KELSIAN GROUP LIMITED AND ITS CONTROLLED ENTITIES
ASX APPENDIX 4E (RULE 4.3A)
FOR THE YEAR ENDED 30 JUNE 2024

RESULTS FOR ANNOUNCEMENT TO THE MARKET

ABN: 49 109 078 257 Previous corresponding period: 30 June 2023	Statutory Results Consolidated Kelsian Period Ended 30 June			Underlying Results # Consolidated Kelsian Period Ended 30 June		
Results in brief	2024 $m	2023 $m	Change %	2024 $m	2023 $m	Change %
Revenue from Ordinary Activities	2,016.8	1,417.8	42.2%	2,016.8	1,417.8	42.2%
EBITDA *	265.0	130.5	103.1%	265.4	161.9	63.9%
Depreciation	(109.2)	(57.0)	91.6%	(109.2)	(57.0)	91.6%
EBITA	155.8	73.5	112.0%	156.2	104.9	48.9%
Amortisation of customer contracts	(34.1)	(20.4)	67.2%	(34.1)	(20.4)	67.2%
EBIT	121.7	53.1	129.2%	122.1	84.5	44.5%
Net finance costs	(50.4)	(19.7)	155.8%	(50.4)	(19.7)	155.8%
Profit before Tax	71.3	33.4	113.5%	71.7	64.8	10.6%
Tax	(13.3)	(12.4)	7.3%	(13.2)	(15.2)	(13.2%)
Profit after Tax and before Amortisation	92.1	41.4	122.5%	92.6	70.0	32.3%
Profit after Tax	58.0	21.0	176.2%	58.5	49.6	17.9%

# Underlying Results adjusted for significant items for the period.		
Acquisition, transaction related costs and other ^	(0.4)	(31.6)
Net gain on investments	-	0.2
Total significant items	(0.4)	(31.4)
Tax effect of significant trading items and one off tax adjustments	(0.1)	2.8

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

^ Costs associated with the acquisition of All Aboard America! Holdings, Inc, Red Cat Adventures and other minor acquisitions including stamp duty, legal, due diligence, accounting, tax and other costs. Advisory costs associated with bank refinancing and write back of contingent deferred consideration associated with the acquisition of Go West Tours.

Dividends	Amount Cents per share	Franked Amount Cents per share
2024 Fully Franked Final Dividend*	9.5	9.5
2023 Fully Franked Final Dividend	9.5	9.5
2024 Fully Franked Interim Dividend (paid 17 April 2024)	8.0	8.0
2023 Fully Franked Interim Dividend (previous corresponding period)	7.5	7.5

*Record date for determining entitlements to 2024 final dividend is 16 September 2024. Payment date for the final dividend is 21 October 2024.

Net tangible assets*	**30 June 2024**	**30 June 2023**
Net tangible assets per ordinary share	0.18	0.15

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

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will be in operation for this dividend. Participation will be offered to shareholders in Australia, New Zealand, the United Kingdom, Jersey, Canada, and Qualified Institutional Buyers in the United States. The DRP election date for determining participation is 17 September 2024. Under the DRP, Kelsian shares will be issued at the average of the daily volume weighted average market price of Kelsian shares sold on ASX during the 10 trading days commencing 19 September 2024, less a 1.5% discount.

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.

Signed 28 August 2024

F. Hele
Chair, Kelsian Group Limited

Directors

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Kelsian') consisting of Kelsian Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

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.

Fiona A. Hele (B.Com, FCA, FAICD) – Deputy Chair to 1 July 2024, Chair from 1 July 2024 – Independent Non-Executive Director
Ms Hele is a Non-Executive Director and an experienced Audit & Risk Chair with a strong commercial and finance background. Ms Hele is a Chartered Accountant with over 30 years' experience in both the private and public sectors specialising in strategic business advisory, mergers and acquisition, risk management and corporate governance.

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

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

Ms Hele joined the Board in 2016 and is a member of the Nomination Committee. Ms Hele was Deputy Chair of the Board (from 24 August 2022 to 1 July 2024), Chair of the Audit, Risk and Sustainability Committee from late 2016 until 30 June 2024, and a member of the People, Culture and Remuneration Committee from October 2023 to 30 June 2024. Ms Hele is classified by the Company as an independent director.

Clinton Feuerherdt (B.Ec, B.Com (Hons) – Managing Director and Group Chief Executive Officer
Mr Feuerherdt joined Kelsian as Group CEO in 2020 following the acquisition of the Transit Systems Group. Mr Feuerherdt was CEO of Transit Systems Group for 10 years and, under his guidance, Transit Systems Australia was entrusted with more franchised bus service contracts than any other company in Australia, growing revenue by over 400%.

Mr Feuerherdt has led the global expansion of Kelsian into the United Kingdom in 2012, Singapore in 2015, and the USA in 2023.

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

In addition to holding the role of Group Chief Executive Officer, Mr Feuerherdt was appointed as Managing Director, and a member of the Kelsian Board, in July 2023.

Jeffrey R. Ellison AM (B. Acc, FCA, FAICD) – Chair and Non-Executive Director (resigned 1 July 2024)
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 Australian Institute of Company Directors. He joined the company in 1991 as CFO and then GM, and was appointed to the position of Chief Executive Officer of Kelsian Group Limited in 1997 and then, Managing Director in 2008. Mr Ellison retired as Managing Director and CEO on 16 January 2020 and following a month of transition 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 resigned as a non-executive director and Chair of the Company with effect from 1 July 2024.

Mr Ellison is Deputy Chair of Tourism Australia and Chair of Hayborough Investment Partners Pty Ltd. Mr Ellison is a former Board member of the South Australian Tourism Commission, Tourism and Transport Forum Australia, the Adelaide Convention Centre and the South Australian Botanic Gardens and State Herbarium Board.

Mr Ellison was a member of the Nomination Committee and classified by the Company as non-independent director.

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

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

Mr Dodd is former deputy chair of the Australian Festival of Chamber Music as well as the former deputy chair of Commerce Queensland, and former chairman of Sydney Fast Ferries.

Mr Dodd is Chair of the Nomination Committee, a member of the Finance and Audit Committee from July 2024 and is classified by the company as an independent director. Mr Dodd was a member of the Audit, Risk and Sustainability Committee for all of the reporting period.

Neil E. Smith (MTM, BA) – Non-Executive Director
Mr Smith was one of the founding shareholders and the former Chairman of the Transit Systems Group prior to the acquisition by Kelsian. He has over 30 years of commuter transport operations experience and is a recognised expert in public transport networks and systems.

Mr Smith commenced his career within the Sydney bus industry, before acquiring a number of bus operations in rural NSW and then Queensland. Mr Smith moved to the UK in 2013 and was a founding shareholder of London-based Tower Transit.

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

Mr Smith is a member of the Safety, Risk and Sustainability Committee from July 2024, member of the Nomination Committee and is classified by the company as a non-independent director.

