropolitan cities where we operate. SeaLink has partnered with Transport for NSW (TfNSW) to help them achieve their NSW Zero Emission strategy by 2030. After a successful two year electric bus pilot in Region 6 in Sydney, 10 battery electric buses (BEB) were placed in service in June 2021 and we are working closely with TfNSW on a proposal to introduce a fleet of a further 40 BEB into the Sydney network during FY22.

In addition to this, SeaLink made headlines when it placed Australia's first order for two hydrogen fuel cell buses to service public transport contracts in Australia complementing our commitment to exploring and trialing different technologies to lower emissions in our operations. This order followed our extensive practical experience gained from operating a fleet of Hydrogen Fuel Cell buses in London for seven years as part of the Transport for London-led Clean Hydrogen in European Cities (CHIC) and 3Emotion (Environmentally friendly, Efficient Electric Motion) projects.



CASE STUDY 3

Improving waste management

The SeaLink Kangaroo Island (KI) team proposed to achieve better practice waste and recycling management across the SeaLink KI Operations. We engaged KESAB environmental solutions in partnership with Water & Waste Innovations to undertake a waste assessment and develop a Waste Management Plan.

The Plan encompasses the areas of compostable materials, recyclable materials, CDL's (10c refundable containers) and residual waste as well as implementation, signage, and education across SeaLink teams and the public.

The Waste Management Plan aims to achieve:

- An overall reduction in landfill, recycling and compostable waste generation of 65% p.a. or 60 tonnes p.a.
- An increase in landfill diversion (recyclables and compostables) from 5% to 60% p.a.
- 5-8 tonnes of organics going to compostables p.a., and
- Approximately 50m³ of CDL returned to charitable organisations p.a.

SeaLink KI aims to set the example to SeaLink's worldwide operations in environmental and consumer waste disposal practices by implementing the changes detailed in this plan and communicating to customers and teams across the organisation.

GOVERNANCE

SeaLink's Board and Management are committed to the highest standards of corporate governance, strategic planning and risk management to deliver long-term sustainable performance that creates value for our shareholders and other stakeholders. The Board is responsible for the corporate governance of the Company and its controlled entities, monitoring the operational and financial performance of the Group, overseeing its strategic direction and risk appetite.

Further information on our governance and risk structures are set out in our Corporate Governance Statement which is available from the corporate governance section of the SeaLink website at SeaLinktravelgroup.com.au

The corporate governance section of the SeaLink website also contains information on our Board Charters and a number of our key governance policies including our Code of Conduct, Values, Share Trading Policy, Continuous Disclosure Policy, Anti-Bribery and Corruption Policy and Whistleblower Policy.

SeaLink's commitment to the Voluntary Tax Transparency Code (Australia) is demonstrated by its Annual Tax Transparency Report (formerly called Tax Contribution Report) which it has published since 2016.

As a Group, we are committed to ethical dealings and the highest standard of business conduct with our customers, suppliers and communities. Our commitment and policy on prevention of slavery and human trafficking has been articulated by our Tower Transit (UK) division since 2016 through the Tower Transit yearly Modern Slavery Policy and Statement. Over the last year, SeaLink has continued developing our Group-wide commitment to preventing risks of modern slavery in our supply chain with focused actions to address these potential risks as they relate to our Australian businesses undertaken during FY20 and FY21 and publication of our first Australian Modern Slavery Statement in March 2021 for FY20. This statement is available in the corporate governance section of our website.

Cyber-attacks (ransomware, malware, phishing and others) against IT systems have become more prevalent and frequent in recent times, particularly in industries such as the finance, healthcare, energy, education and government. While SeaLink operates outside of these industries, SeaLink still recognises the importance to its customers, employees and other stakeholders of protecting our assets and information from these threats, and invests accordingly in technology and expertise to safeguard the security of its information. These controls are routinely reviewed and upgraded or reinforced as necessary to maintain their adequacy. External and internal reviews of our IT security are conducted on a periodic basis. Furthermore, SeaLink has Business Continuity and Incident Management plans and protocols in place to guide our response in the event of a major incident.



REVIEW OF OPERATIONS

RESULT OVERVIEW

Strong results were recorded for SeaLink in FY21 notwithstanding the ongoing effects of COVID-19 on all of SeaLink's operations. The resilience of the largely contracted earnings base, combined with operational repositioning, concerted targeting of our domestic tourism business and ongoing commitment of our people has yielded these outcomes for SeaLink.

SeaLink recorded a statutory Net Profit after Tax (NPAT) of \$37.8m for the twelve-month period ended 30 June 2021 compared to a Net Loss after Tax (NLAT) of \$13.6m in the previous year.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$167.5m compared to an EBITDA of \$90.4m for the June 2020 year. Underlying EBITDA has been adjusted for significant one-off items during the period.

The Company has prudently decided to move to the lower end of the stated dividend pay-out range of 50-70% of net profit after tax and before amortisation and has declared a final dividend of 9.0 cents per share, up from 4.5 cents in the prior comparable period. This brings the full year dividend to 16.0 cents per share, up from 11.0 cents per share last year.

SeaLink's achievements for the year were:

- Underlying Net Profit after Tax and before Amortisation (NPATA) of \$74.7m, up 152.6% on prior year with total revenue of \$1.17bn.
- Delivered strong gross operating cashflow.
- Transit Systems Group delivering synergies and benefits ahead of estimates at time of acquisition.
- Retained the Singapore Bulim bus contract and awarded an additional contract (Sembawang-Yishun), both 5+2 year terms commencing in May 2021 and September 2021 respectively.
- Commenced the (up to) 15 year contract as operator of Brisbane City Council's iconic CityCat, CityHopper and Cross River Ferry network in November 2020.
- Renewed three significant bus contracts in Adelaide from July 2020, as well as adding the Outer North bus services contract. Also commenced operations in joint venture to operate the newly franchised Adelaide tram contract. All contracts have a term of 8+2 years.
- Renewals of key strategic marine contracts in Townsville and Northern Territory.



REVIEW OF OPERATIONS

- Secured and commenced operating passenger ferry services from the Queensland mainland to Hayman Island.
- Awarded the Katherine school bus contract which commenced operations in February 2021.
- Strengthened the management structure with the internal promotion and appointment of Greg Balkin as Chief Operating Officer of Australian Bus operations and appointment of Rick Carpenter as Group Chief People and Culture Officer.
- Ongoing asset base improvement with the launch of the new MV Coolgaree Cat vessel in Townsville, Queensland and MV Parrabah vessel in Bruny Island, Tasmania.
- Expansion of electric bus fleet in NSW and UK and the electrification of depots in both NSW and London. In total 77 fully electric buses were ordered during the period.
- Acquisition of Go West Tours business in Western Australia subsequent to year end opening up opportunities in the resources sector.

SeaLink's underlying cashflow profile and the cash position at 30 June 2021 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 30.5% down from 31.1% at 30 June 2020, which is well within target gearing levels and positions us well for future investment and growth.

At the beginning of the year SeaLink had approximately 11% of its workforce eligible for the Australian Government's JobKeeper payments. The number of employees eligible for the JobKeeper 2.0 payment was reduced post September 2020 and further again in January 2021. The JobKeeper payment applied to all eligible employees within Australia in the twelve-month period to June 2021 totalled \$11.9m (2020: \$8.6m). In addition, SeaLink received Government support under similar employee focused schemes in both Singapore and London.

SeaLink continues to be focused on the needs of our customers and growing its contract portfolio through organic bidding opportunities, complemented by growth through acquisition. The Group is constantly seeking to maximise its organic revenue growth and profitability from its existing businesses, including the addition of new contracts, routes and products. We have an ongoing focus and commitment to margin enhancement initiatives, via pricing strategies as well as cost savings and efficiency gains.

We remain focused on building a diverse geographic portfolio of contracted essential services and leveraging the strong market position we have in Australia serving the large number of iconic island destinations to which we operate.

REVIEW OF OPERATIONS

Review of operations - Australian Bus

Throughout the year, Australian Bus has remained focused on addressing the COVID-19 related operational risk management requirements and the rapidly changing operating landscape across the various jurisdictions including large scale lockdowns and border closures.

Australian Bus has worked tirelessly with its government clients and customers to deliver essential services whilst maintaining a safe operating environment for employees and customers. It was pleasing that despite various COVID-19 related lockdowns during the period all Australian Bus business groups continued to maintain close to full scheduled contracted services and this is reflected in the trading results.

Government contracted revenues from public bus contract services has underpinned Australian Bus operations and the commitment of state governments to maintain services has provided certainty of employment for our 5,000+ strong workforce.

However, charter and advertising revenue was adversely impacted, offset to a degree by additional payments for extra bus services provided to accommodate social distancing on buses, as well as some large scale rail replacement work. The majority of contracted revenue is not linked to patronage levels so lower levels of patronage and fares did not present any material downward revenue pressure. Cost control measures across Australian Bus have delivered favourable results through improved procurement and work practices.

The operational environment was further complicated by the continual changes to special events due to border closures and restrictions on gatherings imposed by local health authorities which resulted in last minute changes to football fixtures and other large special events.

Safety remains a key focus across Australian Bus and we have been actively exploring new technologies to provide a safer operating environment for employees, customers, and other road users. This includes trialling collision avoidance systems and the fitment of vehicle telematics to buses.

The commencement of new 10 year contracts in Adelaide in July 2020 was a particular highlight for Australian Bus. All three existing bus contracts in Adelaide commenced a new contract term and the business successfully transitioned the new Outer North bus contract into the Group. Additionally our new Joint Venture, Torrens Connect (a JV with John Holland and UGL Rail), began operating as the first private operator of the Adelaide tram network. Territory Transit also commenced services under the Katherine School Bus contract in the Northern Territory in February 2021.

There is an ongoing high level of tendering activity for new bus contracts in Australia and processes are presently being run by governments in New South Wales, Victoria, and the Northern Territory.

The acquisition of Go West Tours which completed on 1 July 2021 will add an additional 323 buses to Australian Bus. Go West provides an exciting opportunity to enter the resources sector from a transport operator perspective and considerable opportunities already exist to expand the operation into new jurisdictions. The acquisition also has the potential to provide integration opportunities with the existing Swan Transit business in Bunbury and Perth.

SeaLink is at the forefront of the move to zero emission public transport having placed Australia's largest order of Battery Electric Buses (BEBs) which will bring the BEB fleet in Sydney to 55 in FY22. The successful completion of the Electric Bus Pilot (5 buses) in Sydney was the catalyst for the placement of an order for 40 BEBs and provides the platform to further expand the BEB fleet.

We have also placed Australia's first order for two Hydrogen Fuel Cell Buses (HFCBs) with delivery expected in October 2021.



REVIEW OF OPERATIONS

In terms of state by state performance, some of the highlights include:

South Australia

In July 2020, Torrens Transit successfully transitioned the Outer North Bus Contract and the Adelaide Tram Network under the Torrens Connect banner, in conjunction with our Joint Venture partners John Holland and UGL Rail. The successful transition of these two new contracts resulted in 330 employees, 118 vehicles, two new sites and 24 trams joining the South Australian business.

The Adelaide Tram Network has delivered impressive first year performance with improved safety, on-time running and good customer satisfaction, all of which has been recognised publicly by the South Australian Government. The Adelaide operation is now very well placed with all bus contracts renewed for a minimum of eight years from July 2020, plus a further two-year extension period.

The full closure of the Gawler railway line in Adelaide for electrification works has provided significant additional operational activity and charter income for rail replacement services by Torrens Transit during the period.

We continue to explore options to install Solar Systems on the six Adelaide Bus Depots to reduce our carbon footprint and to effect savings in electricity over the term of the contracts, as well as exploring the potential to partner with the South Australian Government on the deployment of HFCBs in Adelaide.

Western Australia

All operational aspects of our Western Australian operations are performing well and with contract terms of between three and nine years, the business is well positioned.

Work is currently underway at the Joondalup Bus Depot in preparation for the deployment of four BEBs as part of the Western Australian Government's push to move towards a zero-emission bus fleet in Perth. The first new BEB is built and currently undergoing manufacturer testing.

New South Wales

The Region 3 contract performed well during the period and considerable efficiency and cost improvements were realised in Region 6 on the back of service changes and group wide procurement initiatives.

When we took over the Region 6 Bus Contract in 2018, the Region was very poor performing with regard to on-time running and very high levels of customer complaints. In just three years, we have been able to transform Region 6 into one of the best performing contract Regions in Sydney and achieved significant reductions in customer complaints.

We continue to work with Transport for NSW ("TfNSW") on ways of improving performance. This includes Australia's first introduction of Headway Managed services on the T80 in Sydney's west, and Route 389 in the inner west and eastern suburbs, both of which are performing well.

The New South Wales business continues to lead the way in terms of leveraging new technologies to enhance the delivery of

public transport. The two-year electric bus pilot in Region 6 was successfully completed on 30 June 2021. The BEBs performed exceptionally well which provided the confidence to NSW Government to invest in an additional 10 BEBs, these entered service in June 2021.

We have also worked closely with TfNSW on depot electrification opportunities including a proposal to introduce a fleet of 40 BEBs into Region 6, along with associated charging infrastructure, a stationary battery storage facility and a large-scale solar system.

Victoria

The Victorian bus operations have performed well despite the decline in revenue experienced by the school and charter operations during extended COVID-19 lockdowns. Contract revenue was not curtailed and even under Stage 4 restrictions in Melbourne, the business continued to deliver a near full service.

Northern Territory

The Katherine School Bus Contract commenced in February 2021 and has been operating well.

In June 2021, the Northern Territory Government released a Tender for the entire Darwin Bus Network which consists of four contracts including two general route service areas, a Rural Area (School Services) and a Special Needs and Seniors parcel. The Tender closes on 16 August 2021 and service commencement is anticipated to be 1 March 2022.

Future pipeline of tender opportunities

In Australia there is a significant pipeline of future bus tender opportunities. We have strengthened our business development team to ensure we have sufficient capacity and expertise to tender for all of these opportunities. We continue to lobby the benefits of competitive tendering in Queensland, Tasmania and the Australian Capital Territory, the last remaining public bus transport markets that are yet to move to modern contracting in Australia.



REVIEW OF OPERATIONS

Review of operations - International Bus

Singapore

In September 2020, we were awarded the PT217 Contracts to operate two packages of public bus services in Singapore, following a competitive tender by the Land Transport Authority of Singapore (“LTA”). This contract covers both the existing operating area of 30 routes based at Bulim, and an incremental 27 routes, the Sembawang-Yishun package, based out of a new depot under construction for the LTA at Mandai. The PT217 Contracts cover the operation and maintenance of more than 700 buses, from two depots and five interchanges, and will be staffed by over 1,700 employees, resulting in a doubling in scale of Tower Transit Singapore’s current operations and its market share.

We successfully transitioned to the new schedules required under the new contract for Bulim during late May 2021 and early June 2021, and transition for the Sembawang-Yishun is well advanced, with sufficient employment offers already accepted to run the services which are due to commence from 5 September 2021.

Each of the PT217 contracts will be operated for an initial term of five years from the start of services with the option of a two-year extension exercisable at the LTA’s discretion. Total contract fees over the initial contract terms are estimated at more than S\$1bn, with potential to earn additional variable performance incentives.

From an operational perspective in Singapore, Government Grants under the Jobs Support Scheme cushioned and neutralised the adverse financial impact due to COVID-19. Impacts included a decline in revenue from reduced operating mileage, increased rental rebates provided to interchange retail tenants and reduced advertising revenue, and on the cost side; higher operating expenses were incurred for enhanced cleaning and disinfecting costs for our buses, interchanges and depots as well as the provision of accommodation for a large number of Malaysian bus driving staff affected by the Malaysian border closure. Overall, underlying operating costs reduced due to tight cost control measures taken by management, and lower absenteeism levels.

The success in bidding for the Sembawang-Yishun package solidifies our strong position in Singapore and we are hopeful of further increasing our market share as tender results are demonstrated and more contracts are released by the LTA for future bidding.

London

Operational performance in London has been challenging. Contract tendering for Transport for London (“TfL”) routes continues to be tough in a very competitive market with bidding at tight contribution margins as competitors seek higher market share within a shrinking market.

During the year we submitted 16 bids which resulted in the retention of three routes, the loss of four and the acquisition of one from a competitor. The remainder being unsuccessful bids to acquire routes from competitors, a net adverse change of 67 vehicles from route churn, and a further 10 vehicles from route cutbacks specified by TfL on retained routes.

The year has been dominated by the continuing effects of COVID-19, involving protracted national lockdowns extended by the emergence of new virus variants. We move into the new financial year with an improving backdrop with the majority of the adult UK population having been given at least one inoculation. Despite the problems created by the pandemic, services continued to operate at 100% of that requested by TfL and operational performance was maintained. We are working constructively and proactively with the union, TfL and the industry to continue and enhance a full range of protections and working practices appropriate to the prevailing conditions to safeguard our staff.

The strategic review of the London business has been completed. Discussions are progressing with a number of parties regarding potential transactions that will yield scale efficiencies and a stronger ability to compete. London continues to be an important credential for the Group and the strategic options being pursued are targeted to deliver long-term value for the business.

USA

In the USA we have continued to develop relationships with industry participants, clients, and our advisory network. After the low level of interest in corporate activity prevailing between March 2020 and end of June 2021 due to COVID-19, we are now observing increasing levels of engagement. We continue to see this as an attractive market in which to expand our public transport footprint.

The integration of the International Division of the Group has been very successful, and the benefits of experience gained from different operating environments along with cross-fertilisation of ideas, practices and procedures has not only improved the tactical delivery and effectiveness of services to clients, it was of particular benefit in crafting the Group’s response to COVID-19.

REVIEW OF OPERATIONS



REVIEW OF OPERATIONS

Review of operations - Marine & Tourism

The 2021 financial year has continued to challenge the Australian tourism industry with international borders closed and regular and unpredictable domestic border closures and lockdowns, forcing travel cancellations. Each time borders open and restrictions ease there has been strong demand from the domestic interstate travel markets, however, the continued volatility in travel restrictions is causing increased concern and uncertainty for customers about future interstate travel. Fortunately for most of the Marine & Tourism businesses, the intrastate local travel demand has been very strong, which has assisted in delivering positive results and maintaining employment opportunities for most of the team.

JobKeeper provided essential employment support for the July – September 2020 quarter allowing us to maintain our travel and hospitality teams to be employed and engaged with the business. From October 2020, activity levels and trading had improved such that most business units were not eligible for JobKeeper 2.0 due to the criteria to remain in the scheme not being met (our forecast consolidated global annual revenue exceeded \$1 billion and a reduction in revenue of greater than 50% was required).

