

ASX Announcement

15 February 2023

Change in Accounting for Singapore Bus Business

Key Points

- The accounting change results in adjustments to non-cash items reported in the International Bus segment for revenue, depreciation, interest and certain right of use assets and associated lease liabilities. Comparable figures for the prior period will be included in the next financial report.
- Bus lease payments in the International Bus segment (Singapore) will now be recorded on a net basis rather than a gross basis, resulting in de-recognising the relevant right of use asset and lease liability from the balance sheet.
- No impact on net profit before tax, net profit after tax, cashflows, net assets, financial covenants or on Kelsian operations or its prospects.
- The change in accounting has not arisen due to any irregularities concerning Kelsian for this period or prior periods.
- As at the date of this release, the estimated full year FY23 impact of the accounting change to reported results is expected to be a reduction in reported revenue of approximately SGD28.5 million, a reduction in reported depreciation expense of SGD25.1 million and a reduction in reported notional interest expense of SGD3.4 million.

Kelsian Group Limited (ASX:KLS) (“**Kelsian**”) advises that it has revisited the accounting treatment relating to contracts in Kelsian’s International Bus segment (Tower Transit Singapore). Previously, lease payments made to the Singapore Land Transport Authority (“SLTA”) for the use of buses to service contracts were recorded on a gross basis with right of use assets and associated lease liabilities being recorded on the balance sheet. As the lease payments to SLTA are ultimately refunded, the arrangement will now be recorded on a net basis, resulting in the relevant right of use assets and lease liability being de-recognised from the balance sheet.

Kelsian is currently preparing its half-yearly reporting for the period ended 31 December 2022 and the change in accounting for the Singapore bus lease payments is supported by its auditor, Ernst & Young. The accounting change to a net basis does not impact any other Kelsian division.

The proposed change in accounting has no impact on net profit before and after tax, cashflows, net assets, financial covenants nor on the prospects of the Singapore or Group operations and relates to non-cash items only. Reported net assets of Kelsian as shown in its historical accounts will not change as a result of the change to a net reporting basis for the lease payments relating to the Singapore bus business.

As at the date of this release, the estimated full year FY23 impact of the accounting change to reported results for the International Bus division (Tower Transit Singapore), is expected to be a reduction in reported revenue of approximately SGD28.5 million, a reduction in reported depreciation expense of SGD25.1 million and a reduction in reported notional interest expense of SGD3.4 million.

Kelsian expects to publish results for the half-year period to 31 December 2022 via ASX on 23 February 2023 including illustration of the movements within the profit and loss and balance sheet as a result of the change to a net basis for the leases relating to the Singapore bus business. Comparable figures will also be provided.

Authorised for lodgement with the ASX by the Kelsian Board of Directors

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ABOUT KELSIAN

Kelsian is Australia's largest integrated multi-modal transport provider and tourism operator, with established bus operations in Singapore, London and the Channel Islands. Kelsian provides essential journeys for our customers by delivering safe and intelligent transport solutions designed to improve the sustainability and liveability of the communities we serve.

Kelsian has over 30 years' experience delivering tourism and passenger transport services. The Group is a leader in sustainable public transport as the operator of Australia's largest zero emission bus fleet and Australia's largest electrified bus depot.

As at 31 December 2022, Kelsian directly employs 9,223 people and operates 3,991 buses, 113 vessels and 24 light rail vehicles that delivered more than 256 million customer journeys over the last year. Through its London bus joint venture, Kelsian is involved in employing a further 4,000 people operating 1,250 buses, including 350 electric vehicles.