Lance E. Hockridge (FCILT, FIML, MAICD) – Independent Non-Executive Director
Mr Hockridge has extensive international experience in the transportation, manufacturing and logistics sectors with a focus on safety, operational and financial transformation of businesses.

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

Mr Hockridge is Chair and Member of AVADA Group Limited, a Director of Saudi Arabia Railways, Chair and Director of Vivedus Pty Ltd, and Chair of the Salvation Army Queensland Advisory Network, and an active advocate for diversity in the workforce.

Mr Hockridge is Chair of the People, Culture and Remuneration Committee, a member of the Safety, Risk and Sustainability Committee from July 2024 and a member of the Nomination Committee. Mr Hockridge was a member of the Audit, Risk and Sustainability Committee for the reporting period and is classified by the Company as an independent director.

Diane J. Grady AO (BA Mills, MA Hawaii, MBA Harv, FAICD) – Independent Non-Executive Director
Ms Grady has extensive international experience as a company director across a variety of industries. She has been a full-time independent director since 1994 serving on a range of public company and not-for-profit boards, and was previously a partner of McKinsey & Co where she led the Consumer Goods, Marketing and Retailing practice in Australia and was a global leader of the Firm's Organisation, Culture and Change Management practice.

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

Ms Grady is a member of the People, Culture and Remuneration Committee, the Finance and Audit Committee from July 2024, the Nomination Committee and is classified by the Company as an independent director.

Jacqueline McArthur (BEng, MAICD) – Independent Non-Executive Director – appointed 15 January 2024
Ms McArthur is a highly experienced company director, currently being also a non-executive director of Cleanaway Waste Management Ltd and Qube Holdings Ltd and previously a non-executive director of Inghams Group Ltd, Tassal Group Ltd, InvoCare Ltd, and Blackmores Ltd. Across her Board career she has chaired Remuneration as well as Risk and Sustainability committees.

Ms McArthur has over 25 years of experience at executive and board level from her roles that have encompassed supply chain leadership, Managing Director and non-executive director positions. She has in market experience both in Australia and overseas that has covered global and regional transport, retail networks, food safety, manufacturing, supply chain and logistics, corporate social responsibility, governance, crisis management, sustainability and IT.

In previous roles, including McDonalds Supply Chain Officer for Asia Pacific Middle East and Africa, she was responsible for the oversight of a supply chain worth $4.5bn across 38 markets. Ms McArthur was the 2016 Telstra NSW Business Woman of the Year and overall, 2016 Telstra Business Women's Awards – Corporate and Private National winner. She has a Bachelor of Engineering from the University of Sydney, completed the INSEAD International Executive Program and is a member of the Australian Institute of Company Directors.

Ms McArthur is Chair of the Safety, Risk and Sustainability Committee from July 2024, a member of the People, Culture and Remuneration Committee and the Nomination Committee. Ms McArthur was a member of the Audit, Risk and Sustainability Committee for the reporting period.

Caroline A. Elliott (B.Ec, CA, GAICD) – Independent Non-Executive Director – appointed 17 June 2024
Ms Elliott is an experienced executive and board director from roles across a range of sectors including retail, financial services, healthcare, accounting, and transport and over 25 years of experience including in C-Suite roles such as CFO, Company Secretary, COO, and CEO across multiple organisations.

Ms Elliott is currently non-executive director and Chair of the National Film and Sound Archive of Australia; non-executive director and Chair of the Finance, Audit and Risk Committee of St John Ambulance Australia (Vic); and non-executive director of Wiltrust Nominees Pty Ltd ATF Edward Wilson Trust. Previously, Ms Elliott was a non-executive director and Chair of the Audit and Risk Committee of DorsaVI Limited, a non-executive director of Cell Therapies Pty Ltd, Peter MacCallum Cancer Centre and Public Transport Ombudsman Limited.

Ms Elliott is a Member of the Institute of Chartered Accountants, Australia and New Zealand, and Graduate of the Australian Institute of Company Directors.

From July 2024, Ms Elliott is Chair of the Finance and Audit Committee and a member of the Safety, Risk and Sustainability Committee and the Nomination Committee.

Christopher D. Smerdon (MAICD) – Independent Non-Executive Director (resigned 24 October 2023)
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 has previously held directorships on both government and public company boards and is a Member of the Australian Institute of Company Directors.

Mr Smerdon joined the Board in 2004 and was a member of the Company's People, Culture and Remuneration Committee and member of the Nomination Committee and classified by the Company as an independent director. Mr Smerdon resigned as a non-executive director of the Company at the end of the 2023 AGM in October 2023.

Joint Company Secretary
Joanne McDonald (LLB, B.Ec, GAICD, FGIA)
Ms McDonald was appointed Company Secretary on 21 August 2018. Ms McDonald has over 25 years' experience in governance, commercial and corporate law holding company secretarial and senior legal and commercial positions with private and statutory corporations. She holds a Bachelor of Laws (Hons) and Bachelor of Economics from the University of Adelaide as well being a graduate of the Australian Institute of Company Directors and Fellow of the Australian Governance Institute. Ms McDonald is also Group Chief Legal and Risk Officer for the Company.

Joint Company Secretary
Andrew Muir (B.Ec, MBA)
Mr Muir was appointed Company Secretary on 1 June 2018. Mr Muir has also held a number of similar financial positions with other ASX listed and private companies. Mr Muir holds a Bachelor of Economics and a Master of Business Administration from the University of Adelaide. Mr Muir is also Group Chief Financial Officer of the Company.

Interest in the shares of the Company and related bodies Corporate

	Number of ordinary shares
As at the date of this report, the interests of the Directors in the shares of the Company were:	
N Smith	25,780,428
C Feuerherdt	6,150,695
T Dodd	5,828,510
L Hockridge	111,765
F Hele	65,583
D Grady AO	28,464
J McArthur	20,000
C Elliott	-

Principal activities

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

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2024	2023
	$'000	$'000
Interim fully franked dividend for the year ended 30 June 2024 paid 17 April 2024 of 8.0 cents (2023: 7.5 cents) per ordinary share	21,549	16,391
Final fully franked dividend for the year ended 30 June 2023 paid 20 October 2023 of 9.5 cents (2022: 9.5 cents) per ordinary share	25,594	20,761
	47,143	37,152

Kelsian's Directors today declared a 9.5 cents per share fully franked final dividend payable on 21 October 2024 to shareholders registered on 16 September 2024. Total 2024 dividends of 17.5 cents represents a 53.4% return of underlying net profit after tax and before amortisation to shareholders, which is in line with the Company's policy of returning 50% - 70% of 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 2023 was 8.0 cents per share.

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

The Dividend Reinvestment Plan (DRP) will be in operation for the 2024 Final dividend. Participation will be offered to shareholders in Australia, New Zealand, the United Kingdom, Jersey, Canada, and Qualified Institutional Buyers in the United States. The DRP election date for determining participation is 17 September 2024. Under the DRP, Kelsian shares will be issued at the average of the daily volume weighted average market price of Kelsian shares sold on ASX during the 10 trading days commencing 19 September 2024, less a 1.5% discount.