The businesses that have continued to be most challenged by restrictions and international border closures are Captain Cook Cruises in New South Wales and Western Australia, and our touring products in South Australia and on Fraser Island, Queensland. These businesses offer cruising and sightseeing experiences that rely heavily on international tourists rather than the local holiday market. Another key challenge we continue to face along with many other businesses in Australia is the lack of workers available, particularly in hospitality roles which have relied heavily on international working holiday visa employees.

Each business has been extremely agile, focussing on business efficiency opportunities and developing new product experiences to suit the domestic market. New partnerships have been formed with large travel organisations, who historically have focused primarily on outbound travel. These relationships have created new markets and generated new revenue streams which will continue after the international border opens. This strong demand has seen increasing yields, that we have maximised by the appointment of a dedicated General Manager Commercial, brought into the business to focus on revenue management opportunities.

The 'travel vouchers' initiative by many of the State Tourism Organisations has driven local sales with strong revenue results. We have continued to invest in extensive marketing and maximise co-operative marketing funding opportunities to drive demand through our national consumer brand 'Brilliant Travels' which has continued to deliver increasing returns for business units.

During the period we were successful in bidding for renewal or extension of a number of contracts including the Palm Island and

Magnetic Island contracts for another seven years, a five-year extension of the Moggill ferry contract, a 12-month extension of the Lane Cove service on Sydney Harbour and Ambulance Service in South East Queensland, and a five-year contract in the Northern Territory for the Groote Eylandt ferry and bus service.

In addition, a new contract for the operation of the ferry service to Hayman Island was awarded to SeaLink for a period of three years from September 2020 and we successfully transitioned and commenced the (up to) 15-year Brisbane RiverCity Ferry contract in November 2020. The Brisbane RiverCity Ferry Contract is the second largest public passenger ferry service in Australia and has added an additional 31 passenger ferries to the operational fleet. The Brisbane City Council Ferry Network is an icon of Brisbane and positions us well for future government contract services such as the Sydney Ferry Contract and international opportunities, should they arise.

Investment in our fleet continued with the arrival of a new vessel (MV Coolgaree Cat) to operate the Palm Island service, a second new ferry (MV Parrabah) for the Bruny Island service and a work boat for Brisbane River. Construction continued on the new dining vessel for Sydney Harbour which is scheduled to arrive late 2021, providing a fantastic opportunity for our Sydney business to re-launch a new and exciting product. Construction of two passenger/vehicle ferries for the Southern Moreton Bay Islands service and a passenger ferry for the Magnetic Island service also commenced in the period.

The Bruny Island vessel, MV Parrabah, was launched in April 2021 with a naming ceremony in partnership with the Southeast Tasmanian Aboriginal Corporation. There has also been a strong focus on reducing under-utilised and aged assets and we have successfully sold five of our vessels during the period.

This year has seen the relationship between the Marine & Tourism and Australian Bus businesses consolidate and strengthen with new opportunities and synergies identified. Australian Bus has provided much needed employment opportunities for many of the Marine & Tourism team in Sydney and Perth and the SeaLink coach depot in Adelaide has been consolidated within a Torrens Transit depot. SeaLink coaches/drivers have also been used on large rail replacement charter contracts and our access to advertising space on the side and back of buses has seen the launch of an international advertising campaign for all of our brilliant destinations.

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 SeaLink are central to our ongoing future growth and success.

KEY RESULTS

RESULTS IN BRIEF

	STATUTORY RESULTS			UNDERLYING RESULTS ¹		
	JUNE 2021 \$m	JUNE 2020 \$m	CHANGE %	JUNE 2021 \$m	JUNE 2020 \$m	CHANGE %
Revenue from Ordinary Activities	1,173.1	623.7	88.1	1,173.1	623.7	88.1
EBITDA²	161.0	62.9	156.0	167.5	90.4	85.2
Depreciation	(62.7)	(39.6)	58.3	(62.7)	(39.6)	58.3
EBITA	98.3	23.3	322.4	104.8	50.8	106.1
Amortisation of customer contracts	(31.7)	(20.9)	51.7	(31.7)	(20.9)	51.7
EBIT	66.6	2.4	2,708.0	73.1	29.9	144.1
Financing charges	(17.6)	(9.8)	80.5	(17.6)	(9.8)	80.5
Profit Before Tax	49.0	(7.4)	762.0	55.5	20.2	174.9
Tax	(11.2)	(6.2)	79.2	(12.4)	(11.5)	8.3
Profit after Tax and before Amortisation	69.5	7.3	857.3	74.7	29.6	152.6
Profit after Tax	37.8	(13.6)	377.1	43.0	8.7	395.6

1 Underlying Results adjusted for significant items for the period.

Acquisition and tender related costs ³	(5.0)	(16.1)
Insurance recovery - Vivonne Bay, Kangaroo Island	2.2	1.0
Impairment on investment (UWAI)	-	(1.6)
Impairment of assets/intangibles	(3.8)	(10.8)
Total significant items	(6.5)	(27.5)
Tax impact adjustment for significant items	1.3	5.3

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

3 Costs associated with the acquisition of Transit Systems Group and Go West Tours including stamp duty, legal, accounting, tax, other professional costs and foreign exchange movements related to deferred consideration. Abnormal tender costs associated with higher than normal tender activity during the period.

DIVIDEND INFORMATION

	AMOUNT PER SHARE (CENTS)	FRANKED AMOUNT PER SHARE (CENTS)
30 June 2020		
Interim Dividend	6.5	6.5
Final Dividend	4.5	4.5
30 June 2021		
Interim Dividend	7.0	7.0
Final Dividend	9.0	9.0

FINAL DIVIDEND DATES

Record date	3 September 2021
Payment date	6 October 2021

NET TANGIBLE ASSETS

	JUNE 2021	JUNE 2020
Net tangible assets per ordinary share	\$0.27	\$0.06

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.

DIRECTORS' REPORT

DIRECTORS

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'SeaLink') consisting of SeaLink Travel 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 2021.

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 below. Directors have been in office for the entire period unless otherwise stated.



JEFFREY R. ELLISON
B. ACC, FCA, FAICD
ACTING CHAIR (APPOINTED 1 JULY 2020)
CHAIR (APPOINTED 23 FEBRUARY 2021)

Mr Ellison holds a Bachelor of Arts Degree in Accounting from the University of South Australia, is a Fellow of the Chartered Accountants Australia and New Zealand and the Institute of Company Directors. He previously held the position of Chief Executive Officer of SeaLink 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.



CHRISTOPHER D. 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 2002 and is a member of the Company's Audit and Risk Committee. Mr Smerdon has previously held directorships on both government and public company boards. Mr Smerdon is a Member of the Australian Institute of Company Directors.



ANDREA J.P. STAINES OAM
MBA, B.EC, FAICD
NON-EXECUTIVE DIRECTOR

Ms Staines has extensive experience in the transport and tourism sector and is a former CEO of Qantas subsidiary, Australian Airlines (mk II), which she co-launched. Ms Staines is currently Deputy Chair of Australia Post and sits on the boards of UnitingCare Qld and ASX listed Acumentis.

Ms Staines has been a professional non-executive director for fifteen years, is a Fellow of the Australian Institute of Company Directors, and has held previous directorships with a range of entities including NZX listed Freightways, ASX listed Aurizon, QIC, Tourism Australia, North Queensland Airports and Australian Rail Track Corporation.

Ms Staines joined the Board in 2016 and is Chair of the Company's People, Culture and Remuneration Committee. Ms Staines was a member of the Company's Audit and Risk Committee until 23 July 2020.



TERRY J. 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 SeaLink in March 2011 when Mr Dodd joined the Board of SeaLink.

Mr Dodd is a member of the Company's People, Culture and Remuneration Committee.

DIRECTORS' REPORT



FIONA A. HELE

B.COM, FCA, FAICD
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 25 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 Institute of Company Directors.

Ms Hele is also a Director of Adelaide Venue Management Corporation, Celsus Securitisation Pty Ltd and the South Australian Water Corporation. Past Directorships include the South Australian Tourism Commission and the Adelaide Fringe Festival.

Ms Hele joined the Board in 2016 and is Chair of the Company's Audit and Risk Committee.



NEIL E. SMITH

MTM, B.ARTS, FCILT
NON-EXECUTIVE DIRECTOR

Mr Smith was one of the founding shareholders and the former of the Transit Systems Group prior to the acquisition by SeaLink. 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. In 1995, Mr Smith joined with Graham Leishman and Lance Francis to found Transit Systems and in 2013, 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.



LANCE E. HOCKRIDGE

FCILT, FIML, MAICD
NON-EXECUTIVE DIRECTOR
(APPOINTED 1 JULY 2020)

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 also currently Chair of the Salvation Army Queensland Advisory Council, and an active advocate for diversity in the workforce.

Mr Hockridge became a member of the Audit and Risk Committee and People, Culture and Remuneration Committee in July 2020.



ANDREW D. MUIR

B.EC, MBA
JOINT COMPANY SECRETARY

Mr Muir (Chief Financial Officer) 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 H. McDONALD

LLB (HONS), 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 commercial and corporate law including company secretary for ElectraNet Pty Ltd and holding senior legal and commercial positions with other listed and statutory corporations. She holds a Bachelor of Laws (Hons) and Bachelor of Economics from the University of Adelaide as well as a graduate of the Australian Institute of Company Directors.

DIRECTORS' REPORT

INTEREST IN THE SHARES OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares of the Company were:

	NUMBER OF ORDINARY SHARES
N Smith	30,444,556
C Smerdon	5,686,875
T Dodd	5,386,578
J Ellison	5,049,769
F Hele	38,172
L Hockridge	100,000
A Staines	-

DIRECTORS' MEETINGS

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 2021, and the number of meetings attended by each Director were:

	BOARD MEETINGS	AUDIT AND RISK COMMITTEE MEETINGS	PEOPLE, CULTURE & REMUNERATION COMMITTEE MEETINGS
Number of meetings held:	14	4	4
J Ellison (Board Chair)	14	-	-
C Smerdon	14	3	-
T Dodd	14	-	4
A Staines	12	-	4
F Hele	14	4	-
N Smith	14	-	-
L Hockridge	14	4	4

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee. To the extent that directors who are not members of the relevant

COMMITTEE MEMBERSHIP

During the reporting period the Company had an Audit and Risk Committee and a People, Culture and Remuneration Committee. Members acting on the committees of the Board during the year:

<i>Audit and Risk</i>	<i>People, Culture & Remuneration</i>
F Hele (Chair)	A Staines (Chair)
C Smerdon	T Dodd
L Hockridge	L Hockridge

From 1 July 2021 the Committee Membership has remained the same.

PRINCIPAL ACTIVITIES

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

- domestic public bus transport operations
- international public bus transport operations
- domestic ferry services
- tourism cruises, charter cruises and accommodated cruising
- coach tours
- travel agency services and packaged holidays.

DIVIDENDS

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2021	2020
	\$'000	\$'000
Interim fully franked dividend for the year ended 30 June 2021 paid 31 March 2021 of 7.0 cents (2020: 6.5 cents) per ordinary share	15,288	9,459
Final fully franked dividend for the year ended 30 June 2020 paid 2 October 2020 of 4.5 cents (2019: 8.5 cents) per ordinary share	9,828	8,621
	25,116	18,080

SeaLink's Directors declared a 9.0 cents per share fully franked final dividend payable on 6 October 2021 to shareholders registered on 3 September 2021. Total 2021 dividends of 16.0 cents represents a 50.0% return of 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 tax and before amortisation, subject to business needs and ability to pay. The interim dividend for the half-year ended 31 December 2020 was 7.0 cents per share.

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

DIRECTORS' REPORT

RISK MANAGEMENT

SeaLink Group's Risk Management Framework supports the proactive management of material business and other risks facing SeaLink in its operations.

Material risks are reported to and reviewed by the Board, the Audit and Risk Committee and Group Executive Risk Committee as part of risk reporting processes. Risk management is also integrated into key business decision-making and activities, including strategic planning, investment decisions, financial risk management and project/change management. Internal audits and risk reviews are undertaken to confirm that risks are being effectively managed and reported to the Board through the Audit and Risk Committee.

The achievement of SeaLink's strategic objectives and future financial performance is subject to various risks that arise from the activities and operations of the Group including the following material risks that could affect results and performance (this is not an exhaustive list nor in order of materiality):

Serious Injury or Fatality (Safety)

As an experienced transport and tourism operator, SeaLink understands the safety risks inherent in our business and have an extensive range of controls to protect our people and customers. 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. All of the bus operations within the Group's business units have achieved or are working towards certification to ISO 45001 2018 - Occupational Health and Safety Management System.

Competitive Landscape/ Economic Growth

SeaLink faces competition in all markets in which we operate and we understand the need to deliver high quality products and services whilst remaining competitive. SeaLink has a strong focus on cost control and productivity improvement and our services are efficient and offer competitive value to our customers.

Changes in Government Policy and Regulatory Environment

SeaLink is exposed to risks of and opportunities from 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 or applicable margins.

SeaLink incorporates consideration of changes in regulatory requirements and government policies into its corporate and financial plans and forecasts.

Operating Risks

In the performance of its business SeaLink is exposed to a variety of operational risks, some of which are beyond its controls, including risk of site loss or damage, environmental or climactic events such as bushfires and cyclones, global pandemic risks, industrial disputes and technology failure. SeaLink 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.

Financial/ Funding

SeaLink'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 SeaLink manages financial risks is included in note 27 to the Financial Statements.

People

SeaLink's operations are dependent upon a stable workforce and the continued performance, efforts, abilities and expertise of its key management personnel and skilled workforce. SeaLink has in place 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.

Asset Management

There is a risk that some of our bus or ferry fleet may be temporarily out of service due to breakdown of equipment or failure to maintain required operating standards. SeaLink believes it has an efficient maintenance program and inventory system. Reliable and cost-effective assets and services are integral to our routine operations. We have Asset Management plans in place and employ professional skilled engineers and staff to implement these plans. All of the bus operations within the Group's business units have achieved or are working towards certification to ISO 55001 - 2014 Asset Management System.

Cyber and Information Security

SeaLink, like any business, faces the threat of cyber-attacks and information security breaches leading to unauthorised access and loss of or disruption to SeaLink data or computer-controlled systems. SeaLink invests in technology and expertise to safeguard security of its information. These controls are routinely reviewed and upgraded or reinforced as necessary to ensure their adequacy. This is supported by external and internal reviews of our IT security.

Environmental

There is potential for damage to the environment arising from SeaLink's operations. 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. SeaLink undertakes comprehensive risk assessments to ensure the environmental risks and hazards we face are identified and managed to acceptable standards. Our environmental management systems and processes are designed to mitigate these risks from these hazards. All of the bus operations within the Group's business units have achieved or are working towards certification to ISO 14001 - 2015 Environmental Management System.

Climate Change Risks

Climate change is an emerging risk and presents complex challenges for companies, governments and the community. SeaLink believes that the transition to a lower carbon economy presents opportunities as well as risks for our business.

SeaLink anticipates its activities will be subject to increasing regulation and costs associated with climate change and the management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into our business strategies and risk management processes. Efficiency of operations are an integral part of the Group's regular operations.

SeaLink is proactively engaging with stakeholders and customers to understand goals and customer plans for transitions to a lower carbon economy. The Group has been a leader in trialling alternative fuel technologies for its vehicle fleet and depots in Australia, UK and Singapore. This experience, enables us to evaluate, select and deliver innovative and sustainable solutions that benefit all our stakeholders.

DIRECTORS' REPORT

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. SeaLink is not aware of any liability having arisen, and no claims have been made, during or since the financial year ending 30 June 2021 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.

NON-AUDIT SERVICES

There were no non-audit services provided during the financial year by the auditor (2020:Nil).

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 London and Singapore. 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 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 company performance is reported to and reviewed by divisional management, Group Executive management and the Board Audit and Risk Committee. All of the bus operations within the company 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.

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

A fully franked dividend of 9.0 cents per share was declared by SeaLink's Directors on 25 August 2021, representing a total payment of \$19,655,914 to be paid 6 October 2021 based on the current number of ordinary shares.

On 5 May 2021, SeaLink announced it had entered into a binding agreement (subject to conditions precedent) to acquire Western Australia based Go West Tours ('Go West') for an enterprise value of \$84.7m, plus an earn out component of up to \$25m. In addition, SeaLink purchased strategic property assets comprising three depots for \$3.8m (together the 'Acquisition').

Subsequent to balance date, SeaLink obtained control of Go West with cash settlement occurring on 1 July 2021. This cash settlement was funded from a combination of existing cash reserves and a drawdown of undrawn senior debt facilities. During the period, \$2.9m of one off transaction related costs were expensed. Some additional transaction costs relating to stamp duty, advisor fees and financing costs were incurred on settlement and will be reflected in the full year accounts for FY22.

Go West is one of the largest specialist bus operators servicing the WA resources sector and provides a platform for growth into the attractive resources transportation market, complementing and enhancing SeaLink's established Australian bus operations.

Given the timing of the Acquisition, it has been impractical to complete the initial accounting for the business combination. As such, SeaLink cannot make disclosures relating to the fair value of assets and liabilities acquired and the contribution of any intangible assets including goodwill. As the acquisition date is after 30 June 2021, there has not been any contribution of revenue or profit of Go West recorded for the period.

From July 2021, persistent border and travel restrictions have been in place in Australia. This is affecting the most populated parts of Australia. Until such time as travel restrictions are eased, it is likely that suppressed travel demand for some Marine & Tourism product will be experienced in some businesses.

Apart from the dividend declared as disclosed in the Directors Report and the matters described above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Group's state of affairs in future financial years.

AUDITED REMUNERATION REPORT

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 2021, which summarises SeaLink's remuneration framework, governance and outcomes for Key Management Personnel (Executives and Non-Executive Directors) ('KMP').

Our Year

The overall business performance of SeaLink in FY21 has been pleasing, and a significant achievement in what has been an extremely challenging year for both business and society as a whole, dealing with the global COVID-19 pandemic.

During the year, SeaLink continued the operational and cultural integration of the Transit Systems Group business, a business approximately twice the size of the original SeaLink business, the acquisition of which was completed in January 2020.

The management team has successfully navigated SeaLink through the challenges of FY21, delivering excellent financial and operating results. The results for this year (described in more detail in other sections of the Directors' Report) include increasing statutory net profit after tax to \$37.8 million for the year ended 30 June 2021, achieving record underlying EBITDA of \$167.5 million and increasing earnings per share and dividends.

The remuneration outcomes outlined in this Report reflect the strong operational and financial performance of the business.

Some specifics

It was pleasing to note the delivery of improved safety outcomes across the larger Group and progress made on initiatives to integrate and strengthen the consistency of safety measurement and management.