Review of operations
Kelsian Group Limited ("Kelsian" or "Group") delivered strong growth and illustrated cost base resilience in another challenging year of labour availability issues in the first half and highly inflationary conditions. The solid underlying financial result for the twelve months ended 30 June 2024 (FY24), was driven by the highly defensive nature of our contracted transport portfolio, the addition of new contracts in Sydney, the full year contribution of AAAHI and further expansion and diversification of the essential transport portfolio.

The FY24 result was achieved despite the ongoing challenges associated with labour availability in parts of the bus operations during the first half which led to higher overtime labour costs and a softening in domestic tourism demand. Overall, the Kelsian business is well hedged in an inflationary environment, due to the inclusion of indexation for fuel price increases, wages adjustments, and CPI for most of its contracts. The business also has the ability to pass on persistent or structural cost base increases via fare increases in most parts of its Marine & Tourism division.

Underlying contracted revenue represented approximately 90% of total revenue, reflecting the essential nature of our operations and the successful execution of our well-defined growth strategy. Throughout the period, we continued to invest in improving the quality of our assets, as well as expanding the diversification and geographic reach of the operations through several acquisitions, the most notable being the successful integration of All Aboard America! Holdings, Inc.("AAAHI") in the USA, which completed on 1 June 2023 and Red Cat Adventures in the Whitsunday Islands which completed in February 2024.

Kelsian recorded a statutory Net Profit after Tax ("NPAT") of $58.0m for the twelve-month period ended 30 June 2024 compared to a NPAT of $21.0m in the previous year. The FY23 statutory result was impacted by the due diligence advisory and settlement costs associated with the AAAHI acquisition.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") was $265.4m compared to an EBITDA of $161.9m for the FY23. Underlying EBITDA has been adjusted for significant one-off items during the period.

The balance sheet also remained in a strong position at the end of the year with undrawn liquidity of $384.2m and a leverage ratio of 2.65x proforma EBITDA to Net Debt, which lowers to 2.45 when excluding the government backed bus finance liabilities. Capital expenditure for the year (excluding the purchase of government backed contracted assets totalling $105.0m) was $148.5m (2023: $100.2m) as we continued to invest in and improve the underlying asset base.

Kelsian's underlying cashflow profile and the cash position at 30 June 2024 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 46.3% up from 39.8% at 30 June 2023, which is well within target gearing levels and positions us well for future investment and growth.

Taking into consideration the capital requirements of the business in FY25, the Board has taken a prudent approach to capital management and has determined a final dividend at the bottom end of the stated dividend pay-out range of 50-70% of net profit after tax and before amortisation ("NPATA"). Kelsian has declared a final dividend of 9.5 cents per share, versus 9.5 cents in the prior comparable period. This brings the full year dividend to 17.5 cents per share, up from 17.0 cents per share last year.

Kelsian's achievements for the year were:

FY24 Financial Highlights

- A full year contribution from AAAHI, partial year contribution from new contract regions in Sydney and effective contract indexation contributed to 42.2% growth in Group Revenue to $2.02bn
- Underlying EBIT increased by 44.5% to $122.1m
- Underlying Net Profit After Tax and before Amortisation of $92.6m, up 32.3% on prior year
- Strong operating cashflow, up 13.6% to $146.5m, with $134.5m in cash reserves as at the end of the period
- Successful refinancing with facilities moving to an unsecured basis
- Establishment of limited-recourse asset financing structures to fund government-backed contracted diesel assets and BEBs
- Deployment of $148.5m (2023: $100.2m) of capital expenditure, excluding ring fenced finance assets to replace bus and motorcoach fleet, progress vessel builds, improve infrastructure and acquire strategic property assets
- Final dividend of 9.5 cents per share (FY23:9.5 cents)

FY24 Operational Highlights

- Collectively during FY24, Kelsian moved more than 332 million customers, operated approximately 5,560 buses, 113 vessels and 24 light rail vehicles and finished the period with 12,246 employees
- Commenced two seven+ year metropolitan bus contracts in NSW in August (Regions 3 & 13) and October (Regions 2 & 15) - to become Sydney's largest urban public bus operator
- Successfully integrated the AAAHI business in the USA
- Achieved self insurance status for Workers Compensation in NSW
- Secured major rail replacement projects in Perth and Sydney
- Completion of the acquisition of Red Cat Adventures in the Whitsunday Islands in February 2024
- Largest zero emissions bus fleet and electrified bus depot in Australia
- Board renewal with Fiona Hele appointed Independent Chair and appointments of Jackie McArthur and Caroline Elliott as Non-Executive Directors

Review of Operations - Australian Bus

A key highlight of FY24 was the service commencement of the three new Sydney bus regions which were transitioned seamlessly; on time; and on budget. This involved the transition of 700 employees, 380 buses and 5 depots from outgoing operators. Pleasingly, these three new contracts were transitioned seamlessly, on time and on budget and we now operate approximately one third of the metropolitan public bus network in Sydney. With the integration complete, the focus in Sydney now is on optimising the network across the new and existing contracts we have, to drive operational efficiencies and cost savings.

As a result of a well-executed recruitment, training and retention program, labour availability issues were successfully addressed during the period, albeit with ongoing higher than normal overtime costs. An example of the unique approach taken by Transit Systems to address labour availability and driver shortages was the establishment of the Transit Academy which was launched in March 2024. This in-house dedicated training program focuses on training, inducting and preparing new drivers to deliver safe and reliable customer experiences.

During the first half of FY24, Transit Systems was appointed to provide additional bus services on a major rail replacement project in Perth with 100 buses replacing the Armadale train line. Later in the period we were awarded the Bankstown rail replacement contract in Sydney which is scheduled to begin in September 2024. The Bankstown rail replacement project is expected to involve 60 buses, operate over 15-18 months and involve the recruitment and on boarding of 110 new staff. All the drivers required to undertake our component of the project have been recruited or are in training, well ahead of the planned services commencing.

Safety continues to be a key focus across the Australian Bus Division, and we continued to roll out collision avoidance systems and install vehicle telematics to buses to deliver a safer operating environment for our staff, customers and the general public. Furthermore, there was a continued focus on safety training across all the businesses to improve our safety performance. Following several pilot projects, Transit Systems continues to investigate the best driver assistance systems and driver state monitoring technology solutions available in the market.

A national training program for the Hidden Disability Sunflower Training & Marketing Package was rolled out to all Transit Systems businesses for inclusivity training to support passengers with hidden disabilities.

During the period, the business acquired several strategic property assets including the Newton Bus Depot in Adelaide and a depot on North Stradbroke Island in Queensland. We also contracted to acquire the Hoxton Park Depot in Sydney which settled on 31 July 2024. During the period, development work was also completed at a new greenfield bus depot at Melton in Melbourne.

Kelsian is the leader in the deployment of zero emission battery electric vehicles which we anticipate will help to maintain our competitive advantage as governments rely on our support in the decarbonisation of public transport, essential to achieving their targets of net zero emissions.

Transit Systems operates the largest electrified bus depot in Australia with 62 Battery Electric Buses (BEBs) at Leichhardt. As at 30 June 2024, Kelsian had a fleet of 95 battery electric buses and four hydrogen fuel cell buses in operational service, with work underway across the country, including grid upgrades and charging infrastructure; and committed plans to increase this to 387 battery electric and hydrogen fuel cell buses by the end of 2025.

Review of Operations – International Bus Division

During FY24, the International Bus Division recognised the full year contribution of the recently acquired All Aboard America! Holdings, Inc. business in the USA.

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

USA
One of the highlights of FY24 was the successful integration and ongoing growth of our USA-based motor coach operator, All Aboard America! Holdings, Inc. (AAAHI). Acquired in June 2023, AAAHI marked Kelsian's entry into the large and attractive USA market. AAAHI is an established, highly regarded, customer-centric operator, and through six integrated brands it operates across seven contiguous states in the south and south-west of the USA. It has a diverse and loyal blue-chip customer base of over 2,000 customers focused on the corporate, government, education, industrial, and tourism sectors.

During FY24, all of AAAHI's significant contracts were retained, and a number of new contracts were added servicing new technology, corporate, construction and government clients. The market for motor coach charter services remained strong during FY24, with increasing demand from key charter client categories across AAAHI's operating footprint. During the period, the business successfully entered the Austin, Texas market, where a new facility was established to service both contract and charter customers. There is a significant organic growth pipeline across AAAHI's portfolio, and the ongoing consolidation of the motor coach industry will likely present attractive future acquisition opportunities to extend AAAHI's geographic footprint in the USA.

To support its growth, AAAHI invested in its fleet assets, with 85 new vehicles added during the period, bringing total vehicles in operation as at 30 June 2024 to 1,133. This investment included the purchase of 47 second-hand motor coaches to support a new employee transport contract for the LNG industrial construction sector.

AAAHI also continues to make significant investments into 'on road safety' with new technology being installed on coaches to ensure the business remains a market leader in the provision of safe motor coach transportation.

At the 2024 American Bus Association Marketplace, AAAHI was recognised by Metro Magazine as the Innovative Operator of the Year, for its investments in safety, technology and electric vehicle technology.

Singapore
In Singapore, the labour availability issues that have persisted for some time were resolved as a result of focused efforts in recruitment and retention. The business was able to operate full service, despite persistent higher levels of absenteeism due to legislative changes in labour conditions relating to sick leave, which resulted in additional overtime during the period. Performance incentives are gradually recovering, but remain well below historical levels.

United Kingdom/Channel Islands
The Channel Islands contracts were extended to end of March 2025, and the business is trading in line with expectations.

The UK market represents an exciting organic growth opportunity for Kelsian with approximately 10,000 buses in regional contracts anticipated to be tendered over the next seven years via various franchising schemes across the United Kingdom.

Although we were unsuccessful in the Manchester tender process, the next region to be tendered is Liverpool with approximately 900 buses across five tranches. This tender process is expected to run between Q4 2024 and Q4 2026.

West Yorkshire is expected to follow Liverpool, with approximately 1,800 buses currently being operated and this is expected to occur in three tranches, with the first one due in mid to late 2025.

Review of Operations – Marine & Tourism Division
The Marine & Tourism business delivered a pleasing result in FY24; especially considering the strong performance reported in FY23 and the adverse weather the business experienced in the peak trading months of December 2023, January and February 2024. Domestic tourism demand softened in the second half of the financial year with cost of living pressures starting to have an impact and more Australians heading overseas to low cost holiday destinations in Asia.

Tourism Research Data indicates that the softening in domestic demand occurred mostly outside the large capital cities, thereby affecting destinations such as K'gari and the Whitsunday Islands, particularly with the lack of flight connections. Fortunately, a number of destinations in the portfolio have not been impacted by macro conditions and we have seen strong demand to destinations like Kangaroo Island, Rottnest Island and Magnetic Island.

There was a gradual recovery of international tourism throughout the period, particularly in Sydney; however, the numbers of inbound visitors are still below pre COVID levels. During the period, more Australians were travelling overseas than international visitors were travelling to Australia which has impacted demand for some of our services. International visitation for holiday purposes are now at approximately 70% of pre COVID-19 levels.

The international visitor revenue showed growth of 49% on last year but still represented 69% of the pre COVID year; and our domestic visitor revenue for the financial year was broadly in line with last year.

Fare increases and dynamic pricing in part offset margin compression due to inflation, with revenue management strategies leading to increased yields in some businesses of between 5% and 27%.

During the period, we continued the rollout of our Customer Relationship Management software; representing the end of year two of a three-year project. Early indications show an uplift of ~13% in revenue on bookings created in the FY23 and FY24 financial years; compared to FY22 and FY23. This growth is pleasing considering the CRM was only in place in South Australia from October 2023 and in South East Queensland from April 2024.

There was an ongoing investment in establishing Brilliant Travels including national marketing and cross selling. The www.brillianttravels.com.au website has seen an increase in direct referrals to the business unit websites, year on year and revenue uplift.

In December 2023, SeaLink secured another 3+3-year contract for the ferry service operations to Hayman Island and were awarded the Hayman Island guest water activities contract effective 1 July 2024.

In November 2023 we announced the acquisition of the highly awarded, small vessel, cruise and jet ski touring business Red Cat Adventures in Airlie Beach with settlement occurring on 1 February 2024. Red Cat Adventures carried over 65,000 passengers in FY23 and expands our presence in the Whitsunday Islands. The Whitsunday's business unit now incorporates SeaLink day cruises, Hayman Island ferry transfers, water sports (from July 2024), as well as the Red Cat and Whitsunday's Jetski business.

During the period, K'gari occupancy and yield were lower than expected for both island resorts and we have created a new light show initiative 'Illumina' which is planned to be launched from September 2024. It is focused on creating a must do experience to drive demand on K'gari. www.illuminakgari.com.au.

The period ended well in May and June 2024 with strong growth in Sydney tourism driven by the Sydney Harbour lightshow Vivid with revenue up 15% on the prior year.

In relation to our expanding fleet, there are currently five major vessels under construction, two Southern Moreton Bay Islands vessels, a new Gladstone vessel to support the recently secured 10-year contract; and two new Kangaroo Island vessels. The two new Kangaroo Island vessels will support our 25-year exclusive licence to operate freight and passenger services to Kangaroo Island and are expected to be delivered in the first quarter of 2025. These vessels represent a ~70% increase in the average vessel vehicle lane length, a more than doubling of annual vehicle meterage capacity, carrying capacity for ~50% more load and a ~20% increase in passenger capacity. The new drive-through vessels will improve turnaround times and safety. The vessels will also have more fuel-efficient engines to reduce emissions.