A number of our Australian tourism and coach business units qualified for JobKeeper for various periods of time during the reporting period due to severe downturns in business unit revenues. The Australian JobKeeper scheme was introduced to support employees by keeping jobs open and connecting them to their workplaces during the COVID-19 pandemic. The JobKeeper payments which were received were used for the purpose of retaining people in employment during these unprecedented times. The JobKeeper amounts received did not alter the incentive or remuneration outcomes in FY21.

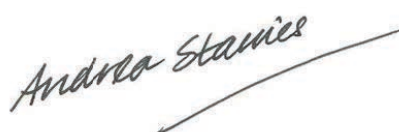
We have responded to feedback regarding the 2020 Remuneration Report

Whilst last year's Remuneration Report received strong support (88.5% in favour) at the 2020 AGM, the People, Culture and Remuneration Committee and the Board have listened carefully to the feedback received regarding this Report. Based on this feedback and ongoing engagement with key stakeholders during FY21, we have included greater disclosure of KPIs (where not commercially sensitive) to provide greater clarity and transparency.

KMP Changes

Throughout FY21 we had two members join SeaLink's Executive Leadership Team (ELT). Greg Balkin commenced in September 2020 as Chief Operating Officer – Australian Bus, after many years in other operating roles within the former Transit Systems Group business. Rick Carpenter commenced in April 2021 as Group Chief People and Culture Officer. This was a new position in the ELT, as SeaLink strengthens its capability and consistency in this space with the significant increase in Company size and complexity since the Transit Systems Group acquisition.

There were also some changes among the Non-Executive Directors. Jeffrey Ellison was appointed as Acting Chair of the Board in July 2020 and appointed as Chair of the Board in February 2021. Separately, the depth and composition of the Board was enhanced with the appointment of Lance Hockridge also in July 2020.



A Staines OAM
Chair, People, Culture & Remuneration Committee
SeaLink Travel Group Limited
25 August 2021

AUDITED REMUNERATION REPORT

This Remuneration Report forms part of the Directors' Report and sets out the remuneration framework and arrangements of SeaLink Travel Group Limited ('Group' or 'SeaLink') 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 2021.

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

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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 SeaLink. The term Executive includes the Group Chief Executive Officer and other Executives of the Group. The following persons set out in the table below were KMP for the reporting period 1 July 2020 to 30 June 2021:

TABLE 1.1: KMP FROM 1 JULY 2020 TO 30 JUNE 2021

NON-EXECUTIVE DIRECTORS (NEDs)

J Ellison	Chair	Appointed Acting Chair 1 July 2020 and Chair on 23 February 2021
T Dodd	Non-Executive Director	
C Smerdon	Non-Executive Director	
A Staines	Non-Executive Director	
F Hele	Non-Executive Director	
N Smith	Non-Executive Director	
L Hockridge	Non-Executive Director	Appointed 1 July 2020

EXECUTIVES

C Feuerherdt	Group Chief Executive Officer	
A Muir	Chief Financial Officer & Joint SeaLink Secretary	
G Legh	Chief Development Officer	
C Beaumont	Chief Operating Officer – International Bus	Retired 30 June 2021
W Toh	Managing Director – Singapore	
D Gauci	Chief Operating Officer – Marine & Tourism	
G Balkin	Chief Operating Officer – Australian Bus	Commenced 1 September 2020
R Carpenter	Chief People and Culture Officer	Commenced 12 April 2021

Mr Ellison was appointed acting Chair of the Board of SeaLink ("Board") on 1 July 2020 having previously held the roles of Deputy Chair (February 2020 to June 2020), Managing Director from 2008 to 2020 and Chief Executive Officer from 1997 to 2008. On 23 February 2021, Mr Ellison was appointed Chair of the Board.

On 1 September 2020, Mr Greg Balkin was promoted to the role of Chief Operating Officer of the Australian Bus Division having previously held General Manager positions within the Transit Systems Group business since 2011. Mr Rick Carpenter joined SeaLink in the role of Chief People and Culture Officer on 12 April 2021.

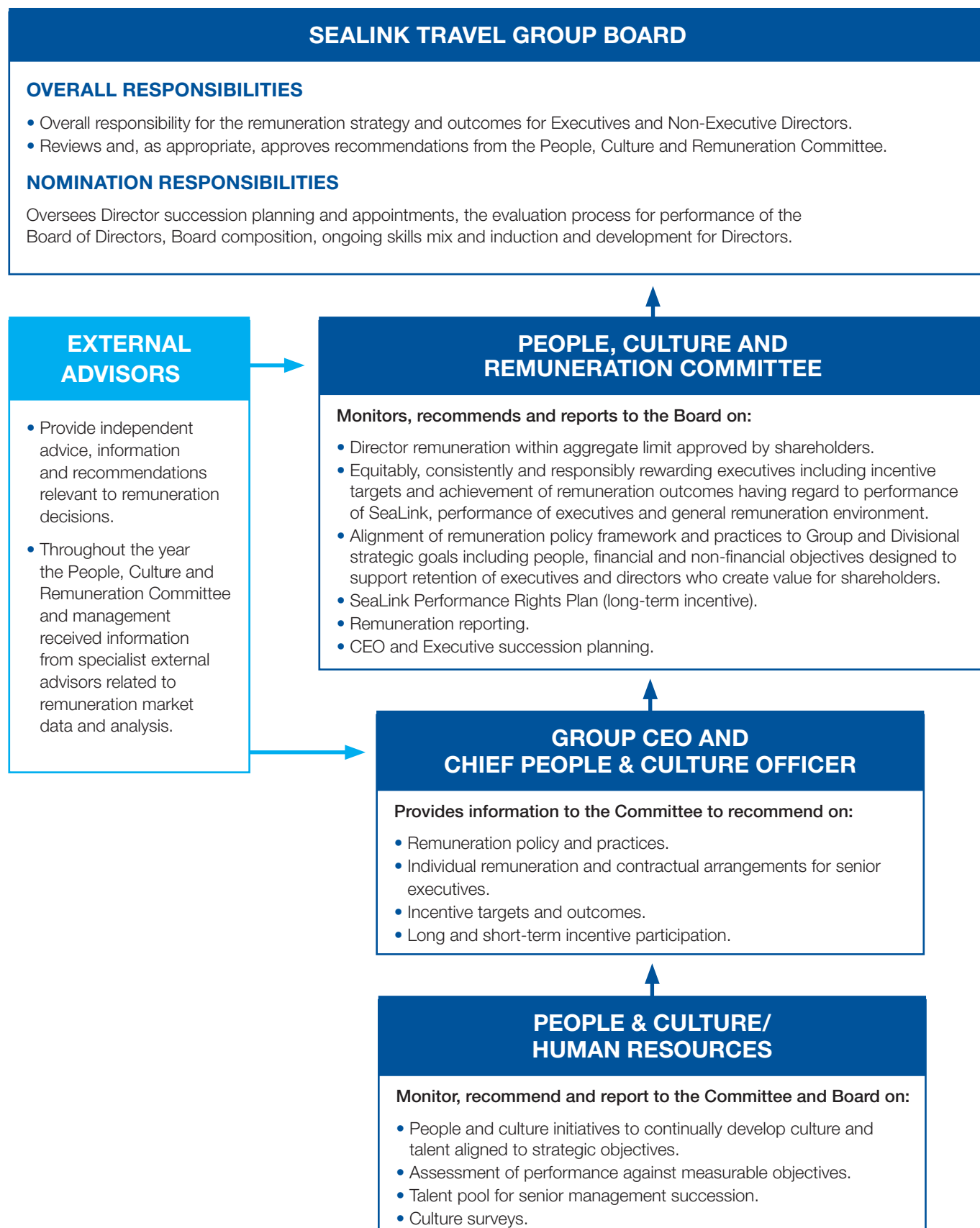
From 1 July 2021, Mr Charlie Beaumont has retired and Mr Paul Cox and Mr Samuel Ribeiro, existing senior executives within our International operations (who are not KMP in the reporting period) have taken on Mr Beaumont's responsibilities.

AUDITED REMUNERATION REPORT

2. REMUNERATION GOVERNANCE FRAMEWORK

SeaLink's remuneration governance framework is illustrated below. While the Board retains ultimate responsibility, SeaLink's remuneration policy is implemented through the People, Culture and Remuneration Committee.

CHART 2.1: SEALINK REMUNERATION GOVERNANCE FRAMEWORK



AUDITED REMUNERATION REPORT

2. REMUNERATION GOVERNANCE FRAMEWORK CONT.

The People, Culture and Remuneration Committee operates under a Charter that outlines its structure and responsibilities. The Charter is available on the SeaLink corporate website (SeaLinktravelgroup.com.au/corporate-governance). Membership of the Committee during the period 1 July 2020 to 30 June 2021 was comprised of the following three independent Non-Executive Directors (NEDs) and chaired by an independent NED for the whole year:

Ms A Staines OAM	Independent Non-Executive Director (Committee Chair)
Mr T Dodd	Independent Non-Executive Director
Mr L Hockridge	Independent Non-Executive Director (from 1 July 2020)

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

During the financial year ended 30 June 2021, there were no remuneration recommendations received from external advisers as defined in 9B of the Corporations Act 2001. Throughout the year, the People, Culture and Remuneration Committee and SeaLink management received information about remuneration practices, market trends and general information related to remuneration market data and analysis from external advisors such as Korn Ferry, Mercer and AON. In addition, SeaLink engaged Godfrey Remuneration Group (GRG), remuneration consultants, and Singaporean lawyers to procure and provide expert tax and legal advice in relation to the offer of its Long-Term Incentive Program to residents of Singapore.

3. OVERVIEW OF FINANCIAL PERFORMANCE

Strong financial results were recorded for SeaLink in FY21 notwithstanding the ongoing effects of COVID-19 on all of SeaLink's operations. The resilience of the largely contracted earnings base, combined with operational repositioning, concerted targeting of domestic tourism business and the ongoing commitment of our people has yielded these outcomes.

SeaLink recorded a record statutory Net Profit after Tax (NPAT) of \$37.8 million for twelve-month period ended 30 June 2021 compared to a statutory Net Loss after Tax (NLAT) of (\$13.6) million in the previous year.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), another record was achieved at \$167.5 million compared to an EBITDA of \$90.4 million for the June 2020 year. Underlying EBITDA has been adjusted for significant one-off items during the period.

SeaLink has prudently decided to move to the lower end of the stated dividend pay-out range of 50-70% of underlying net profit after tax and before amortisation and has declared a final dividend of 9.0 cents per share, up from 4.5 cents in the prior comparable period. This brings the full year dividend to 16.0 cents per share, up from 11.0 cents per share last year.

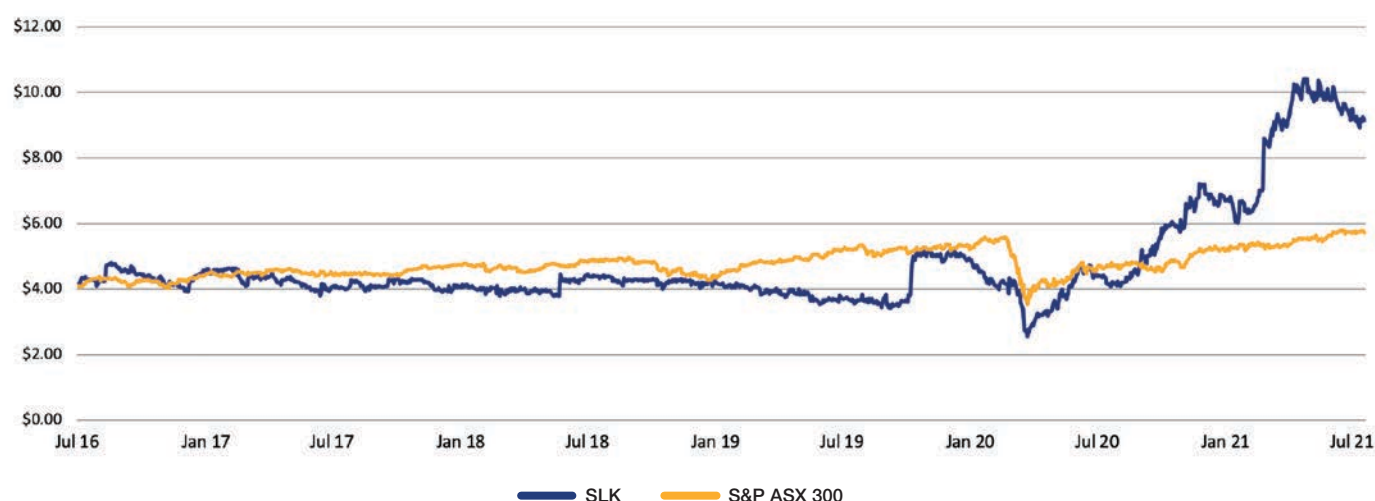
TABLE 3.1

SEALINK'S FINANCIAL PERFORMANCE AS MEASURED BY STATUTORY NET PROFIT AFTER TAX AND BEFORE AMORTISATION (NPATA) FROM CONTINUING OPERATIONS, EARNINGS PER SHARE, GROSS DIVIDENDS PAID, DIVIDEND PAID PER SHARE AND SHARE PRICE AT YEAR END

	30 JUNE 2017	30 JUNE 2018	30 JUNE 2019	30 JUNE 2020	30 JUNE 2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue (\$m)	201.4	209.4	251.4	646.5	1,211.7
NPATA (\$m)	25.4	21.1	22.5	7.3	69.5
Gross Dividend Paid (\$'m)	13.7	14.7	15.2	18.1	25.1
Earnings Per Share (cents)	23.6	19.3	21.3	(8.2)	17.3
Dividend Paid Per Share (cents)	14.0	14.5	15.0	11.0	16.0
Share Price (\$)	4.07	4.43	3.81	4.42	9.41

AUDITED REMUNERATION REPORT

CHART 3.2: SEALINK'S SHARE PRICE PERFORMANCE SINCE 1 JULY 2016 RELATIVE TO S&P ASX300



The Compound Annual Growth Rate (CAGR) of Sealink's share price during the 2016-2021 period was 18.3% compared with the CAGR of the S&P ASX 300 which was 7.0%.

4. REMUNERATION FRAMEWORK

REMUNERATION FRAMEWORK AND DETAILS FOR EXECUTIVES

(i) Objectives

Sealink'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 and sustain long-term growth and increase shareholder value.

The objective of Sealink's Executive 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 the market best practice for the delivery of 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 compensation; and
- Transparency.

The reward framework for Executives is designed to align Executive reward to shareholders' interests. The Board has 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 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 Executive remuneration and reward 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.

Sealink has taken advice on market remuneration practices and considered the appropriate level of fixed and "at risk components" for Executive remuneration. The Committee will review the current mix, market practice and levels of Executive remuneration again during FY22 as part of our ongoing commitment to ensuring Sealink's remuneration practices are transparent, fit for purpose and exhibit a strong alignment between value creation, Executive reward and shareholders' interests. While it is encouraged, there is no requirement for KMP to hold shares in Sealink.

AUDITED REMUNERATION REPORT

4. REMUNERATION FRAMEWORK CONT.

FIXED REMUNERATION

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the People, Culture and Remuneration Committee on behalf of the Board. This 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 the SeaLink'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 SeaLink and provides additional value to the Executive.

STI PROGRAM/PLAN

The short-term performance incentives ('STI') program is designed to align the targets of SeaLink and operating business units with the performance hurdles of Executives. STI payments are granted to Executives based on specific annual financial and operational targets and key performance indicators ('KPI's') being achieved which include stretch targets and both financial and non-financial goals. These goals are chosen to drive outcomes and behaviours that support the safe operation and delivery of SeaLink's objectives and lead to the creation of long-term growth in shareholder value. KPI's include financial and operational performance, safety, customer satisfaction and leadership contribution to achieve the overall Group strategic goals and values. STI payments are "at-risk" cash components paid to Executives when agreed stretch targets have been met, they are discretionary and do not form part of the employment contract.

SHORT TERM PERFORMANCE INCENTIVES

SeaLink measures KPIs covering financial and non-financial measures, at both Group and Business Unit levels. For each KPI, a target and stretch objective is set. Some of the Group CEO goals are cascaded to Executives to further align all KMP on delivering Group wide value for shareholders.

Group Net Profit After Tax and before Amortisation (NPATA) and business unit Earnings Before Interest and Tax (EBIT) are the primary financial measures against which management and the Board assess the short-term financial performance of the Group.

For KMP, STI remuneration paid varies by Executive depending on the influence on the Group and the Business Unit, achievement of defined business goals, achievement of specific business unit EBIT targets as well as the extent to which the Group achieved the Board-approved budget for the year.

CHART 4.1: POTENTIAL REMUNERATION MIX FY2021 – GROUP CEO

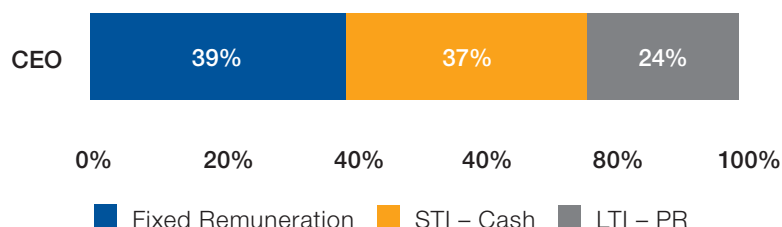


TABLE 4.2: EXECUTIVE POTENTIAL REMUNERATION MIX FY2021 – OTHER KMP

THE REMUNERATION MIX OF OTHER KMP POTENTIAL OPPORTUNITIES RANGES IN FY21 AS FOLLOWS*:	MAXIMUM STRETCH
Fixed Remuneration	39% to 75%
STI-Cash	11% to 37%
LTI-PR*	13% to 24%

*Note (a) Executives located in UK were not eligible in FY21 to participate in the LTI-PR subject to amending the plan for the UK resident KMP (b) CPCO not eligible for STI and LTI components until FY22.

AUDITED REMUNERATION REPORT

TABLE 4.3: EXECUTIVE SHORT TERM INCENTIVE PROGRAM FY2021

How is it paid?	STI awards are paid in cash.	
What is the performance period and how much can the Executive earn?	The effective maximum STI opportunity during this period is a range of between 10%-100% of Base Salary per annum as applicable for each Executive. The actual outcome depends on the Executive's performance level of achievement against each key performance indicator (KPI).	
How is performance measured?	<p>The Board sets and assesses the KPIs applicable to the Group CEO and approves the KPIs for direct reports to the Group CEO. The Group CEO sets and assesses the KPIs for other Executives.</p> <p>The KPIs set Group and individual objectives that are financial and non-financial and align to both SeaLink's Strategic Plan and the Group's values.</p> <p>For FY21, the rationale for choosing the measures are 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 SeaLink and its shareholders.</p>	
	FINANCIAL MEASURES: UP TO 50%	
	PERFORMANCE AREAS & WEIGHTINGS	RATIONALE FOR CHOOSING THIS MEASURE
	<p>Group Profit Incentive: CEO, CDO & CFO = 50% All Other KMP = 20%</p> <p>Divisional or Business Unit Profit Incentive: All Other KMP = 30%</p>	Financial measures focus senior executives on constantly working towards improving not only the efficiency of our team, but the financial success of SeaLink and producing strong financial performance and value creation for our shareholders.
	NON-FINANCIAL MEASURES: UP TO 50%	
	PERFORMANCE AREAS & WEIGHTINGS	RATIONALE FOR CHOOSING THIS MEASURE
	<p>Safety All KMP = 10%</p> <hr/> <p>People CDO = 5% All Other KMP = 8%</p> <hr/> <p>Customer CDO = 5% All Other KMP = 8%</p> <hr/> <p>Technology and Innovation CDO = 5% All Other KMP = 8%</p> <hr/> <p>Operational Excellence CDO = 15% All Other KMP = 8%</p> <hr/> <p>Growth CDO = 20% All Other KMP = 8%</p>	<p>Ensure that the health and safety of employees and customers is of the highest importance and our workplace supports achievement by our people.</p> <p>Our success is underpinned by delivering and exceeding our customer's expectations in order to continue to attract customers and renew contracts for the success of our business. Our strategy requires Executives to focus on our customers thereby delivering long-term business success.</p> <p>Innovation, operational excellence and growth are all priority focus areas that will contribute to our success both now and in the future. Consistently working towards improving the business across these areas has and will continue to support delivering strong results for shareholders and create long-term sustainable value.</p>

AUDITED REMUNERATION REPORT

TABLE 4.3: EXECUTIVE SHORT TERM INCENTIVE PROGRAM FY2021 CONT.

Gate	There is a specific safety KPI that applies to safety performance and accounts for 10% of the total STI award. Should any serious employee injury or fatality occur during a given year, the safety component will automatically result in a 0% outcome for this KPI.
How is STI assessed?	The Chair of the Board 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 and 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 SeaLink and its shareholders.</p>
Is there an overriding performance condition or clawback provision?	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 SeaLink and its shareholders.
Are any STI payments deferred?	<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 SeaLink 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 SeaLink's financial statements, the Board may cancel the STI payment and may also clawback STI payments paid in previous financial years, to the extent this can be done in accordance with the law.</p>
Are any STI payments deferred?	STI awards in FY21 did not have a deferral component.

LONG-TERM INCENTIVE PLAN

To align the interests of Executives with the creation of long-term shareholder value, SeaLink generally awards its KMP long-term incentives (LTI) in the form of Performance Rights (PR). PRs are granted at no cost to the Executive and only vest if SeaLink meets a number of performance hurdles. If a KMP resigns before the PR have 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 PR are determined by the Board annually as part of each invitation with the conditions selected for PR being intended to create alignment with indicators of shareholder value creation over the measurement period.

AUDITED REMUNERATION REPORT

TABLE 4.4: EXECUTIVE LONG-TERM INCENTIVE RIGHTS PLAN FY2021

How is the award delivered?	Awards are in the form of Performance Rights (PR) over ordinary shares in SeaLink for no consideration. The PR carry neither rights to dividends or voting.
How often are awards made and was an award made in FY21?	Awards are made annually at the discretion of the Board and were made to KMP and others in FY21.
What is the quantum of the award and what allocation methodology is used?	<p>The quantum of PR granted to an Executive is determined by the Executive's Base Salary; the applicable multiplier; and the face value of SeaLink shares, calculated as the 10-day volume weighted average price (VWAP) at the date of release of full-year results for the financial year prior to the year of grant of PR.</p> <p>For FY21 the Group CEO's maximum potential PR award is approximately 60% of Base Salary.</p>
What are the performance conditions?	<p>Overarching Gate: SeaLink's TSR must be positive.</p> <p>There are two tranches of PR with the following weighting of performance conditions, referred to as vesting conditions:</p> <p>Tranche 1: EPS Compound Annual Growth Rate (CAGR): earnings per share (EPS) compound annual growth rate, a 50% weighting.</p> <p>Tranche 2: Indexed Total Shareholder Return (iTSR): Total Shareholder Return (TSR) measured against companies in the ASX 300, a 50% weighting.</p> <p>There is also a service condition that is met if employment with SeaLink is continuous for the period commencing on or around the grant date until the date the PR vest.</p> <p>Tranche 2 iTSR Performance Rights are subject to a gate of the Company's TSR being positive over the Measurement Period. If this gate is not met, the PR in the Tranche will be forfeited.</p>
What is EPS CAGR?	EPS CAGR is the compound annual growth rate in SeaLink's earnings per common share, calculated on a fully diluted basis from continuing operations.
What is TSR and iTSR?	TSR is the return shareholders would earn if they held a notional number of shares over a period of time. iTSR measures the growth in share price together with the value of dividends during the period, assuming that all of those dividends are re-invested into new shares. This growth is measured against the ASX 300 TR Index for PR awarded in FY20 and FY21.
Why were the performance conditions selected?	<p>The performance conditions and the structure of the tranches were selected by the Board through a process of consultation with external advisers, review of market trends and approaches, and SeaLink's strategic objectives. The Board reviews the performance conditions annually to determine the appropriate hurdles based on SeaLink's strategy and prevailing market practice and conditions.</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 performance conditions for FY21:</p> <ul style="list-style-type: none"> • TSR as an external measure of long-term return performance with the strongest link to shareholder returns • EPS CAGR as a measure of incentivising growth to reflect long-term growth yields for shareholders
What is the performance period?	The LTI performance period for SeaLink is three financial years commencing 1 July of each applicable financial year.

AUDITED REMUNERATION REPORT

TABLE 4.4: EXECUTIVE LONG-TERM INCENTIVE RIGHTS PLAN FY2021 CONT.

What level of relative EPS and iTSR performance is required for the Rights to vest	Tranche #1 of the PR will only vest where the EPS CAGR performance is as follows:										
	<table border="1"> <thead> <tr> <th data-bbox="526 324 973 392">EPS CAGR (annualised) of SeaLink</th> <th data-bbox="973 324 1477 392">Percentage of Performance Rights that vest</th> </tr> </thead> <tbody> <tr> <td data-bbox="526 392 973 436">Less than 10%</td> <td data-bbox="973 392 1477 436">Nil</td> </tr> <tr> <td data-bbox="526 436 973 481">10%</td> <td data-bbox="973 436 1477 481">50% of rights vest</td> </tr> <tr> <td data-bbox="526 481 973 526">Greater than 10% but less than 12%</td> <td data-bbox="973 481 1477 526">Between 50% and 100% rights vest</td> </tr> <tr> <td data-bbox="526 526 973 593">12% and above</td> <td data-bbox="973 526 1477 593">100% of rights vest</td> </tr> </tbody> </table>	EPS CAGR (annualised) of SeaLink	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% rights vest	12% and above	100% of rights vest
EPS CAGR (annualised) of SeaLink	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% rights vest										
12% and above	100% of rights vest										
	Note the Board has discretion to normalise EPS results by making adjustments to normalise results as it may see fit in evaluating this calculation.										
	Tranche #2 of the PR will only vest where the TSR performance of SeaLink relative to the ASX Accumulation Index selected (ASX300 TR index selected for PR granted in FY20 and FY21) measured over the performance period is as follows.										
	<table border="1"> <thead> <tr> <th data-bbox="526 817 973 884">TSR of SeaLink relative to ASX300 Total Return (TR) Index</th> <th data-bbox="973 817 1477 884">Percentage of Performance Rights that vest</th> </tr> </thead> <tbody> <tr> <td data-bbox="526 884 973 929">Less than Index TSR</td> <td data-bbox="973 884 1477 929">Nil</td> </tr> <tr> <td data-bbox="526 929 973 974">Performance equal to the Index TSR</td> <td data-bbox="973 929 1477 974">50% of rights vest</td> </tr> <tr> <td data-bbox="526 974 973 1064">Greater than Index TSR but less than 10% above Index TSR</td> <td data-bbox="973 974 1477 1064">Between 50% and 100% rights vest</td> </tr> <tr> <td data-bbox="526 1064 973 1131">Greater than Index TSR + 10%</td> <td data-bbox="973 1064 1477 1131">100% of rights vest</td> </tr> </tbody> </table>	TSR of SeaLink relative to ASX300 Total Return (TR) Index	Percentage of Performance Rights that vest	Less than Index TSR	Nil	Performance equal to the 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
TSR of SeaLink relative to ASX300 Total Return (TR) Index	Percentage of Performance Rights that vest										
Less than Index TSR	Nil										
Performance equal to the 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										
	SeaLink intends to employ an independent organisation to calculate the TSR ranking at the time of potential vesting of any LTI to ensure an objective assessment of the relative TSR comparison.										
What happens to Performance Rights granted under the LTI Plan when an Executive ceases employment?	If the Executive's employment is terminated for cause, or due to resignation, all unvested PR will lapse, unless the Board determines otherwise. In all other circumstances, unless the Board decides otherwise, a pro-rata portion of the Executive's PR, 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. If and when the PR vest, shares will be allocated in accordance with the Plan rules and any other condition of the grant.										
Can SeaLink clawback LTI awards?	<p>In the event of serious misconduct or a material misstatement in the SeaLink'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; and /or • Deem all or any shares following vesting of an award 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 a sale to the extent this can be done in accordance with the 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.										

AUDITED REMUNERATION REPORT

5. REMUNERATION OUTCOMES

FIXED REMUNERATION

There were no increases in fixed remuneration of Non-Executive Directors during FY21.

During the period, Executives received an increase of 1.5% to base salary effective from 1 December 2020 (increases were delayed from 1 July 2020 due to market conditions).

STI OUTCOMES

Table 5.2 identifies the performance measures, relevant weightings and outcomes for FY21 short term incentives for Executive KMP. Table 5.1 expands on that information in relation to the Group CEO.

Despite dynamic and challenging conditions arising due to COVID-19 impacts throughout the reporting period, strong financial performance was achieved for the Group at levels above the stretch/maximum set for the financial Group measure applicable to all KMP. At the Divisional level there was some variation in achievement of financial targets with most divisions achieving above stretch target other than the London bus business.

In order for the safety related incentive to be awarded, the gateway of no workplace employee fatality or serious injury (permanent impairment) occurring in any part of the group during the reporting period must be achieved. The safety gate was achieved for FY21 and award of the individual safety targets set for each KMP were then assessed with the results as set out in the tables below.

Individual KMP non-financial STI targets for FY21 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 continued focus on stakeholder relations and tender pipeline opportunities. Key goals achieved during the period include acquisition of Go West Tours, exceeding targets for integration synergies, technology related projects such as data analytics, use of technology to improve safety for our employees and customers, measured operational efficiencies, strengthening our People and Culture systems and expertise along with leadership and maintaining employee wellbeing throughout COVID-19 affected times. A particular focus has been keeping our employees connected with the workplace and feeling part of the SeaLink team through new methods of communication and engagement such as App-based communication platforms.

Some specific STI financial and commercial targets remain commercially sensitive so have not been reported in detail here. During the year, the only discretion applied by the Board to impact any incentive award outcomes related to approving payment of short term incentives during the period prior to release of audited financial results to Mr Beaumont, the retiring Chief Operating Officer of the International Bus Division. Mr Beaumont retired from the business at the end of the performance period and is no longer employed at time of release of SeaLink's full year financial results.

TABLE 5.1: GROUP CEO FY2021 PERFORMANCE OBJECTIVES AND OUTCOMES

TYPE OF PERFORMANCE MEASURE AND WEIGHTING	KMP PERFORMANCE MEASURE	TARGET/S	FY21 PERFORMANCE	LEVEL OF ACHIEVEMENT/ OUTCOME (% OF MAXIMUM)	
Group Financial 50% of total STI	Group NPATA (50%)	Group Profit between 95% – 115% of target = 0% – 100% outcome	Stretch Target Achieved	100%	
	Safety (10%)	Safety Gate: No employee fatality or serious injury (permanent impairment) during period.	Gateway threshold met	100%	
		Specific target initiatives related to integration and strengthening consistency of safety measurement and structures to deliver improved safety outcomes across the larger group.	All Targets Achieved	100%	
		People (8%)	Delivery of key people related projects for improved governance and organisational performance.	All Targets Achieved	100%
	Non-Financial 50% of total STI	Customer (8%)	Strategic customer service and engagement related targets.	Not all Targets Achieved	95%
		Technology and Innovation (8%)	Manage the impact of business on the environment.	Not all Targets Achieved	80%
Operational Excellence (8%)		Delivery of targeted operational efficiencies aligned to integration synergies and cost reduction initiatives.	Not all Targets Achieved	67%	
Growth (8%)		Delivery of key strategic projects aligned to plans for shareholder value creation and EPS growth.	All Targets Achieved	100%	

AUDITED REMUNERATION REPORT

TABLE 5.2: STI REMUNERATION PAYABLE TO KMP FOR THE CURRENT REPORTING PERIOD – STI ACHIEVED FY2021

The following table outlines the percentage of each target STI achieved (and forfeited) in relation to each KMP for FY21.

EXECUTIVE	FINANCIAL					NON-FINANCIAL				
	TARGET STI OPPORTUNITY	MAX STI OPPORTUNITY	WEIGHTING %	ACHIEVED %	FORFEITED %	WEIGHTING %	ACHIEVED %	FORFEITED %	% OF MAXIMUM STI AWARDED	STI AWARDED
C Feuerherdt	\$475,798	\$792,997	50%	100%	0%	50%	90%	10%	95%	\$756,202
A Muir	\$173,250	\$288,750	50%	100%	0%	50%	88%	12%	94%	\$271,425
G Legh	\$181,807	\$303,013	50%	100%	0%	50%	100%	0%	100%	\$303,013
G Balkin	\$55,575	\$97,500	50%	100%	0%	50%	86%	14%	93%	\$90,480
D Gauci	\$59,157	\$103,785	50%	100%	0%	50%	86%	14%	93%	\$96,935
C Beaumont	\$29,129	\$51,261	50%	40%	60%	50%	100%	0%	70%	\$36,042
W Toh	\$65,961	\$130,055	50%	100%	0%	50%	100%	0%	100%	\$130,055
R Carpenter*	Nil	Nil	Nil	N/A	N/A	Nil	N/A	N/A	N/A	Nil

*Commenced 12 April 2021.

LTI OUTCOMES

There were no Long-Term Incentive Performance Rights which vested during the period 1 July 2020 to 30 June 2021.

6. EXECUTIVE AND NED REMUNERATION

TABLE 6.1: CEO AND EXECUTIVE KMP EMPLOYMENT TERMINATION CONDITIONS

CONTRACT TERM	CEO	OTHER EXECUTIVES
Contract Type	Permanent	Permanent
Notice Period by SeaLink	6 Months	2–4 Months
Contract Type	6 Months	2–4 Months
Termination Payment	All Executives have termination benefits that are within the limit allowed by the Corporations Act 2001 without securityholder approval. 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. 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.	

REMUNERATION FRAMEWORK AND DETAILS FOR NON-EXECUTIVE DIRECTORS (NEDs)

(i) Objectives

The key objectives of SeaLink'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 – SeaLink encourages its NEDs to build a long-term stake in the Group and Directors can acquire shares through acquisition on market during permitted trading windows.

(ii) Details

NED fees are reviewed annually by the People, Culture and Remuneration Committee. The People, Culture and 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 and there are no additional fees for chairing or serving on a sub-committee of the Board.

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

The remuneration of NEDs consists of Director fees, inclusive of statutory superannuation, which are currently set as follows, on an annualised basis:

- The Chair receives \$220,000; and
- All other NEDs receive \$120,000.

There were no increases in fixed remuneration of NEDs during FY21. An increase of 2.0% in NED fees is proposed for FY22 which includes the 0.5% increase in Superannuation Guarantee Charge.

In accordance with SeaLink'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.

AUDITED REMUNERATION REPORT

TABLE 6.2: NED REMUNERATION FOR THE YEARS ENDED 30 JUNE 2020 AND 30 JUNE 2021

NON-EXECUTIVE DIRECTOR	YEAR	DIRECTOR FEE	SHORT TERM INCENTIVE	NON-MONETARY BENEFITS	OTHER	SUPER	LONG-TERM BENEFIT LSL	PERFORM. RIGHTS/ OPTIONS	TOTAL
J Ellison*	2021	200,913	–	–	–	19,087	–	–	220,000
	2020	36,401	–	–	–	3,458	–	–	39,859
A McEvoy	2021	–	–	–	–	–	–	–	–
	2020	148,118	–	–	–	14,717	–	45,667	207,856
A Staines	2021	109,589	–	–	–	10,411	–	–	120,000
	2020	76,307	–	–	–	7,249	–	–	83,556
C Smerdon	2021	109,589	–	–	–	10,411	–	–	120,000
	2020	76,307	–	–	–	7,249	–	–	83,556
T Dodd	2021	109,589	–	–	–	10,411	–	–	120,000
	2020	76,307	–	–	–	7,249	–	–	83,556
F Hele	2021	109,589	–	–	–	10,411	–	–	120,000
	2020	76,307	–	–	–	7,249	–	–	83,556
L Hockridge**	2021	109,589	–	–	–	10,411	–	–	120,000
	2020	–	–	–	–	–	–	–	–
N Smith	2021	120,000	–	–	–	–	–	–	120,000
	2020	45,391	–	–	–	–	–	–	45,391

* Appointed Chair 1 July 2020; **Appointed 1 July 2020.

TABLE 6.3: EXECUTIVE REMUNERATION FOR THE YEARS ENDED 30 JUNE 2020 AND 30 JUNE 2021

EXECUTIVE	YEAR	SALARY	SHORT TERM INCENTIVE	NON-MONETARY BENEFITS	OTHER	SUPER	LONG-TERM BENEFIT LSL	PERFORM. RIGHTS	TOTAL
C Feuerherdt*	2021	788,149	756,202	43,544	–	25,000	39,773	372,395	2,025,063
	2020	299,757	504,000	23,781	787	7,990	69,307	196,272	1,101,894
D Gauci	2021	360,892	96,935	–	–	25,000	9,368	51,064	543,259
	2020	353,299	34,000	–	–	25,000	7,948	26,693	446,940
G Balkin**	2021	355,294	90,480	33,674	–	21,694	22,895	22,896	546,934
	2020	–	–	–	–	–	–	–	–
C Beaumont***	2021	343,258	36,042	–	262,028	33,151	–	–	674,479
	2020	165,486	43,660	–	–	9,929	–	–	219,075
A Muir	2021	416,322	271,425	–	–	25,000	18,330	88,473	819,550
	2020	311,360	246,400	–	–	25,432	4,400	40,040	627,631
G Legh*	2021	436,880	303,013	20,448	–	21,694	8,458	186,198	976,690
	2020	197,880	175,000	14,690	–	5,251	34,666	98,136	525,623
W Toh*	2021	453,105	130,055	–	–	11,234	–	10,567	604,960
	2020	222,427	64,521	–	–	13,191	–	–	300,139
R Carpenter****	2021	80,769	–	–	–	6,250	101	–	87,121
	2020	–	–	–	–	–	–	–	–

* Became a KMP 16 January 2020; ** Became a KMP 1 September 2020; *** Retired 30 June 2021; **** Appointed and became a KMP 12 April 2021.