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

Risk management

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

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

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

The achievement of Kelsian's strategic objectives and future financial performance is subject to various risks that arise from the activities and operations of the Group. The table below outlines our material risks that could affect results and performance. (Note this is not an exhaustive list nor in order of materiality.)

Risk	Description	Mitigation
External Risks		
Economic Conditions	Like all organisations, the Group is exposed to economic fluctuations which can impact on customer needs, supply chain costs and growth opportunities. The global economic outlook is looking uncertain specifically in respect of interest rates, supply chain costs, labour and fuel prices all of which increase uncertainty around financial resources.	In addition to hedging through financial instruments, the Group have natural hedging within many of its contracts to significantly manage this risk. In FY24, Kelsian announced it signed a binding agreement to refinance and upsize its existing debt facilities which is available to support our global operations. This is further supported by innovative and efficient business operating models that support our clients in delivering safe, reliable, sustainable and economical solutions.
Climate Change	Businesses globally continue to come under increasing pressure from all stakeholders to demonstrate strong progress on understanding their climate related risks and performance. Failure to manage the risks, and expectations, in respect of climate-change could negatively impact the Group's reputation, performance and growth opportunities. Kelsian believes that the transition to a lower carbon economy presents opportunities as well as risks for our business. The transition to decarbonisation presents opportunities to embrace new technologies that are more efficient and innovate our services. Increased use of public transport services can be a positive contributor to lowering carbon emissions in metropolitan cities where we operate. The risks include transition risks; extensive policy, legal, technology and market changes as well as physical risks which result from climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the Group.	Information on how Kelsian manages climate risks is included in the Sustainability Report.
Geopolitical/ Government Policy	Kelsian is exposed to risks of changes in government policies and regulations which may impact financially on the Group's cost base or future prospects and opportunities for new or renewed contracts. The Group's operations depend heavily on government policy, funding regimes and infrastructure plans initiatives continuing to support private company operators in public transport. Such changes have the potential to impact (both positively and adversely) on Kelsian's profitability and future growth prospects.	Kelsian manages these risks by putting in place dedicated resources to manage and monitor government policies and implement appropriate systems and processes to ensure compliance with changing regulatory environments. Kelsian, as far as possible, incorporates consideration of changes in regulatory requirements and government policies into its corporate and financial plans and forecasts.

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

Risk Operational risks continued	Description	Mitigation
Health & Safety	Transport, tourism and hospitality inherently include safety risks many of which are outside our control. Significant safety incidents, or failings in our safety management systems, could result in reputational, legal and financial damage.	Kelsian has a strong safety culture and is committed to continuous improvement and maintaining safety standards for all our operations. As part of this, the Group delivers an annual assurance program (external & internal) to monitor the effectiveness of safety risk management practices. Kelsian has robust Safety Management Systems across all its operations which ensure that safety hazards and risks are identified and managed. Many of our operations are certified to AS 4801 / ISO 45001 and those that are not, are either working towards certification or have safety systems that meet the equivalent of these standards. As an experienced transport and tourism operator, Kelsian understand the safety risks inherent in our business and have an extensive range of controls to protect our people and customers. 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.
Environmental	The nature of our activities which occur in some environmentally sensitive areas such as marine waters in Australia have the potential to cause harm to the environment if not managed appropriately. 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.	Kelsian undertakes comprehensive risk assessments to ensure the environmental risks and hazards we face are identified and risks managed to acceptable standards.
Cyber and Information Security	Kelsian like any business faces an ever-changing cyber security threat and needs to have adequate arrangements in place to prevent, detect and respond to such threats ensuring no loss of or disruption to our systems and data.	The Group aligns with ISO 27001 (Information Security Management) and the ACSC (Australian Cyber Security Centre) Essential 8 Maturity Model. We have an established suite of technical controls and procedural solutions, as well as routine activities, such as cyber awareness training, to ensure levels of security and resilience are at the optimum level. Our security arrangements are routinely reviewed, through external and internal reviews, and upgraded or reinforced as necessary to ensure Kelsian remains resilient to existing, new and emerging cyber threats.
People	Employee costs represent the largest operating cost of the Group. In addition to the management of the various financial aspects of employee costs, the Group also face challenges around talent management - recruitment, retention and training, regulatory compliance and Industrial Relations management. Failing to manage these appropriately could have adverse financial, reputational and operational impacts.	Kelsian have a team of dedicated People & Culture professionals to support the business on all P&C related matters. We have HR strategies, polices and remuneration packages to attract, retain and motivate our people, whilst ensuring succession planning is in place for key staff. We are also experienced at industrial relations management and take into consideration changes in the labour market in our financial planning and contractual arrangements.

Risk Operational risks continued	Description	Mitigation
Business Resilience	As a key element of a location's infrastructure, prolonged and unplanned interruption to Kelsian's operations could significantly impact the financial performance of the Group and its reputation. Whilst a number of these risks are outside our control, we need to ensure that we manage those within our control and our response to their occurrence in order to provide high levels of availability and reliability of our services and products.	Kelsian has a range of controls and strategies in place to manage such risks, including incident and crisis management plans, business continuity plans, asset inspection and maintenance procedures, capital asset renewal programs, customer service training, compliance programs as well as appropriate insurances. This also includes an annual program of crisis and incident management exercises involving all layers up to and including the Kelsian Board.
Technology	Technology is a key enabler of organisational success and failure to appropriately invest in fit for purpose technology solutions can result in operational inefficiencies, inability to remain competitive and could have adverse financial and operational impacts.	Kelsian continues to invest in technology to drive innovation and operational efficiency across all operating divisions. The Kelsian Group IT Strategy drives investment in technology and digital capability across the Group and is recognised as a pre-requisite to achieving our objectives. A dedicated team of IT professionals support the ongoing delivery and realisation of the Group IT Strategy.

Sustainability
In FY24 we continued to improve our sustainability performance and transparency of reporting, whilst building and refining our processes. We recognise that the scale of global sustainability challenges and expectations are becoming more significant. We also understand and recognise the role of passenger transport in society, including the importance of managing impacts on the environment and being part of the solution to decarbonisation in urban environments. At the beginning of FY24 we set and published sustainability targets for the Group including adoption of an aspirational net zero target to achieve net zero group-wide emissions by 2050, and targets related to reducing our carbon intensity, promoting a diverse and inclusive culture, tracking and reducing waste generation, employee health and safety, and working in our communities which will be outlined in more detail in our 2024 Sustainability Report planned for publication in September 2024.