AUDITED REMUNERATION REPORT

7. OPTIONS, SHAREHOLDINGS AND PERFORMANCE RIGHTS OF KMP

TABLE 7.1: OPTIONS HELD BY KMP IN PREVIOUS AND CURRENT REPORTING YEARS

YEAR END 30 JUNE 2020	BALANCE 01/07/2019	GRANT DATE	AWARDED/ (FORFEITED)	EXERCISED	BALANCE 30/06/2020	FAIR VALUE PER OPTION AT AWARD DATE	EXPIRY DATE	INTRINSIC VALUE OF OPTIONS EXERCISED/ SOLD
DIRECTORS								
A McEvoy	100,000	25/10/2016	100,000	26/10/2019	–	\$4.11		\$411,000
Total	100,000				–			

YEAR END 30 JUNE 2021	BALANCE 01/07/2020	GRANT DATE	AWARDED/ (FORFEITED)	EXERCISED	BALANCE 30/06/2021	FAIR VALUE PER OPTION AT AWARD DATE	EXPIRY DATE	INTRINSIC VALUE OF OPTIONS EXERCISED/ SOLD
DIRECTORS								
–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–

AUDITED REMUNERATION REPORT

TABLE 7.2: SHAREHOLDINGS HELD BY KMP IN PREVIOUS AND CURRENT REPORTING YEARS

YEAR END 30 JUNE 2020	BALANCE 01/07/2019	EXERCISE OF OPTIONS	ACQUIRED/ (SOLD)	BALANCE 30/06/2020 #	AMOUNT PAID PER SHARE ON OPTION EXERCISE
DIRECTORS					
A McEvoy	19,579	100,000	17,326	136,905	–
J Ellison	5,524,769	–	225,000	5,749,769	–
T Dodd	4,786,578	–	1,000,000	5,786,578	–
F Hele	10,000	–	18,172	28,172	–
A Staines	–	–	–	–	–
N Smith	–	–	33,444,556	33,444,556	–
C Smerdon	6,104,500	–	382,375	6,486,875	–
OTHER KMP					
C Feuerherdt	–	–	5,744,171	5,744,171	–
D Gauci	18,000	–	13,250	31,250	–
C Beaumont **	–	–	223,418	223,418	–
A Muir	–	–	100,000	100,000	–
G Legh **	–	–	40,000	40,000	–
W Toh **	–	–	30,000	30,000	–
P Victory *	77,125	–	32,010	109,135	–
C Benson *	9,324	–	9,461	18,785	–
J McDonald *	–	–	6,000	6,000	–
B Martlew *	4,500	–	–	4,500	–
M Niemann *	10,000	–	2,500	12,500	–
Total	16,564,375	100,000	41,288,239	57,952,614	–

*Ceased to be KMP on 16 January 2020; ** Became a KMP on 16 January 2020

The balance reflects the number of shares held as at 30 June 2020 or the date on which the Executive ceased to hold the KMP position.

Refer to Section 1 for further information.

YEAR END 30 JUNE 2021	BALANCE 01/07/2020	EXERCISE OF OPTIONS	ACQUIRED/ (SOLD)	BALANCE 30/06/2021 #	AMOUNT PAID PER SHARE ON OPTION EXERCISE
DIRECTORS					
J Ellison	5,749,769	–	(700,000)	5,049,769	–
T Dodd	5,786,578	–	(400,000)	5,386,578	–
F Hele	28,172	–	10,000	38,172	–
A Staines	–	–	–	–	–
N Smith	33,444,556	–	(3,000,000)	30,444,556	–
L Hockridge	–	–	100,000	100,000	–
C Smerdon	6,486,875	–	(800,000)	5,686,875	–
OTHER KMP					
C Feuerherdt	5,744,171	–	(700,000)	5,044,171	–
D Gauci	31,250	–	–	31,250	–
C Beaumont*	223,418	–	(111,709)	111,709	–
A Muir	100,000	–	–	100,000	–
G Legh	40,000	–	–	40,000	–
W Toh	30,000	–	–	30,000	–
G Balkin**	–	–	–	–	–
R Carpenter ***	–	–	–	–	–
Total	57,664,789	–	(5,601,709)	52,063,080	–

* Ceased to be KMP on 30 June 2021; ** Became a KMP on 1 September 2020; *** Became a KMP on 12 April 2021

AUDITED REMUNERATION REPORT

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

Performance Rights (PRs) are generally granted to Executive KMP as part of a LTI plan. When a participant ceases employment prior to the vesting of their PR or where the performance hurdle is not met, the PRs are forfeited, unless

and to the extent that the Board determines otherwise. Should all conditions be met, one Ordinary Share is issued for each PR at no consideration.

There were a total of 244,904 PRs issued to Executive in the 12-month period to 30 June 2021 with 211,607 of those being issued to KMP. As at 30 June 2021, 499,368 PRs to KMP remained outstanding.

TABLE 7.3 – PERFORMANCE RIGHTS HELD BY KMP IN PREVIOUS AND CURRENT REPORTING

KEY MANAGEMENT PERSONNEL	DATE OF GRANT	PERFORMANCE RIGHTS ON ISSUE 30 JUNE 2020	FAIR VALUE PER PR \$	GRANTED	VESTED/ EXERCISED	PERFORMANCE RIGHTS ON ISSUE 30 JUNE 2021	VESTING DATE
DIRECTORS							
C Feuerherdt	12/06/2020 21/12/2020	156,392 –	3.765 5.252	– 100,604	– –	156,392 100,604	31/08/2022 31/08/2023
Total		156,392		100,604	–	256,996	
Total \$				528,370			
A Muir	12/06/2020 21/12/2020	31,904 –	3.765 5.252	– 27,666	– –	31,904 27,666	31/08/2022 31/08/2023
Total		31,904		27,666	–	59,570	
Total \$				145,302			
G Legh	12/06/2020 21/12/2020	78,196 –	3.765 5.252	– 50,302	– –	78,196 50,302	31/08/2022 31/08/2023
Total		78,196		50,302	–	128,498	
Total \$				264,185			
G Balkin	21/12/2020	–	5.252	13,078	–	13,078	31/08/2023
Total		–		13,078	–	13,078	
Total \$				68,688			
W Toh	21/12/2020	–	5.252	6,036	–	6,036	31/08/2023
Total		–		6,036	–	6,036	
Total \$				31,701			
D Gauci	12/06/2020 21/12/2020	21,269 –	3.765 5.252	– 13,921	– –	21,269 13,921	31/08/2022 31/08/2023
Total		21,269		13,921	–	35,190	
Total \$				73,113			

* Disclosures required in the remuneration report by the Corporations Act, particularly the inclusion of accounting values for LTI PRs 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 a PR 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 PRs do not vest.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



A Staines OAM

Chair, People, Culture & Remuneration Committee

SeaLink Travel Group Limited

25 August 2021

AUDITOR'S INDEPENDENCE DECLARATION



**Building a better
working world**

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Auditor's Independence Declaration to the Directors of SeaLink Travel Group Limited

As lead auditor for the audit of the financial report SeaLink Travel Group Limited for the financial year ended 30 June 2021, 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;
and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst + Young

Ernst & Young

David Sanders
Partner
25 August 2021

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES



FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF PROFIT OR LOSS

CONSOLIDATED

FOR THE YEAR ENDED 30 JUNE 2021	NOTE	2021 \$'000	2020 \$'000
Revenue from contracts with customers	4	1,173,083	623,692
Other income	5	38,409	22,382
Interest income		219	438
Total revenue and other income		1,211,711	646,512
EXPENSES			
DIRECT OPERATING EXPENSES			
Direct wages		(644,475)	(318,875)
Repairs and maintenance		(75,272)	(37,095)
Fuel		(87,911)	(44,165)
Commission		(2,941)	(9,068)
Meals and beverage		(9,059)	(10,982)
Tour costs		(3,251)	(7,132)
Depreciation		(30,560)	(20,915)
Depreciation – ROUA		(32,100)	(18,654)
Other direct expenses		(64,113)	(25,134)
ADMINISTRATION EXPENSES			
Indirect wages		(91,659)	(58,878)
General and administration		(59,709)	(37,497)
Marketing		(4,347)	(4,868)
Financing charges		(17,635)	(9,768)
Amortisation of customer contracts and permits		(31,697)	(20,865)
Impairment on investment		–	(1,637)
Business acquisition expenses		(4,194)	(17,510)
Impairment of assets		(3,799)	(10,797)
Total expenses		(1,162,722)	(653,840)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		48,989	(7,328)
Income tax expense	6	(11,188)	(6,244)
Profit/(loss) after income tax expense for the year		37,801	(13,572)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		3	–
Owners of Sealink Travel Group Limited	24	37,798	(13,572)
		37,801	(13,572)
EARNINGS PER SHARE			
		CENTS	CENTS
Basic earnings per share	39	17.3	(8.2)
Diluted earnings per share	39	17.3	(8.2)

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2021	2020
FOR THE YEAR ENDED 30 JUNE 2021	\$'000	\$'000
PROFIT/(LOSS) AFTER INCOME TAX EXPENSE FOR THE YEAR	37,801	(13,572)
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	2,271	(1,746)
Foreign currency translation	(7,957)	(966)
Other comprehensive income/(loss) for the year, net of tax	(5,686)	(2,712)
Total comprehensive profit/(loss) for the year	32,115	(16,284)
Total comprehensive profit/(loss) for the year is attributable to:		
Non-controlling interest	–	–
Total comprehensive profit/(loss) for the year attributable to: Owners of SeaLink Travel Group Limited	32,115	(16,284)

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021	NOTE	2021 \$'000	2020 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	103,497	119,903
Trade and other receivables	8	92,398	90,977
Inventories	9	14,308	13,881
Other assets	11	16,716	12,575
Total Current Assets		226,919	237,336
NON-CURRENT ASSETS			
Property, plant and equipment	12	373,375	361,764
Right-of-use assets	10	206,119	149,420
Intangibles	13	553,026	597,690
Total Non-Current Assets		1,132,520	1,108,874
Total Assets		1,359,439	1,346,210
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	66,284	90,327
Contract liabilities	15	12,991	7,408
Borrowings	16	19,477	–
Lease liabilities	17	27,193	29,974
Other financial liabilities/(assets)	18	734	1,906
Income tax	6	13,170	18,546
Employee benefits	19	90,112	75,109
Provisions	20	35,259	36,173
Other liabilities	21	40,303	63,938
Total Current Liabilities		305,523	323,381
NON-CURRENT LIABILITIES			
Borrowings	16	284,845	302,642
Lease liabilities	17	133,120	74,409
Other financial liabilities/(assets)	18	2,292	4,364
Deferred tax liabilities	6	3,560	10,203
Employee benefits	19	9,606	7,590
Other liabilities	21	12,387	23,329
Total Non-Current Liabilities		445,810	422,537
Total Liabilities		751,333	745,918
Net Assets		608,106	600,292
EQUITY			
Issued capital	22	572,377	572,377
Reserves	23	(8,862)	(3,991)
Retained profits	24	44,588	31,906
Equity attributable to the owners of SeaLink Travel Group Limited		608,103	600,292
Non-controlling interest	25	3	–
Total Equity		608,106	600,292

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED	ISSUED CAPITAL \$'000	RESERVES \$'000	RETAINED PROFITS \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
BALANCE AT 1 JULY 2019	96,057	(1,700)	63,558	–	157,915
Loss after income tax expense for the year	–	–	(13,572)	–	(13,572)
Other comprehensive income/(loss) for the year, net of tax	–	(2,712)	–	–	(2,712)
Total comprehensive profit/(loss) for the year	–	(2,712)	(13,572)	–	(16,284)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	476,320	–	–	–	476,320
Share-based payments (note 40)	–	421	–	–	421
Dividends paid (note 26)	–	–	(18,080)	–	(18,080)
Balance at 30 June 2020	572,377	(3,991)	31,906	–	600,292

CONSOLIDATED	ISSUED CAPITAL \$'000	RESERVES \$'000	RETAINED PROFITS \$'000	NON- CONTROLLING INTEREST \$'000	TOTAL EQUITY \$'000
BALANCE AT 1 JULY 2020	572,377	(3,991)	31,906	–	600,292
Profit after income tax expense for the year	–	–	37,798	3	37,801
Other comprehensive income/(loss) for the year, net of tax	–	(5,686)	–	–	(5,686)
Total comprehensive profit/(loss) for the year	–	(5,686)	37,798	3	32,115
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 40)	–	815	–	–	815
Dividends paid (note 26)	–	–	(25,116)	–	(25,116)
Balance at 30 June 2021	572,377	(8,862)	44,588	3	608,106

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS		CONSOLIDATED	
FOR THE YEAR ENDED 30 JUNE 2021	NOTE	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,169,711	650,640
Payments to suppliers and employees		(1,054,407)	(579,896)
Gross operating cashflow		115,304	70,744
Interest received		219	438
Other income		38,146	20,978
Interest and other finance costs paid		(17,635)	(9,768)
Income taxes refunded/(paid)		(24,180)	7,667
Net cash from operating activities	38	111,854	90,059
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of business, net of cash acquired	33	(29,759)	(119,810)
Payments for property, plant and equipment	12	(41,700)	(29,458)
Proceeds from disposal of property, plant and equipment		1,897	2,958
Net cash used in investing activities		(69,562)	(146,310)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	22	–	154,000
Repayment of debt from share capital raising		–	(92,500)
Proceeds of refinancing		–	266,000
Repayment acquired debt		–	(100,300)
Payments for leases		(33,298)	(37,818)
Share issue transaction costs		–	(7,052)
Dividends paid	26	(25,116)	(18,080)
Net cash from/(used in) financing activities		(58,414)	164,250
Net increase/(decrease) in cash and cash equivalents		(16,122)	107,999
Cash and cash equivalents at the beginning of the financial year		119,903	11,904
Effects of exchange rate changes on cash and cash equivalents		(284)	–
Cash and cash equivalents at the end of the financial year	7	103,497	119,903

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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.

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').

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.

Funding and liquidity

The financial statements are prepared on a going concern basis. As at 30 June 2021, the Consolidated Statement of Financial Position reflected an excess of current liabilities over current assets of \$78.6m (2020: \$86.0m). The amount of the deficit is materially covered by the Company's undrawn cash banking facilities of \$79.0m (2020: \$79.0m) as at 30 June 2021. The net impact of the Go West acquisition on undrawn cash banking facilities was a reduction of \$44m, however the group has the option of funding capex through financing rather than operating cashflow (in 2021 all Australian capex was funded from operating cashflow). In addition there are amounts included in current liabilities which are not expected to be paid in the next 12 months, despite the accounting treatment requiring them to be disclosed as current liabilities, including leave liabilities and unearned income which historically have not all been paid out within 12 months. There is no indication the future operating cashflows of the business will be materially different to those achieved in this financial period and the company has other capital management options.

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 32.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SeaLink Travel Group Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. SeaLink Travel 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.

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

FOREIGN CURRENCY TRANSLATION

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

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

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.

Delivery of services

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.

JobKeeper and similar payments from governments received in the United Kingdom and Singapore have been accounted for in Other Income.

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

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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.

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

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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.

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.

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.

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.

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.

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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.

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.

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The cost of cash-settled transactions is 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.

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

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acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SeaLink Travel 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.

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.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES & 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. 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.

Coronavirus (COVID-19) pandemic

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets.

The Group continues to assess the impact of the COVID-19 outbreak on demand for SeaLink's products and services, customers and supply chain. The Governments' restrictions on domestic and international borders, travel generally and on gatherings and social distancing measures have impacted SeaLink's sales in FY21 and have the potential to impact them

further in FY22, however, at present and given the uncertainty that exists, the financial impact cannot be reasonably estimated.

The Group has considered the impact of COVID-19 and other market volatility in preparing its financial statements.

While COVID-19 did not result in the identification of any further areas of judgement and critical accounting estimates in addition to those specifically disclosed below it did result in the application of additional judgement. Given the dynamic and evolving nature of COVID-19, limited experience of the economic and financial impacts of such a pandemic, changes to the estimates and outcomes that have been applied in the measurement of the Group's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

As a consequence of COVID-19 and in preparing these financial statements, management:

- reviewed external market communications to identify other COVID-19 related impacts
- reviewed internal processes to ensure consistency in the application of the expected impact of COVID-19 across all asset classes
- assessed the carrying values of its assets and liabilities and determined the impact thereon as a result of market inputs and variables impacted by COVID-19

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- considered the impact of COVID-19 on the Group's financial statement disclosures.
- considered SeaLink's Marine and Tourism operating segment's eligibility for JobKeeper and implemented accordingly, separate from the remaining Australian Bus operating segment which was not considered eligible.

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. Such assessment incorporated a consideration of COVID-19.

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. There were no adjustments required to the carrying values of trade receivables from the impact of COVID-19 as at 30 June 2021.

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 2021. Such assessment incorporated a consideration of COVID-19. (refer note 13)

Risk management

The Group's risk management framework continues to be applied and the CODM continue to monitor the impact of COVID-19 on 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.

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.

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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.

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. Fair value adjustments on the finalisation of the business combination accounting is 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 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, Adelaide and Darwin;

International Bus – operates metropolitan public bus services on behalf of governments in London and Singapore; and

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.

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. Finance costs, finance income, and fair value gains and losses on financial assets are not allocated to the individual segments below as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities 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 2021 approximately 79.9% (2020: 64.7%) of the consolidated entity's external revenue was derived from sales to governments.