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

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

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 9.5 cents per share was declared by Kelsian's Directors on 28 August 2024, representing a total payment of $25,628,985 to be paid 21 October 2024 based on the current number of ordinary shares on issue.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board Committee held during the year ended 30 June 2024, and the number of meetings attended by each Director during the period were:

	Board Meetings Attended	Audit, Risk and Sustainability Committee Attended	People, Culture and Remuneration Committee Attended	Nomination Committee Attended
Total number of meetings held:	**14**	**5**	**6**	**2**
Jeffrey Ellison AM (Board Chair) (resigned 1 July 2024)*	13	-	-	2
Fiona Hele (Deputy Chair)*	14	5	4	2
Christopher Smerdon (resigned 24 October 2023)*	2	-	2	-
Terry Dodd	12	5	-	2
Neil Smith	14	-	-	1
Lance Hockridge	13	5	6	2
Diane Grady AO	12	-	6	2
Clinton Feuerherdt (appointed 3 July 2023)**	14	5	6	-
Jacqueline McArthur (appointed 15 January 2024)*	8	2	3	1
Caroline Elliott (appointed 17 June 2024)*	1	-	-	-

Held: represents the total number of meetings held during the financial year.
Attended: represents the number of meetings attended by a Director.
To the extent that Directors who are not members of the relevant Committee attend Committee meetings as guests from time to time their attendance is not recorded in the table above.

*During FY24 the number of eligible Committee meetings held during the time the following Directors were members of the relevant Committee is less than the total meetings for the year indicated in the above table and is as follows:

C Smerdon - eligible to attend three Board meetings, two People, Culture and Remuneration Committee Meetings and one Nomination Committee Meeting
F Hele - eligible to attend four People, Culture and Remuneration Committee Meetings
J McArthur - eligible to attend eight Board meetings, two Audit, Risk and Sustainability Committee meetings, three People, Culture and Remuneration Committee meetings and one Nomination Committee
C Elliott - eligible to attend one Board meeting

***C Feuerherdt attended by invitation*

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

Audit, Risk and Sustainability Committee

F Hele (Committee Chair)
L Hockridge
T Dodd
J McArthur (Member from January 2024)

People, Culture and Remuneration Committee

L Hockridge (Committee Chair)
D Grady AO
C Smerdon (Member to October 2023)
F Hele (Member from October 2023)
J McArthur (Member from January 2024)

Nomination Committee

T Dodd (Committee Chair)
All Non-executive Directors as Members

NOTE: Effective from 1 July 2024, there has been a change in the structure and membership of Board Committees which will now comprise of a Finance and Audit Committee; Safety, Risk and Sustainability Committee; People, Culture and Remuneration Committee and Nomination Committee as advised via ASX on 12 June 2024.

Shares under option

At 30 June 2024, there were 973,894 (2023: 722,711) options/performance rights outstanding to acquire ordinary shares in the Company. No options or performance rights to acquire shares or interests in the Company or a controlled entity were granted since the end of the financial year.

During the year 241,439 of performance rights were exercised by employees.

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

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

The Company is party to Deeds of Indemnity in favour of each of the Directors, referred to in this report who held office during the year and certain officeholders of the Company. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. Kelsian is not aware of any liability having arisen, and no claims have been made, during or since the financial year ending 30 June 2024 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
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

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.

LETTER FROM CHAIR OF PEOPLE, CULTURE AND REMUNERATION COMMITTEE

Dear Shareholder,

On behalf of the Board, I am pleased to present our Remuneration Report for the financial year ended 30 June 2024 ("FY24"). This Report summarises Kelsian Group Limited's ('Kelsian' or the 'Group') remuneration framework, governance, and outcomes for Key Management Personnel (Executives and Non-Executive Directors) ('KMP').

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

Our focus remains on ensuring Executive KMP reward satisfies essential criteria for good reward governance practices including competitiveness and reasonableness; acceptability to shareholders; performance linkage, alignment; and transparency.

FY24 Financial Highlights
Kelsian's financial performance for FY24 illustrates the business's resilience and the capability of the management team delivering on the strategic objectives of Kelsian. The results for this year include:

- Revenue up 42.2%[1] to $2,016.8 million
- Underlying EBITDA (adjusted for one-off costs associated with M&A and abnormal items) up 63.9%[1] to $265.4 million
- Underlying NPATA up 32.3%[1] to $92.6 million
- Net Operating Cashflow $146.5 million
- Fully franked final dividend 9.5 cents per share

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

- Integration completion and full year earnings contribution of All Aboard America! Holdings, Inc. ('AAAHI') in the USA.
- Successful commencement and integration of the Transport for NSW Contracts for Greater Sydney Bus Regions 2, 13, and 15.
- Resolving industry wide labour availability challenges via well executed recruitment, retention and training programs.
- Ongoing investment in establishing the Brilliant Travels brand – national marketing and cross-selling (www.brillianttravels.com.au).
- Further expansion in the Whitsunday Islands region of Australia with the acquisition of Red Cat Adventures (settled 1 February 2024).

Remuneration Framework
In FY24, we continued to develop and implement our Remuneration Framework to acknowledge the increased size and complexity of the Group, changes in scope of responsibilities and to further strengthen the alignment of the remuneration outcomes to business strategies and outcomes. The Board also undertook a remuneration benchmarking exercise to ensure executive remuneration is in line with the relevant remuneration market for the KMP.

For example, following the acquisition of AAAHI in June 2023, there were several changes in accountability and complexity to Executive roles. These changes included expanding their scope of oversight, requiring them to manage new markets, cultural dynamics, and interaction of additional regulatory environments.

Fixed Remuneration
Fixed Remuneration is fundamental to our remuneration framework and is a key component of our strategy to attract, motivate and retain top executives. This year there were fixed remuneration increases arising from annual performance reviews and role changes applied to our Executive KMP.

Short Term Incentive (STI)
The performance of the Managing Director & Group CEO and other Executive KMP was assessed against a combination of financial, safety and other non-financial Performance Objectives under the STI Plan.

In line with previously disclosed plans, this year the deferred component of the STI award expanded to encompass both financial and non-financial components. The deferral for FY24 represented 25% of the total STI outcome. The percentage to be deferred will continue to increase in quantum over coming years until it reaches 50% of the total STI award in FY26.

Financial Objectives (50% STI weighting)
Financial STI objectives are designed to incentivise outperformance against the prior year Underlying EBIT (actual), Target opportunity for FY24 was set at 105% of prior year Underlying EBIT. Stretch opportunity is available with maximum reward attainable where Underlying EBIT results are 110% of prior year result. In FY24, EBIT results were strong compared to prior year reflecting the successful growth of the business with the addition of AAAHI, retention and management of existing businesses and the expansion of the Sydney bus services contracts throughout the financial year. Underlying EBIT increased by 44.5%[1] to $122.1 million.

The Board recognises that achievement of Kelsian's financial goals and strategy has multi-year impacts especially those arising from activities such as tendering and acquisitions. Accordingly in setting STI financial objectives it has maintained a consistent approach for FY24 of measuring achievement against prior year reported Underlying EBIT without annually applying one-off adjustments for STI assessment. Application of a consistent principle to STI financial measurement each year against prior year as part of its remuneration framework is considered by the Board to best balance the interests of shareholders while at the same time rewarding Executives for performance across multi-year periods. Events that positively impact EBIT (such as contract wins or M&A) or adversely impact EBIT (such as recognising additional depreciation for AAAHI during the year) are treated similarly and not adjusted for purposes of assessing Executive remuneration.