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Operating segment information

	MARINE AND TOURISM \$'000	AUSTRALIAN BUS \$'000	INTERNATIONAL BUS \$'000	CORPORATE \$'000	TOTAL \$'000
CONSOLIDATED – 2021					
REVENUE					
Sales to external customers	215,146	702,100	255,837	–	1,173,083
Interest received	24	41	2	152	219
Total revenue	215,170	702,141	255,839	152	1,173,302
EBITDA					
EBITDA	58,972	90,047	38,951	(20,447)	167,523
Depreciation	(14,073)	(13,173)	(2,542)	(772)	(30,560)
Depreciation ROUA	(3,326)	(4,252)	(24,151)	(371)	(32,100)
Impairment of assets	(3,799)	–	–	–	(3,799)
Amortisation of customer contracts	(1,136)	(20,920)	(9,641)	–	(31,697)
Finance costs	(406)	(1,715)	(2,124)	(13,390)	(17,635)
Business acquisition expenses	–	–	–	(4,194)	(4,194)
Revaluation of deferred consideration	–	–	–	(769)	(769)
Insurance proceeds	2,220	–	–	–	2,220
Profit/(loss) before income tax expense	38,452	49,987	493	(39,943)	48,989
Income tax expense					(11,188)
Profit after income tax expense					37,801
ASSETS					
Segment assets	299,278	659,662	358,012	42,487	1,359,439
Total assets					1,359,439
LIABILITIES					
Segment liabilities	90,090	153,680	166,524	337,479	747,773
Unallocated liabilities:					
Deferred tax liability					3,560
Total liabilities					751,333

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

Operating segment information cont.

	MARINE AND TOURISM \$'000	AUSTRALIAN BUS \$'000	INTERNATIONAL BUS \$'000	CORPORATE \$'000	TOTAL \$'000
CONSOLIDATED – 2020					
REVENUE					
Sales to external customers	213,937	277,111	132,644	–	623,692
Interest received	–	–	–	438	438
Total revenue	213,937	277,111	132,644	438	624,130
EBITDA					
EBITDA	51,036	31,756	24,039	(16,408)	90,423
Depreciation	(13,299)	(5,018)	(1,476)	(1,122)	(20,915)
Depreciation ROUA	(3,750)	(2,142)	(12,762)	–	(18,654)
Impairment of assets	(10,797)	–	–	(1,637)	(12,434)
Amortisation of customer contracts	(1,877)	(13,248)	(5,740)	–	(20,865)
Finance costs	(385)	(819)	(1,467)	(7,097)	(9,768)
Business acquisition expenses	–	–	–	(17,510)	(17,510)
Revaluation of deferred consideration	–	–	–	1,395	1,395
Insurance proceeds	–	–	–	1,000	1,000
Profit/(loss) before income tax expense	20,928	10,529	2,594	(41,379)	(7,328)
Income tax expense					(6,244)
Profit after income tax expense					(13,572)
ASSETS					
Segment assets	370,434	560,547	284,624	130,605	1,346,210
Total assets					1,346,210
LIABILITIES					
Segment liabilities	111,686	122,099	126,033	370,374	730,192
Unallocated liabilities:					
Deferred tax liability					15,726
Total liabilities					745,918

Geographical information

	SALES TO EXTERNAL CUSTOMERS		GEOGRAPHICAL NON-CURRENT ASSETS	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Australia	917,246	491,048	826,429	851,872
Singapore	123,212	58,919	154,824	128,419
United Kingdom	132,625	73,725	151,267	128,583
	1,173,083	623,692	1,132,520	1,108,874

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

Comparatives for geographical non-current assets have been restated following a review of intangible and other assets forming part of the TSG acquisition in 2020.

NOTE 4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Goods transferred at a point in time	199,266	187,256
Services transferred over time	973,817	436,436
Revenue from contracts with customers	1,173,083	623,692

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 5 OTHER INCOME

	2021 \$'000	CONSOLIDATED 2020 \$'000
Net foreign exchange gain	–	1,395
Gain on disposal of property, plant and equipment	263	9
Other income	38,146	20,978
Other income	38,409	22,382

The majority of other income earned relates to support received to assist in offsetting the impact of COVID-19 in Australia, UK and Singapore.

NOTE 6 INCOME TAX

	2021 \$'000	CONSOLIDATED 2020 \$'000
Income tax expense		
Current tax	20,030	14,266
Deferred tax – origination and reversal of temporary differences	(8,519)	(7,606)
Adjustment recognised for prior periods	(118)	(287)
– s40-880 (off balance sheet)	(205)	(129)
Aggregate income tax expense	11,188	6,244

Deferred tax included in income tax expense comprises:

Increase in deferred tax assets	(8,519)	(7,606)
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Numerical reconciliation of income tax expense and tax at the statutory rate

Profit/(loss) before income tax expense	48,989	(7,328)
Tax at the statutory tax rate of 30%	14,697	(2,198)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of assets	1,140	1,200
Impairment of investment	–	491
Share-based payments	271	126
Non-taxable income	(4,085)	(3,882)
Acquisition costs	–	4,586
Net capital gain	–	6,247
Tax effect of other non-assessable foreign expenses	(772)	–
NANE dividends	–	77
s408-880	(204)	(129)
Other non-deductible expenses	1,563	13
	12,610	6,531
Adjustment recognised for prior periods	(118)	(287)
Current year tax losses not recognised	146	–
Difference in overseas tax rates	(1,450)	–
Income tax expense	11,188	6,244

Amounts charged/(credited) directly to equity

Deferred tax assets	973	(748)
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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 6 INCOME TAX CONT.

	2021 \$'000	CONSOLIDATED 2020 \$'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	5,898	1,760
Allowance for expected credit losses	57	101
Employee benefits	25,132	20,040
Leases	13,527	13,370
Provisions	3,694	3,694
Property, plant and equipment	(22,986)	(17,327)
Customer contracts and other intangible assets	(28,464)	(35,071)
Finance costs	(133)	535
Other	(1,193)	814
	(4,468)	(12,084)
Amounts recognised in equity:		
Derivative financial instruments	908	1,881
Deferred tax liability	(3,560)	(10,203)
Movements		
Opening balance	(10,203)	(3,196)
Credited to profit or loss	8,519	7,606
Credited/(charged) to equity	(973)	748
Additions through business combinations (note 33)	–	(15,361)
Other	(903)	-
Closing balance	(3,560)	(10,203)
Provision for income tax payable		
Provision for income tax payable	13,170	18,546

NOTE 7 CASH AND CASH EQUIVALENTS

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current assets		
Cash on hand	476	469
Cash at bank	66,886	77,645
Cash on deposit	36,135	41,789
	103,497	119,903

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NOTE 8 TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Current assets		
Trade receivables	73,420	71,841
Less: Allowance for expected credit losses	(194)	(356)
	73,226	71,485
Other receivables	19,172	19,492
	92,398	90,977

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	
	2021 %	2020 %	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
CONSOLIDATED						
Not overdue	–	–	89,827	82,731	–	–
0 to 1 month overdue	–	–	1,199	7,458	–	–
1 to 2 months overdue	–	–	1,138	131	–	–
2 to 3 months overdue	16.50%	–	280	(139)	46	–
Over 3 months overdue	100.00%	30.89%	148	1,152	148	356
			92,592	91,333	194	356

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

	2021 \$'000	2020 \$'000
Opening balance	356	12
Additional provisions recognised	–	205
Additions through business combinations	–	139
Receivables written off during the year as uncollectable	(162)	–
Closing balance	194	356

NOTE 9 INVENTORIES

	2021 \$'000	2020 \$'000
Current assets		
Goods held for resale – at cost	1,768	2,051
Less: Provision for impairment	(31)	(31)
	1,737	2,020
Fuel at cost	2,934	2,250
Spare parts at cost	10,278	10,017
Less: Provision for impairment	(641)	(406)
	14,308	13,881

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 10 RIGHT-OF-USE ASSETS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Non-current assets		
Land and buildings – right-of-use	118,780	118,684
Less: Accumulated depreciation	(11,770)	(5,392)
	107,010	113,292
Motor vehicles – right-of-use	114,898	47,175
Less: Accumulated depreciation	(15,789)	(11,047)
	99,109	36,128
	206,119	149,420

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 2019		–	–
Additions (including 1 July 2019 takeup)	15,162	1,066	16,228
Additions through business combinations (note 33)	105,816	46,926	152,742
Exchange differences	(2,044)	(1,266)	(3,310)
Transfers in/(out)	–	2,414	2,414
Depreciation expense	(5,642)	(13,012)	(18,654)
Balance at 30 June 2020	113,292	36,128	149,420
Additions	6,158	87,694	93,852
Disposals	(4,867)	(14)	(4,881)
Revaluation increments	–	224	224
Revaluation decrements	(83)	–	(83)
Exchange differences	758	29	787
Transfers in/(out)	–	(1,100)	(1,100)
Depreciation expense	(8,248)	(23,852)	(32,100)
Balance at 30 June 2021	107,010	99,109	206,119

Current year additions include the hire purchase financed electric bus fleet in the UK \$20.2m and renewal of all the ROU bus leases under the new and retained bus contracts in Singapore \$58.6m. Prior year additions included \$14.6m of ROUA opening balance take up on adoption of AASB 16.

NOTE 11 OTHER ASSETS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Current assets		
Prepayments	12,203	10,824
Other deposits	3,981	–
Customer acquisition costs	532	1,751
	16,716	12,575

Customer acquisition costs relate to the new Singapore bus contract commencing in September 2021 which will be amortised over the life of the contract. Other deposits relate to the Go West Tours business acquisition completed on 1 July 2021.

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NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Non-current assets		
Land and buildings – at cost	83,715	81,052
Less: Accumulated depreciation	(6,185)	(5,172)
	77,530	75,880
Leasehold improvements – at cost	7,286	4,918
Less: Accumulated depreciation	(3,271)	(409)
	4,015	4,509
Plant and equipment – at cost	36,933	26,468
Less: Accumulated depreciation	(18,590)	(8,827)
	18,343	17,641
Motor vehicles – at cost	151,338	134,281
Less: Accumulated depreciation	(24,229)	(9,759)
	127,109	124,522
Vessels – at cost	200,241	186,179
Less: Accumulated depreciation	(65,557)	(56,756)
Less: Accumulated Impairment	(5,249)	(6,797)
	129,435	122,626
Capital works in progress – at cost	16,943	16,586
	373,375	361,764

Reconciliations

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

	LAND & BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT & EQUIPMENT \$'000	MOTOR VEHICLES \$'000	RIGHT-OF-USE ASSETS \$'000	VESSELS \$'000	CWIP \$'000	TOTAL \$'000
CONSOLIDATED								
Balance at 1 July 2019	41,866	519	10,410	9,120	2,414	130,887	6,180	201,396
Additions	651	392	1,746	3,400	–	570	22,699	29,458
Additions through business combinations (note 33)	36,109	4,670	9,148	116,687	–	–	90	166,704
Disposals	(537)	–	(73)	(607)	–	(1,732)	–	(2,949)
Exchange differences	(1,888)	(843)	(33)	(132)	–	–	–	(2,896)
Impairment of assets	–	–	–	–	–	(6,797)	–	(6,797)
Transfers in/(out)	590	42	683	2,234	(2,414)	9,011	(12,383)	(2,237)
Depreciation expense	(911)	(271)	(4,240)	(6,180)	–	(9,313)	–	(20,915)
Balance at 30 June 2020	75,880	4,509	17,641	124,522	–	122,626	16,586	361,764
Additions	1,156	418	4,928	14,802	–	1,803	18,593	41,700
Disposals	–	(6)	(49)	(320)	–	(1,259)	–	(1,634)
Exchange differences	917	(7)	144	(11)	–	–	–	1,043
Write off of assets	–	–	(38)	–	–	–	–	(38)
Transfers in/(out)	623	–	969	1,549	–	16,195	(18,236)	1,100
Depreciation expense	(1,046)	(899)	(5,252)	(13,433)	–	(9,930)	–	(30,560)
Balance at 30 June 2021	77,530	4,015	18,343	127,109	–	129,435	16,943	373,375

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

At 30 June 2021 four vessels are under construction and one bus was under contract to be purchased in Australia and three buses are under contract internationally.

At 30 June 2020 three vessels were under construction, seventy-two buses and four vehicles were under contract to be purchased in Australia and thirty-seven buses and six vehicles are under contract internationally. Additionally we had committed to an electrification project for the buses internationally.

During the period a review of the carrying value of certain under utilised vessels across the fleet was undertaken, primarily those relating to lunch and dining experiences, no impairment was recognised (2020: \$6.8m, this was a COVID-19 related impairment).

Refer to note 16 for further information on assets pledged as security for financing arrangements.

NOTE 13 INTANGIBLES

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Non-current assets		
Goodwill – at cost	465,203	473,620
Less: Accumulated impairment	(7,799)	(4,000)
	457,404	469,620
Customer contracts – at cost	141,771	143,065
Less: Accumulated amortisation	(56,365)	(26,191)
	85,406	116,874
Other intangible assets – at cost	4,089	4,064
Less: Accumulated amortisation	(1,909)	(1,568)
	2,180	2,496
Customer relationships – Sita Coaches	8,700	8,700
Less: Accumulated amortisation	(664)	–
	8,036	8,700
	553,026	597,690

Reconciliations

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

	GOODWILL \$'000	CUSTOMER CONTRACTS \$'000	OTHER INTANGIBLES \$'000	CUSTOMER RELATIONSHIPS \$'000	TOTAL \$'000
CONSOLIDATED					
Balance at 1 July 2019	47,800	2,770	2,813	–	53,383
Additions through business combinations (note 33)	425,820	134,652	–	8,700	569,172
Impairment of assets	(4,000)	–	–	–	(4,000)
Amortisation expense	–	(20,548)	(317)	–	(20,865)
Balance at 30 June 2020	469,620	116,874	2,496	8,700	597,690
Exchange differences	(8,417)	(751)	–	–	(9,168)
Impairment of assets	(3,799)	–	–	–	(3,799)
Amortisation expense	–	(30,717)	(316)	(664)	(31,697)
Balance at 30 June 2021	457,404	85,406	2,180	8,036	553,026

The impairment of \$3.8m against goodwill relates to KI Odysseys and Captain Cook Cruises WA which was recognised following the review undertaken by management for impairment (2020: The impairment of \$4.0m against goodwill relates to Fraser Island.) See commentary on next page.

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

IMPAIRMENT TESTING

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	2021 \$'000	CONSOLIDATED 2020 \$'000
KI Odysseys	–	209
SeaLink – Queensland	6,420	6,420
Captain Cook Cruises WA	–	3,590
SeaLink – South East Queensland	30,081	30,081
Fraser Island	3,500	3,500
Transit – NSW	59,727	59,727
Transit – WA & NT	158,245	158,245
Transit – SA	58,256	58,256
Transit – Victoria (Sita)	44,659	44,659
Tower Transit - Singapore	96,516	104,933
	457,404	469,620

The business combinations assessment was finalised in the Group's interim report for the half year ended 31 December 2020 and included a reduction to Transit - NSW goodwill of \$1.8m relating to additional revenue recognised and reduction of Tower Transit - London CGU goodwill to nil due to reclassification of borrowings related to the international group and changes to deferred tax balances. The balance of the adjustments related to deferred tax balances for the Australian Transit CGU's as part of the Australian consolidated tax group so were allocated proportionately between them. Refer note 33 for further details.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation 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 impact of COVID-19, travel restrictions that exist and recent trading performance.

For all cash-generating units (CGUs) a terminal value growth rate of 2.5% has been used to determine the terminal value based on long range forecasts for CPI or comparable indices in the geographies we operate in. (2020: An EBITDA multiple of between 6 and 8 times year five earnings was used to calculate a CGUs terminal value).

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 2021	9.5%	11.3%	9.8%
Discount rate used in impairment calculations 2020*	9.4%	–	–

*No impairment calculations were undertaken for Australian Bus or International Bus in 2020 at a consolidated level given the proximity to acquisition date.

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

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Marine & Tourism CGU's

Marine & Tourism CGU's not significantly impacted by COVID-19 have had growth rates applied of 2%, this is based on historical experience and current operating trends within these CGUs.

For those Marine & Tourism CGU's where the impact of COVID-19 has had a more noticeable effect on the business it has been assumed that revenues and expenses will return to pre-COVID-19 levels in year 2 of the forecast period at the earliest. At which point management has assumed subsequent growth rates of 2%.

This specific application to Marine & Tourism CGU's is outlined further below:

KI Odysseys

The KI Odysseys business is heavily reliant on international travellers. Passenger numbers are not expected to return to pre-COVID-19 levels until at least year 3 of the forecast period given the travel restrictions in place and international border closures. This is despite Australia being viewed favourably as a safe location to travel to. As a consequence, the carrying value of the KI Odysseys intangible cannot be supported and a \$0.2m (2020: \$Nil) impairment has been recognised against the goodwill associated with KI Odysseys. This reflects a full impairment of the carrying value of goodwill associated with the KI Odysseys business.

SeaLink – Queensland

Passenger numbers to Magnetic Island - An increase of 2% in traffic has been inbuilt into forecast sales based on strong domestic growth as well as a growing population base in Townsville.

Captain Cook Cruises WA

Rottneet Island services have been reasonably resilient throughout the year ending 30 June 2021 off the back of good intrastate demand and the business securing some daily commuter work for the employees of a number of service providers on the Island.

CCC WA's Swan River service offerings are focused toward the interstate and international tourism markets and as such have been significantly impacted by the closure of international borders and prolonged domestic border closures imposed by Western Australia. Consequently, CCC WA revenue is not expected to return to pre-COVID-19 levels until year 3 of the forecast period.

Management has therefore concluded that the \$3.6m carrying value of the goodwill associated to Captain Cook Cruises WA cannot be supported and has been impaired accordingly. (2020: \$Nil)

SeaLink – South East Queensland

An increase in revenue of 2% to reflect modest underlying traffic growth based on increased tourism flow to Stradbroke Island, CPI increases built into fixed contracts and growth in vessel charter rates.

Fraser Island

Despite strong performance from the intrastate and interstate markets, Fraser Island revenue is not expected to return to pre-Covid-19 levels until international travel resumes. This is projected to return in year 2 of the forecast period and from this point forward, revenue growth is anticipated as being 2%. A \$4.0 million impairment was recognised against the carrying value of goodwill associated with Fraser Island in the period ending 30 June 2020. Based on the value in use calculations there is no further impairment in this period.

Australian Bus and International Bus CGU's

Contracted increases in revenue – all CGU's within the Australian Bus and International Bus Segments have had contracted revenue grow by at least 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.

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 other than KI Odysseys and Captain Cook Cruises WA (2020:Fraser Island).

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 AND OTHER INTANGIBLES (PERMITS AND CUSTOMER RELATIONSHIPS)

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).

During the period the Group recorded amortisation of \$31.7m (2020: \$20.9m) associated with customer contracts and permits with an associated reduction in the Deferred Tax Liability of \$9.5m (2020: \$6.3m).

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

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 14 TRADE AND OTHER PAYABLES

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities		
Trade payables	36,201	32,936
BAS payable	8,591	13,469
Other payables	21,492	43,922
	66,284	90,327

Refer to note 27 for further information on financial instruments.

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

NOTE 15 CONTRACT LIABILITIES

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities		
Contract liabilities	12,991	7,408
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	7,408	7,087
Deferred during the year	74,377	321
Recognised during the year	(68,794)	–
Closing balance	12,991	7,408

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 \$4,516,361,000 as at 30 June 2021 (\$3,696,954,000 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	2021 \$'000	CONSOLIDATED 2020 \$'000
Within one year	1,032,455	976,117
More than one year	3,483,906	2,720,837
	4,516,361	3,696,954

NOTE 16 BORROWINGS

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities		
Other loans	19,477	–
Non-current liabilities		
Other loans	18,845	36,642
Commercial bills payable	266,000	266,000
	284,845	302,642
	304,322	302,642

Refer to note 27 for further information on financial instruments.

FINANCIAL REPORT

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Total secured liabilities

Other loans is vendor financing \$38.3m (2020: \$36.6m) which attracts an interest rate of 6.0% relating to Transit Systems Group's (TSG) acquisition of the Sita bus business in Victoria prior to SeaLink's acquisition of TSG. Repayments for the Sita vendor financing are due in equal instalments of \$20m in April 2022 and April 2023. The restatement to present value at each balance date has no cash impact.

In 2020 Other loans also included a MRPS loan instrument which was reclassified in 2021 as part of finalisation of TSG business combinations relating to the funding of the International group. There was no cash impact of this reclassification.

The remaining borrowings are commercial bills under the Group's multi tranche facility negotiated immediately preceding the TSG acquisition in 2020.

Interest bearing loans and borrowings have a fair value of \$304.3m (2020: \$310.2m) and a carrying value of \$304.3m (2020: \$310.2m). During the year, no interest bearing borrowings were repaid from funds raised through cashflow from operations (2020: \$228.1m). During the year nil funds (2020: \$266m) were drawn down.

Financing arrangements

SeaLink entered into the following 3-5 year facilities with a panel of four financiers immediately preceding the TSG acquisition in 2020. Unrestricted access was available at the reporting date to the following lines of credit:

	2021 \$'000	CONSOLIDATED 2020 \$'000
Total facilities		
Facility A – multi currency term loan	230,000	230,000
Facility B1 – revolving credit	50,000	50,000
Facility B2 – revolving credit	65,000	65,000
Facility C – revolving letter of credit	125,500	125,000
Vendor financing facility	38,322	36,601
Insurance bonds	12,448	–
	521,270	506,601
Used at the reporting date		
Facility A – multi currency term loan	230,000	230,000
Facility B1 – revolving credit	36,000	36,000
Facility B2 – revolving credit	–	–
Facility C – revolving letter of credit	85,825	88,647
Vendor financing facility	38,322	36,601
Insurance bonds	12,448	–
	402,595	391,248
Unused at the reporting date		
Facility A – multi currency term loan	–	–
Facility B1 – revolving credit	14,000	14,000
Facility B2 – revolving credit	65,000	65,000
Facility C – revolving letter of credit	39,675	36,353
Vendor financing facility	–	–
Insurance bonds	–	–
	118,675	115,353

The facilities are provided on a floating rate basis referenced to the BBSY rate. As at year end, the balance of Facility A (fully drawn) \$230m had an average rate of 1.57% (2020: 1.87%) and the balance of Facility B \$36m had an average rate of 1.30% (2020:1.57%). All current facilities are at floating rates. Committed financing facilities A, B1 and B2 total \$345m (2020: \$345m) and were available to the consolidated entity at the end of the financial year. As at that date, \$266m (2020: \$266m) of these facilities were in use.

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

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

Financing cash flows

During the period no new borrowings were drawn down other than \$8.4m additional letters of credit and the revaluation of the Sita Vendor loan, neither of which had cashflow impact. \$33.3m (2020:\$24.5m) repayments were made on leases and \$25.1m (2020:\$18.1m) of dividends were paid during the year.

*During the period the MRPS loan was reclassified as part of business combinations finalisation in December 2020, this had no cashflow impact.

Assets pledged as security

SeaLink and each borrower (which includes members of TSG), have provided security in respect of all of their respective assets and undertakings, including direct shares and units in entities within the TSG 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 vessels. Assets pledged as security (minus exclusions) total \$321.7m (2020:\$314.7m). SeaLink and certain guarantors (which includes members of the TSG) have provided a guarantee and indemnity to the Lenders in respect of the financing facilities.

Various guarantees / performance bonds have been provided as surety on a range of material operational contracts and lease contracts. Guarantees provided total \$85.8m (2020: \$91.3m), the decrease relates to the return of guarantees relating to expired contracts required to be held for 6 months after the end of a contract when new guarantees were already provided.

NOTE 17 LEASE LIABILITIES

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Current liabilities		
Lease liability – Current	27,193	29,974
Non-current liabilities		
Lease liability – Non current	133,120	74,409
	160,313	104,383
	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Opening balance	104,383	–
Additions (including 1 July 2019 takeup)	92,097	18,441
Additions through business combinations (note 33)	–	123,651
Exchange differences	670	(2,885)
Lease payments	(33,298)	(31,399)
Lease related interest	(3,539)	(3,425)
	160,313	104,383

Short term lease payments of \$2.6m were made during the period (2020: \$1.2m)
Refer to note 27 for further information on financial instruments.

NOTE 18 OTHER FINANCIAL LIABILITIES/(ASSETS)

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Current liabilities/(assets)		
Interest rate swap contracts – cash flow hedges	1,283	1,167
Fuel price swap contracts – cash flow hedges	(549)	739
	734	1,906
Non-current liabilities/(assets)		
Interest rate swap contracts – cash flow hedges	2,292	4,284
Fuel price swap contracts – cash flow hedges	–	80
	2,292	4,364
	3,026	6,270

Refer to note 27 for further information on financial instruments.

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 19 EMPLOYEE BENEFITS

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities		
Annual leave	51,956	41,305
Long service leave	36,818	32,325
Sick leave	1,206	1,117
Employee benefits	132	362
	90,112	75,109
Non-current liabilities		
Long service leave	9,606	7,590
	99,718	82,699

NOTE 20 PROVISIONS

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities		
Deferred consideration	25,744	25,005
Other provisions	9,515	11,168
	35,259	36,173

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	MAKE GOOD \$'000	BUS PARTS \$'000	DEFERRED CONSIDERATION \$'000	OTHER \$'000
CONSOLIDATED – 2021					
Carrying amount at the start of the year	4,749	3,077	3,067	25,005	275
Additional provisions recognised	1,941	–	92	–	–
Payments	(2,236)	(927)	(641)	–	–
Exchange differences	7	90	21	739	–
Carrying amount at the end of the year	4,461	2,240	2,539	25,744	275

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NOTE 21 OTHER LIABILITIES

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities		
Deferred consideration	–	18,850
Accrued expenses	39,354	36,637
Deferred revenue	662	8,137
Revenue received in advance	69	–
Subsidies and grants received in advance	218	314
	40,303	63,938
Non-current liabilities		
Deferred consideration	11,957	22,867
Subsidies and grants received in advance	430	462
	12,387	23,329
	52,690	87,267

There is one remaining instalment of deferred consideration due in August 2022 in relation to the acquisition of TSG.

NOTE 22 ISSUED CAPITAL

	2021 SHARES	2020 SHARES	CONSOLIDATED 2021 \$'000	2020 \$'000
Ordinary shares – fully paid	218,399,048	218,399,048	572,377	572,377
Movements in ordinary share capital				
DETAILS	DATE		SHARES	\$'000
Balance	1 July 2019		101,429,103	96,057
Issue of shares	17 October 2019		30,946,200	108,312
Issue of shares	5 November 2019		1,433,426	5,017
Issue of shares	6 November 2019		11,620,374	40,671
Issue of shares as consideration	16 January 2020		72,869,945	329,372
Share raising costs			–	(7,052)
Issue of shares			100,000	–
Balance	30 June 2020		218,399,048	572,377
Balance	30 June 2021		218,399,048	572,377

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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 2020 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.

The gearing ratio at the reporting date was as follows:

	2021 \$'000	CONSOLIDATED 2020 \$'000
Current liabilities – trade and other payables (note 14)	66,284	90,327
Current liabilities – borrowings (note 16)	19,477	–
Non-current liabilities – borrowings (note 16)	284,845	302,642
Total borrowings	370,606	392,969
Current assets – cash and cash equivalents (note 7)	(103,497)	(119,903)
Net debt	267,109	273,066
Total equity	608,106	600,292
Total capital	875,215	873,358
Gearing ratio	31%	31%

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 23 RESERVES

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Foreign currency reserve	(8,923)	(966)
Hedging reserve – cash flow hedges	(2,118)	(4,389)
Options reserve	2,179	1,364
	(8,862)	(3,991)

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.

Share-based payments reserve

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.

Movements in reserves

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

	SHARE OPTION SURPLUS \$'000	CASH FLOW HEDGING \$'000	FOREIGN CURRENCY \$'000	Total \$'000
CONSOLIDATED				
Balance at 1 July 2019	943	(2,643)	–	(1,700)
Revaluation – gross	–	(2,494)	(966)	(3,460)
Deferred tax	–	748	–	748
Share option expense	421	–	–	421
Balance at 30 June 2020	1,364	(4,389)	(966)	(3,991)
Revaluation – gross	–	3,244	(7,957)	(4,713)
Deferred tax	–	(973)	–	(973)
Share option expense	815	–	–	815
Balance at 30 June 2021	2,179	(2,118)	(8,923)	(8,862)

NOTE 24 RETAINED PROFITS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Retained profits at the beginning of the financial year	31,906	63,558
Profit/(loss) after income tax expense for the year	37,798	(13,572)
Dividends paid (note 26)	(25,116)	(18,080)
Retained profits at the end of the financial year	44,588	31,906

NOTE 25 NON-CONTROLLING INTEREST

The non-controlling interest 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.

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Retained profits	3	–

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 26 DIVIDENDS

Dividends

Dividends paid during the financial year were as follows:

	2021 \$'000	CONSOLIDATED 2020 \$'000
Interim fully franked dividend for the year ended 30 June 2021 paid 31 March 2021 of 7.0 cents (2020: 6.5 cents) per ordinary share	15,288	9,459
Final fully franked dividend for the year ended 30 June 2020 paid 2 October 2020 of 4.5 cents (2019: 8.5 cents) per ordinary share	9,828	8,621
	25,116	18,080

Franking credits

	2021 \$'000	CONSOLIDATED 2020 \$'000
Franking credits available at the reporting date based on a tax rate of 30%	35,378	44,385
Franking credits available for subsequent financial years based on a tax rate of 30%	35,378	44,385

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

NOTE 27 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 purchases and 50% of anticipated foreign currency transactions 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
CONSOLIDATED				
US dollars	14	14	–	–
Pound Sterling	15,647	14,484	69,015	49,300
New Zealand dollars	16	6	–	–
Singapore dollars	33,583	37,882	65,289	19,260
	49,260	52,386	134,304	68,560

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The consolidated entity had net current liabilities denominated in foreign currencies of \$12.3m (assets of \$52.1m less liabilities of \$64.4m) as at 30 June 2021 (2020: \$25.5m being assets of \$63.7m less liabilities of \$89.2m). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2020: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been \$0.6m lower/\$0.6m higher (2020: \$1.3m lower/\$1.3m higher) and equity would have been \$0.4m lower/\$0.4m higher (2020: \$0.9m lower/\$0.9m 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.

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

CONSOLIDATED	2021		2020	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE \$'000	WEIGHTED AVERAGE INTEREST RATE %	BALANCE \$'000
Commercial bills – floating	1.53%	266,000	1.83%	266,000
Vendor financing – fixed	6.00%	38,322	6.00%	36,601
Net exposure to cash flow interest rate risk		304,322		302,601

The consolidated entity has entered into a interest rate swap of \$120m (2020: \$120m) that effectively hedges approximately 50% (2020: 50%) 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 \$266m (2020: \$266m) are interest only payment loans. Monthly cash outlays of approximately \$0.3m (2020: \$0.5m) per month are required to service the interest payments. An official increase in interest rates of 0.5% and decrease of 1.0% (2020: increase 0.5%, decrease 1.0%) basis points would have an adverse effect on profit before tax of \$2.2m and positive effect of \$4.4m respectively (2020: adverse effect on profit before tax of \$1.3m and positive effect of \$2.6m). 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 (2020: 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.

The net foreign exchange loss for the year ended 30 June 2021 was loss of (\$1.1m) (2020: gain of \$1.4m).

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.

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, mainly businesses impacted by COVID-19.

Financial instruments and cash deposits

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

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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.

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:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Facility B1 – revolving credit	14,000	14,000
Facility B2 – revolving credit	65,000	65,000
Facility C – revolving letter of credit	39,675	36,353
	118,675	115,353

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 (2020: 3.5 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 – 2021	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	–	36,201	–	–	36,201
Other payables	–	21,492	–	–	21,492
BAS payables	–	8,591	–	–	8,591
Financial guarantee contracts (on demand)	–	85,825	–	–	85,825
Insurance bonds	–	12,448	–	–	12,448
<i>Interest-bearing variable</i>					
Commercial bills	1.53%	4,070	276,175	–	280,245
<i>Interest-bearing – fixed rate</i>					
Hire purchase	2.69%	3,534	10,641	13,735	27,910
Lease liability	2.91%	24,436	75,353	37,219	137,008
Vendor financing	6.00%	20,000	20,000	–	40,000
Total non-derivatives		216,597	382,169	50,954	649,720
Derivatives					
Forward foreign exchange contracts net settled	–	1,283	2,292	–	3,575
Fuel price swaps net settled	–	(549)	–	–	(549)
Total derivatives		734	2,292	–	3,026

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CONSOLIDATED – 2020	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	–	32,936	–	–	32,936
Other payables	–	34,004	–	–	34,004
BAS payables	–	13,469	–	–	13,469
Financial guarantee contracts (on demand)	–	91,322	–	–	91,322
<i>Interest-bearing variable</i>					
Commercial bills	1.83%	4,868	49,945	234,209	289,022
<i>Interest-bearing – fixed rate</i>					
Lease liability	2.97%	30,864	38,160	36,079	105,103
Vendor financing	6.00%	2,196	38,797	–	40,993
Total non-derivatives		209,659	126,902	270,288	606,849
Derivatives					
Interest rate swaps net settled	–	1,167	4,284	–	5,451
Fuel price swaps net settled	–	739	80	–	819
Total derivatives		1,906	4,364	–	6,270

Details about the financial guarantee contracts are provided in note 16. 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.

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FAIR VALUE OF FINANCIAL INSTRUMENTS

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:

CONSOLIDATED	2021		2020	
	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	CARRYING AMOUNT \$'000	FAIR VALUE \$'000
Assets				
Cash on hand	476	476	469	469
Cash at bank	66,386	66,386	77,645	77,645
Cash on deposit	36,135	36,135	41,789	41,789
Trade receivables	73,226	73,226	62,682	62,682
Other receivables	19,172	19,172	19,781	19,781
	195,395	195,395	202,366	202,366
Liabilities				
Trade payables	36,201	36,201	32,936	32,936
Other payables	21,492	21,492	34,004	34,004
BAS payable	8,591	8,591	13,469	13,469
Commercial bills	266,000	266,000	266,000	266,000
Lease liability	160,313	160,313	104,383	104,383
Cash flow hedges	3,026	3,026	6,270	6,270
Vendor financing	38,322	38,322	36,601	36,601
	533,945	533,945	493,663	493,663

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 28 KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were directors of SeaLink Travel Group Limited during the financial year:

Non-executive directors		
J Ellison	Chair	Appointed Chair 1 July 2020
T Dodd	Non-Executive Director	
C Smerdon	Non-Executive Director	
A Staines	Non-Executive Director	
F Hele	Non-Executive Director	
N Smith	Non-Executive Director	
L Hockridge	Non-Executive Director	Appointed 1 July 2020

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Other key management personnel

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

GEO and Senior executives		
C Feuerherdt	Group Chief Executive Officer	
A Muir	Chief Financial Officer & Joint SeaLink Secretary	
G Legh	Chief Development Officer	
C Beaumont	Chief Operating Officer – International	Retired 30 June 2021
W Toh	Managing Director – Singapore	
D Gauci	Chief Operating Officer – Marine & Tourism	
G Balkin	Chief Operating Officer – Australian Bus	Appointed 1 September 2020
R Carpenter	Chief People and Culture Officer	Appointed 12 April 2021

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2021 \$'000	CONSOLIDATED 2020 \$'000
Short-term employee benefits	6,388	4,426
Long-term benefits	98	160
Share-based payments	732	375
	7,218	4,961

NOTE 29 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, and unrelated firms:

	2021 \$'000	CONSOLIDATED 2020 \$'000
Audit services – Ernst & Young		
Audit or review of the financial statements	645	545
Audit services – unrelated firms		
Audit or review of the financial statements	231	183
Other services – unrelated firms		
Other	181	116
	412	299

NOTE 30 COMMITMENTS

	2021 \$'000	CONSOLIDATED 2020 \$'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Vessels	22,051	9,844
Buses and motor vehicles	2,501	59,989
Other	1,445	3,225

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 31 RELATED PARTY TRANSACTIONS

Parent entity

SeaLink Travel Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

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

	2021	CONSOLIDATED	2020
	\$		\$
Payment for goods and services:			
Vectra Corporation Limited (associated with Mr C Smerdon) – Software licensing in relation to cyber security products.	–		21,235
Pacific Marine (associated with Mr T Dodd) – Provision of marine piling services	3,133		19,074
ST Property Trust, ST Property Trust No. 2, Newton No. 2 Trust and Bridj Pty Ltd (associated with Mr N Smith) – Rental for bus depots operated by Transit Systems Group in Australia and “on demand” software licencing costs (2020 represents 5.5 month period post acquisition of TSG	2,845,187		1,671,649

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 32 PARENT ENTITY INFORMATION

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

Statement of profit or loss and other comprehensive income

	2021	PARENT	2020
	\$'000		\$'000
Profit after income tax	11,690		18,081
Total comprehensive income/(loss)	11,690		18,081

Statement of financial position

	2021	PARENT	2020
	\$'000		\$'000
Total current assets	1,372		–
Total assets	785,308		739,937
Total current liabilities	18,366		17,216
Total liabilities	208,423		151,928
Equity			
Issued capital	572,378		572,378
Options reserve	2,179		1,364
Accumulated losses	2,328		14,267
Total equity	576,885		588,009

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

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SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

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

The parent has entered into various cross-guarantees with its subsidiaries to support borrowings across the Group. Refer note 36 for further details.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 (2020: Nil).