[1] Compared to the 12 months ending 30 June 2023 ("FY23")

Safety Objectives (15% STI weighting)
Kelsian continues to be committed to making safety a priority to ensure we create a safe and healthy environment for our employees, contractors, and customers. In October 2023, the Kelsian Group Health Safety Environment & Quality (HSEQ) Standards were developed for the expanded group operations. These standards, derived from a combination of international standards and Group expectations, are designed to enhance communication and bring global consistency to the management of HSEQ, whilst maintaining a focus on critical safety risks.

Kelsian uses a range of safety metrics to drive positive safety behaviours and assess its safety performance. Safety related remuneration outcomes are measured by multiple metrics of which only one met the threshold at Group level in FY24. The STI payment for the group-wide safety objective for Executive KMP reflects this level of achievement between threshold and target. Divisionally, Singapore and Channel Islands achieved their safety-related targets and Transit Systems reached threshold level. We acknowledge that more needs to be done to improve our safety performance and remain resolutely focused on achieving this.

In FY24 we increased our focus on measuring lead indicators and evaluating high-potential incidents to further enhance our safety oversight. Safety metrics included in STI measurement for FY25 have been expanded to incorporate assessment of lead indicators as well as lag indicators.

Other Non-financial Objectives (35% STI weighting)
The performance of Executive KMP was also assessed against other non-financial objectives set to focus on the achievement of strategic aims.

A key area of focus for each of our Executive KMP is engagement with our people. During the year, Kelsian completed the annual employee engagement survey for Australia, Singapore, London, and Channel Islands. Participating for the first year, AAAHI also joined the annual employee engagement survey, supporting the importance of understanding the engagement of our employees.

Employee participation in the survey increased by 11.7% with an overall 4% improvement in engagement achieved across the Group.

Long Term Incentive (LTI)
The Kelsian long-term equity plan continues to be a rights-based plan incentivising achievements for long-term growth of the business.

The Board considers the appropriate measures to align the interests of shareholders and management through the LTI program to be the following measures:

- Earnings Per Share Compound Annual Growth Rate (EPS CAGR): and
- Total Shareholder Return (TSR) as an external measure of long-term return performance.

Unfortunately, the FY22 LTI Plan did not provide a positive outcome for executives when measured against the above criteria for the period at the end of FY24. Consequently, no rights have vested or will be issued for executives participating in the FY22 LTI Plan. This aligns with the shareholder experience, noting that despite this during this period, revenue, EBIT and NPATA has been growing and shareholders have continued to receive increasing dividends.

Executive Changes
In July 2023, our Group Chief Executive Officer Clint Feuerherdt became a member of the Board, expanding his responsibilities as Managing Director & Group Chief Executive Officer of the larger Group with the acquisition of AAAHI in June 2023. Following the acquisition of AAAHI, the size and complexity of the Group increased significantly. As a result, the scope, accountability and titles of several other executives within our Group Executive Leadership Team (ELT) were also expanded. Joining Kelsian in January 2024, Adam Heilbron, was appointed as Group Chief Information Officer, responsible for the advancement of Kelsian's Technology and IT strategy.

Following the retirement of Bill Trimarco as CEO of AAAHI, Graeme Legh, Group Chief Development Officer, was appointed as CEO of AAAHI effective 1 September 2023 and relocated to Denver, Colorado.

Board Changes
In February 2024, the appointment of Fiona Hele as an independent Chair of the Board from 1 July 2024 followed the announcement in September 2023 that Kelsian's existing Chair of the Board, Jeff Ellison, would retire during his current term on completion of an orderly succession plan. With Fiona's appointment to the role of Chair of the Board, Jeff retired from the Kelsian Board on 1 July 2024.

In alignment with our Board renewal plans, two new appointments were made to the Kelsian Board during the year with Jackie McArthur commencing in January 2024 and Caroline Elliott in June 2024. This Board renewal supports our aims to increase the independence of the Board. In addition, our gender balance goal of not less than 30% of our directors being of each gender, has been achieved with our Board for FY25 now comprising an equal number of directors of each gender.

As part of our remuneration framework review, Committee Fees were also introduced for Non-Executive Directors participating on Board Committees.

Looking Ahead
In a competitive market, it is critical that we have a Remuneration Framework that attracts and retains high quality talent that drives performance.

Throughout FY24, Kelsian continued to review and refine its Remuneration Framework with market insights provided by specialist remuneration advisors to understand market trends and peer comparisons. Feedback was also considered from shareholders, the AGM and proxy advisors.

In FY24, the People, Culture and Remuneration Committee and the Board considered benchmarking provided by the independent remuneration advisors. As a result, there will be greater focus on variable pay and the rebalancing between short-term and long-term pay going forward. Both the Managing Director & Group CEO and Group CFO will move toward a pay mix more evenly split between the three components of Fixed Remuneration, Short-term and Long-term opportunity. Whilst the other Executive KMP will retain a marginally higher short-term than long-term opportunity, their remuneration mix at maximum will also move towards a greater alignment between short and long-term reward. These proposed changes will be implemented over a two-year period.

The maximum financial hurdle within the short-term incentive plan, as well as Group Safety and non-financial hurdles will also be expanded in proportion to the increase in opportunity. In addition, a minimum shareholding requirement (MSR) policy is being introduced for Board Members and Executive KMP.

The People, Culture and Remuneration Committee and the Board continue to regularly engage with shareholders and proxy advisors to seek and listen to feedback. The above-mentioned changes are aligned with Kelsian's remuneration principles and align with the feedback we have received. These changes will for example see the remuneration structure for the Managing Director & Group CEO divided into approximately equal components of FAR, STI and LTI by FY26 and underpinned by STI scales that align to strategic achievements for the increased variable components. Full details of these changes will be provided in the FY25 Remuneration Report.

On behalf of the Board, I invite you to review our FY24 Remuneration Report and look forward to welcoming you to our Annual General Meeting in October 2024.

Signed

Mr Lance Hockridge
Chair, People, Culture and Remuneration Committee
Kelsian Group Limited
Date: 28 August 2024

CONTENTS

The Remuneration Report comprises of the following sections:

The Remuneration Report forms part of the Directors' Report and sets out the remuneration framework and arrangements of Kelsian Group Limited ('Group' or 'Kelsian') for the Key Management Personnel ('KMP') of the consolidated entity, for the purposes of the Corporations Act 2001 and Accounting Standards for the financial year ended 30 June 2024.

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

1. KEY MANAGEMENT PERSONNEL (KMP)

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

The term 'Executive KMP' includes the Managing Director and Group Chief Executive Officer, and other Group Executives who are KMP. The following persons set out in the table below were KMP for the reporting period 1 July 2023 to 30 June 2024. Members of the People, Culture and Remuneration Committee ('PCRC') are identified in the last column.