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 (2020: 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 33 BUSINESS COMBINATIONS

Acquisition of Transit Systems Group

On 16 January 2020, the Group acquired 100% of the voting shares of Transit Systems Pty Ltd, Tower Transit Group Ltd and their broader group of entities (including trusts) (“the Transit Systems Group”), a passenger transport group operating in the bus segment in exchange for cash consideration and SeaLink ordinary shares.

Finalisation of the purchase price accounting was completed in the 12-month measurement period, resulting in changes to the provisional fair values presented in the 30 June 2020 annual report. There was a net decrease of \$7.6m to goodwill

as a result of a change to the fair value adjustments to Right-of-use assets of the UK business, a change to pre-acquisition retained profits and reclassification of borrowings related to the international group and an adjustment to deferred tax on acquisition for both the Australian consolidated tax group and the UK operations.

In addition to the changes impacting goodwill \$12.3m was reclassified from Property, plant and equipment to Right-use-assets and the Deferred tax asset of \$36.7m was netted off against Deferred tax liabilities to align with group accounting policies.

	GOODWILL \$'000
Provisional balance of goodwill on acquisition as at 30 June 2020	433,413
Less adjustment to net borrowings, deferred tax and decrease in ROU asset related to UK Group	(3,908)
Less adjustments to Region 6 net reimbursements due	(1,940)
Less net group deferred tax adjustment and additional consideration	(1,745)
Adjusted balance of goodwill on acquisition as at 30 June 2020	425,820

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Details of the TSG acquisition are as follows:

	FAIR VALUE \$'000
Cash and cash equivalents	13,390
Trade receivables	97,709
Inventories	10,207
Prepayments	9,873
Property, plant & equipment	166,704
Right-of-use assets	152,742
Intangible assets (excl Goodwill)	143,352
Trade payables	(86,352)
Provision for income tax	(15,658)
Deferred tax liability	(15,360)
Employee benefits	(65,650)
Provisions	(10,221)
Interest bearing loans and borrowings	(178,236)
Lease liability	(123,651)
Net assets acquired	98,849
Goodwill	425,820
Acquisition-date fair value of the total consideration transferred	524,669
Representing	134,597
Cash paid or payable to vendor	
Sealink Travel Group Limited shares issued to vendor	329,372
Deferred cash consideration	34,300
Deferred consideration	26,400
	524,669
Acquisition costs expensed to profit or loss	17,510
Cash used to acquire business, net of cash acquired	
Acquisition-date fair value of the total consideration transferred	524,669
Less: payments to be made in future periods	(60,700)
Less: shares issued by company as part of consideration	(329,372)
Net cash used	134,597

The amounts disclosed above are final.

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 34 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	
		2021 %	2020 %
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%
Curtis Island Assets Pty Ltd	Australia	100.00%	100.00%
Curtis Island Services Pty Ltd	Australia	100.00%	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%
Magnetic Island Cruise Corporation Pty Ltd	Australia	100.00%	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%
Sea Stradbroke Services Pty Ltd	Australia	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 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 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%
Stradbroke Ferries Pty Ltd	Australia	100.00%	100.00%
Sunferries Travel Pty Ltd	Australia	100.00%	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%

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
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 Ltd	United Kingdom	100.00%	100.00%
Tower Transit Europe Pty Ltd	Australia	100.00%	100.00%
Tower Transit Group Ltd	United Kingdom	100.00%	100.00%
Tower Transit Holdings USA Inc.	United States of America	100.00%	100.00%
Tower Transit Ltd	United Kingdom	100.00%	100.00%
Tower Transit Operations Ltd	United Kingdom	100.00%	100.00%
Tower Transit Property Holdings Ltd	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 MBF Pty Ltd	Australia	100.00%	–
Transit Systems Melbourne Pty Ltd	Australia	100.00%	–
Transit Systems NSW Pty Ltd	Australia	100.00%	100.00%
Transit Systems Pty Ltd	Australia	100.00%	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%
TSA Ferry Group 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%

Torrens Connect Pty Ltd is a subsidiary member of the consolidated group for accounting purposes but operationally functions as a joint venture. Refer note 25.

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 35 INTERESTS IN JOINT VENTURES

SeaLink has a 50% non controlling interest in International Travel Technology Pty Ltd which was not trading at 30 June 2021.

NOTE 36 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, SeaLink Travel 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.

The effect of the deed is that SeaLink Travel 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 SeaLink Travel 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 37 EVENTS AFTER THE REPORTING PERIOD

On 5 May 2021, SeaLink announced it had entered into a binding agreement (subject to conditions precedent) to acquire Western Australia based Go West Tours ('Go West') for an enterprise value of \$84.7m, plus an earn out component of up to \$25m. In addition, SeaLink purchased strategic property assets comprising three depots for \$3.8m (together the 'Acquisition').

Subsequent to balance date, SeaLink obtained control of Go West with cash settlement occurring on 1 July 2021. This cash settlement was funded from a combination of existing cash reserves and a drawdown of undrawn senior debt facilities. During the period, \$2.9m of one off transaction related costs were expensed. Some additional transaction costs relating to stamp duty, advisor fees and financing costs were incurred on settlement and will be reflected in the full year accounts for FY22.

Go West is one of the largest specialist bus operators servicing the WA resources sector and provides a platform for growth into the attractive resources transportation market, complementing and enhancing SeaLink's established Australian bus operations.

Given the timing of the Acquisition, it has been impractical to complete the initial accounting for the business combination. As such SeaLink cannot make disclosures relating to the fair value of assets and liabilities acquired and the contribution of any intangible assets including goodwill. As the acquisition date is after 30 June 2021, there has not been any contribution of revenue or profit of Go West recorded for the period.

From July 2021, persistent border and travel restrictions have been in place in Australia. This is affecting the most populated parts of the country. Until such time as travel restrictions are eased, it is likely that suppressed travel demand for some Marine & Tourism product will be experienced in some businesses.

Apart from the dividend declared as disclosed in the Directors Report, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 38 RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	2021 \$'000	CONSOLIDATED 2020 \$'000
Profit/(loss) after income tax expense for the year	37,801	(13,572)
Adjustments for:		
Depreciation and amortisation	94,357	60,434
Impairment	3,799	10,797
Share-based payments	815	421
Write off of assets	35	–
Net gain on disposal of non-current assets	(263)	(9)
Other revenue – non-cash	–	(1,395)
Finance costs – non-cash	203	–
Foreign currency differences	(215)	(966)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,421)	19,087
Decrease/(increase) in inventories	(427)	1,247
Decrease in income tax refund due	–	5,684
Decrease in deferred tax assets	–	213
Decrease/(increase) in prepayments	(1,379)	3,312
Decrease/(increase) in other operating assets	(2,762)	489
Increase/(decrease) in trade and other payables	(40,369)	792
Increase in contract liabilities	5,583	321
Increase/(decrease) in derivative liabilities	(1)	1
Increase/(decrease) in provision for income tax	(5,376)	15,833
Decrease in deferred tax liabilities	(7,616)	(7,819)
Increase in employee benefits	17,019	4,209
Increase/(decrease) in other provisions	(914)	27,073
Increase/(decrease) in other operating liabilities	12,985	(36,093)
Net cash from operating activities	111,854	90,059

NOTE 39 EARNINGS PER SHARE

	2021 \$'000	CONSOLIDATED 2020 \$'000
Profit/(loss) after income tax	37,801	(13,572)
Non-controlling interest	(3)	–
Profit/(loss) after income tax attributable to the owners of SeaLink Travel Group Limited	37,798	(13,572)

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

NOTE 39 EARNINGS PER SHARE CONT.

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	218,399,048	165,498,000
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	–	32,000
Performance rights	430,345	24,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	218,829,393	165,554,000
	CENTS	CENTS
Basic earnings per share	17.3	(8.2)
Diluted earnings per share	17.3	(8.2)

NOTE 40 SHARE-BASED PAYMENTS

	2021 \$'000	CONSOLIDATED 2020 \$'000
Recognised share-based payment expenses		
Expense arising from options issued in 2017	–	47
Expense arising from performance rights issued in 2020	375	421
Expense arising from performance rights issued in 2021	440	-
	815	468

TYPES OF SHARE OPTION PLANS

Employee Share Option Plan “ESOP”

Share options are generally granted to senior executives with more than 12 months service. The ESOP is designed to align participants interests with those of shareholders. When a participant ceases employment prior to the vesting of their share options, the share options are forfeited.

Employee Performance Rights “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 at no consideration. The performance hurdle for the 2016 and 2017 issue is measured against a minimum share price quoted on the ASX. This future price hurdle targets a 10% compound growth rate from the share price at the date of issue of the performance rights.

For the 2020 and 2021 EPRP issue there are two tranches of Performance Rights with the following weighting:

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

For the 2020 and 2021 Performance Rights to vest in total, SeaLink must achieve the following conditions:

Tranche 1 – a target compound annual growth rate (CAGR) of earnings per share (EPS) of 10% for the three-year measurement period, commencing 1 July 2019 (2020 issue) and 1 July 2020 (2021 issue). A threshold CAGR over that three-year period of 10% will result in 50% of the Performance Rights vesting, with pro rata vesting for achievement for between 10% and 12% of CAGR for the three-year measurement period.

Tranche 2 – an Annualised Indexed TSR measured against the ASX300 Accumulation Index for the three-year measurement period, commencing 1 July 2019 (2020 issue) and 1 July 2020 (2021 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.

FINANCIAL REPORT

SEALINK TRAVEL GROUP LIMITED AND ITS CONTROLLED ENTITIES – NOTES TO FINANCIAL STATEMENTS FOR YEAR END 30 JUNE 2021

EFFECTIVE DATE ISSUED	2020 ISSUE	2021 ISSUE
Number of Performance Rights issued	299,130	250,940
Minimum hurdle share price	Nil	Nil
Dividend yield	3.30%	2.45%
Expected volatility (as per valuation)	40.0%	40.0%
Risk free interest rate	0.30%	0.1%
Expected life (years)	2.0	2.5
Valuation per performance right (Tranche 1)	\$3.303	\$4.351
Valuation per performance right (Tranche 2)	\$4.227	\$6.153

Set out below are summaries of options granted under the plan:

	NUMBER OF OPTIONS 2021	WEIGHTED AVERAGE EXERCISE PRICE 2021	NUMBER OF OPTIONS 2020	WEIGHTED AVERAGE EXERCISE PRICE 2020
Outstanding at the beginning of the financial year	–	\$0.00	100	\$1.67
Exercised	–	\$0.00	(100)	\$0.00
Outstanding at the end of the financial year	–	\$0.00	–	\$0.00

Nil ordinary shares were issued during the year as a result of conversion of share options (2020: 100,000).

PERFORMANCE RIGHTS	NUMBER (000'S) 2021	WEIGHTED AVERAGE EXERCISE PRICE 2021	NUMBER (000'S) 2020	WEIGHTED AVERAGE EXERCISE PRICE 2020
Outstanding at the beginning of the year	299	n/a	190	n/a
Granted (under the Employee Performance Rights Plan)	251	\$Nil	299	\$Nil
Forfeited	–	\$Nil	(190)	\$Nil
Exercised	–	n/a	–	n/a
	550		299	

DIRECTOR'S DECLARATION

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 2021 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 36 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

Chair

25 August 2021

AUDITOR'S REPORT



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Independent Auditor's Report to the Members of SeaLink Travel Group limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SeaLink Travel Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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

The Group carries a significant amount of goodwill and other intangible assets.

As stated in Note 13 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 an impairment charge against goodwill of \$3.8m in relation to the Captain Cook WA and KI Odysseys CGUs.

Goodwill impairment was considered a key audit matter because the assessment process required significant estimates, judgements, and assumptions. 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 13 to the financial statements.

At 30 June 2021 the Group's performance, the tourism industry and the economy as a whole continued to be impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic, with significant impact to date and unpredictable impact on the tourism industry going forward.

Significant assumptions used in the impairment testing referred to above, such as the continuing impact of COVID-19 on the tourism industry 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.

In this situation the disclosures in the financial report provide particularly important information about the assumptions made in the impairment testing and the market conditions at 30 June 2021. As a result, we consider the impairment testing of goodwill and other intangible assets and the related disclosures in the financial report to be particularly significant to our audit. For the same reasons we consider it important that attention is drawn to the information in Note 13 to the financial statements.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We considered the relationship between market capitalisation and net assets of the Group.
- We agreed the projected cash flows for FY2022 used in the impairment model to Board approved budgets.
- We tested the mathematical accuracy of the cash flow models.
- We evaluated the Group's key 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, growth rates and terminal values used in the model for the identified higher risk CGUs. This included an assessment of the assumptions regarding recovery from COVID-19.
- We considered multiple sensitivities in relation to the forecasts and key estimates and assumptions for the higher risk CGUs, including possible changes in revenues due to impacts from the COVID-19 pandemic on tourism, future growth rates, discount rates and assumptions regarding budget accuracy.
- We compared the recoverable amount calculated within the value in use models to the carrying value recorded at 30 June 2021 and agreed the calculated impairment expense of \$3.8m to the financial statements.
- We assessed the adequacy of the disclosures in Note 13 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 2021 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.

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.

AUDITOR'S REPORT



- 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 2021.

In our opinion, the Remuneration Report of SeaLink Travel Group Limited for the year ended 30 June 2021, 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
25 August 2021

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 26 August 2021.

A DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

218,399,048 fully paid ordinary shares are held by 3,845 individual shareholders. All issued ordinary shares carry one vote per share and carry the right to dividends.

36,343,976 of these fully paid ordinary shares are subject to voluntary escrow arrangements until 15 January 2022 (inclusive).

(ii) Performance Rights

544,034 performance rights are held by fourteen employees of the Company. Pursuant to the Rules of the SeaLink 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	1,301	468,489	0.21	0	0	0
1,001–5,000	1,386	3,773,063	1.73	5	21,257	3.91
5,001–10,000	551	4,042,716	1.85	3	19,354	3.56
10,001–100,000	528	12,397,794	5.68	4	117,929	21.68
100,001 and over	79	197,716,986	90.53	2	385,494	70.86
Total	3,845	218,399,048	100	14	544,034	100
Holdings less than a marketable parcel (based on a closing price of \$9.52 on 26 August 2021)	214	1,542	0.0007	N/A	N/A	N/A

ASX ADDITIONAL INFORMATION

B SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as disclosed by notices received by the Company as at 26 August 2021.

SUBSTANTIAL SHAREHOLDERS [^]	NUMBER OF VOTING SHARES IN WHICH THE SUBSTANTIAL HOLDER OR AN ASSOCIATE HAD A RELEVANT INTEREST AS THE DATE OF NOTICE	DATE OF NOTICE
ASSOCIATED SCRIP VENDORS ^{^^}	67,688,727	17/05/2021
SEALINK TRAVEL GROUP LIMITED AND ITS SUBSIDIARIES ^{^^^}	36,434,976	16/01/2021

[^] 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 26/08/2021. However, as at 31/08/2021 Sarto Pty Ltd held approximately 2.9% based on details of the previous notice and accordingly has not been listed a substantial holder in the table above.

^{^^} As at 13 May 2021:

- the Associated Scrip Vendors held approximately 31% of the Company's voting shares. The details of the Associated Scrip Vendors are listed in the Form 604 (Notice of change of interests of substantial holder) released to the ASX on 17/05/2021;
- the registered holders of the voting shares in which the Associated Scrip Vendors had a relevant interest were: (i) Leishman Australia Pty Ltd as trustee for the Leishman Enterprises Trust; (ii) Finchton Enterprises Pty Ltd as trustee for the Leishman Family Trust No 2; (iii) Windfury Pty Ltd as trustee for the Cleveland Transport Trust; (iv) Relay (Australia) Pty Ltd (formerly Pacific Transit Pty Limited) as trustee for The Relay Trust (Australia) (formerly the Pacific Transit Trust); (v) Accuro Trustees (Jersey) Ltd as trustee for the Inubia Paulista Trust; and (vi) Smith Feuerherdt Holdings Pty Ltd as trustee for the Rubicon Trust. Those entities were issued shares by the Company as consideration for the purchase of the Transit Systems Group as announced by SeaLink on 8 October 2019; and

^{^^^} As at 16 January 2021:

- SeaLink had a relevant interest in approximately 17% of its voting shares by reason of the voluntary escrow arrangements associated with the purchase of the Transit Systems Group announced by SeaLink on 8 October 2019.

C TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

ORDINARY SHAREHOLDERS	BALANCE AS AT 26/08/2021	%
CITICORP NOMINEES PTY LIMITED	22,755,873	10.42%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,884,880	9.10%
RELAY (AUSTRALIA) PTY LTD – THE RELAY (AUSTRALIA) A/C	18,671,572	8.55%
FINCHTON ENTERPRISES PTY LTD – THE LEISHMAN FAMILY NO 2 A/C	18,371,572	8.41%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	16,479,897	7.55%
NATIONAL NOMINEES LIMITED	11,795,226	5.40%
ACCURO TRUSTEES (JERSEY) LTD – THE INUBIA PAULISTA A/C	11,772,984	5.39%
WINDFURY PTY LIMITED – THE CLEVELAND TRANSPORT A/C	9,200,000	4.21%
SARTO PTY LTD – R ZAPPIA & SONS P/FUND A/C	6,326,960	2.90%
SMITH FEUERHERDT HOLDINGS PTY LTD – THE RUBICON A/C	5,044,171	2.31%
LEISHMAN AUSTRALIA PTY LTD – THE LEISHMAN ENTERPRISES A/C	4,628,428	2.12%
SUNROP PTY LTD – SUNROP UNIT A/C	4,202,503	1.92%
PRESCOTT NO 22 PTY LTD – THE PRESCOTT NO 22 A/C	4,137,000	1.89%
EQUILINK PTY LTD – F A MANN FAMILY A/C	3,721,000	1.70%
ARISTOS NOMINEES PTY LTD – BJ MAYFIELD FAMILY A/C	3,363,692	1.54%
CS THIRD NOMINEES PTY LIMITED – HSBC CUST NOM AU LTD 13 A/C	2,500,194	1.14%
MR JR ELLISON & MRS TA ELLISON – ELLISON SUPERANNUATION A/C	2,500,000	1.14%
BELAHVILLE PTY LTD	2,432,144	1.11%
HEBDEN PTY LTD – J R ELLISON FAMILY A/C	2,324,769	1.06%
WITRON PTY LTD – WITTMANN RETIRE FUND A/C	1,875,833	0.86%
Total Securities of Top 20 Holdings	171,988,698	78.75%
Total of Securities	218,399,048	



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