TABLE 1.1: KMP FROM 1 JULY 2023 TO 30 JUNE 2024

NON-EXECUTIVE DIRECTORS (NEDs)

Name	Role	Appointed	Term as KMP in FY24	People, Culture & Remuneration Committee
Jeffrey Ellison AM	Chair, Non-Executive Director	Appointed Chair on 23 February 2021 Director since 9 July 2008 *(Retired 1 July 2024)*	Full	
Fiona Hele	Deputy Chair, Non-Executive Director	13 September 2016 Appointed Deputy Chair on 24 August 2022 *(Chair from 1 July 2024)*	Full	✓^
Terry Dodd	Non-Executive Director	28 March 2011	Full	
Neil Smith	Non-Executive Director	16 January 2020	Full	
Lance Hockridge	Non-Executive Director	1 July 2020	Full	Committee Chair
Diane Grady AO	Non-Executive Director	1 September 2022	Full	✓
Jacqueline McArthur	Non-Executive Director	15 January 2024	Part	✓^
Caroline Elliott	Non-Executive Director	17 June 2024	Part	
Christopher Smerdon	Non-Executive Director	13 May 2004 *(Retired AGM October 2023)*	Part	✓^

^ part-year Committee member

EXECUTIVE KMP

Name	Role	Appointed	Term as KMP in FY24
Clinton Feuerherdt	Managing Director & Group Chief Executive Officer[2]	16 January 2020	Full
Andrew Muir	Group Chief Financial Officer & Joint Kelsian Secretary[3]	9 January 2017	Full
Graeme Legh	Chief Executive Officer AAAHI[4] Group Chief Development Officer	1 September 2023 16 January 2020	Full
Donna Gauci	Chief Executive Officer - SeaLink Marine & Tourism[5]	11 October 2013	Full
Michael McGee	Chief Executive Officer - Transit Systems	12 December 2022	Full
Winston Toh	Managing Director – Singapore	16 January 2020	Full
William Trimarco	Chief Executive Officer – AAAHI	1 June 2023 *Stepped down from the position of Chief Executive Officer – AAAHI effective 1 September 2023 but remained in service as a non-KMP employee to 30 June 2024*	Part

NOTE: Following the review of the roles classified as KMP for FY24, the role of Group Chief People & Culture Officer ceased being classified as KMP due to the advisory nature of the role and changes to the Group from June 2023. For this reason, there is no remuneration disclosed for the part-year period of FY24 relating to Rick Carpenter prior to him ceasing as an employee of Kelsian in November 2023.

[2] Appointed as Managing Director from 3 July 2023.
[3] Appointed as Group Chief Financial Officer from 3 July 2023.
[4] Appointed as CEO of AAAHI from 1 September 2023 and William Trimarco ceasing as AAAHI CEO during FY24, appointed as Group CDO from 1 July 2023 to 31 August 2024.
[5] Appointed as CEO of SeaLink Marine & Tourism from 3 July 2023.

2. REMUNERATION GOVERNANCE

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

KELSIAN GROUP LIMITED BOARD

OVERALL RESPONSIBILITIES

- Overall responsibility for the remuneration strategy and outcomes for Executive KMP and Non-Executive Directors.
- Setting the remuneration of Directors, the Managing Director & Group CEO and generally endorsing the same for direct reports to the Managing Director & Group CEO and monitoring the Company's remuneration policies and practices.
- Reviews and, as appropriate, approves recommendations from the People, Culture and Remuneration Committee.

People, Culture and Remuneration Committee

Monitors recommends and reports to the Board on:

- Non-Executive Director remuneration within the aggregate limit approved by shareholders.
- Equitably, consistently, and responsibly rewarding executives including incentive targets and achievement of remuneration outcomes having regard to the performance of Kelsian, the performance of executives, and the general remuneration environment.
- Alignment of remuneration policy framework and practices to Group and divisional strategic goals including financial and non-financial objectives designed to support retention of executives and directors who create value for shareholders.
- Kelsian Rights Plan (short-term and long-term equity incentive).
- Remuneration reporting.
- Managing Director & Group CEO and Group Executive succession planning.
- The implementation and effectiveness of work health and safety.
- Organisational culture and people-related strategies.

Board Committees

- Information exchange with other Kelsian Board Committees, to ensure that all relevant matters are considered.
- Nomination Committee has responsibility for oversight and recommendations on Board succession planning, evaluation and director appointments.

External Stakeholders

- Feedback from shareholders and other external stakeholders such as proxy advisors.

Independent Advisors

- Remuneration advisors provide independent advice, information, and, if required, recommendations relevant to remuneration decisions.
- Throughout the year the People, Culture and Remuneration Committee and management received information from specialist external advisors related to remuneration market data and analysis.
- Specialist expert tax and legal advice to ensure legal and regulatory compliance of remuneration plan terms and their administration.

Managing Director & Group CEO and Group Chief People & Culture Officer

Provides information to the Committee to recommend on:

- Remuneration policy and practices.
- Individual remuneration and contractual arrangements for senior executives.
- Incentive targets and outcomes.
- Short-term and long-term incentive participations.

People & Culture Management Team

Monitor, recommend and report to the Committee and Board on:

- People and culture initiatives to continually develop culture and talent aligned to strategic objectives.
- Assessment of performance against measurable objectives.
- Talent pool for senior management succession.
- Engagement surveys.

EXECUTIVE REMUNERATION PRINCIPLES

- Competitive and reasonable
- Acceptability to shareholders
- Alignment of performance, remuneration, and strategic objectives
- Transparent

REMUNERATION GOVERNANCE (continued)
The People, Culture and Remuneration Committee operates under a Charter that outlines its structure and responsibilities. The Charter[6] is available on the Kelsian corporate website (www.kelsian.com/our-governance).

Membership of the People, Culture and Remuneration Committee during the period 1 July 2023 to 30 June 2024 was comprised of the following Non-Executive Directors (NEDs) and chaired by an independent NED for the entire year:

L. Hockridge	Non-Executive Director, Independent (Committee Chair)
D. Grady AO	Non-Executive Director, Independent
C. Smerdon	Non-Executive Director, Independent *(ceased in October 2023)*
F. Hele	Non-Executive Director, Independent (*commenced October 2023, ceased 1 July 2024*)
J. McArthur	Non-Executive Director, Independent *(commenced January 2024)*

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

Specialist expert tax and legal advice were obtained during the year in relation to the offer of its Long-Term Incentive Program to ensure legal and regulatory compliance of the plan terms and its administration for residents of Australia, United Kingdom, Singapore, and the extension of the plan for FY24 for residents in the USA.

The People, Culture and Remuneration Committee follows protocols around the engagement and use of specialist external advisors to ensure compliance with the relevant executive remuneration legislation. The recommendations that the People, Culture and Remuneration Committee makes to the Board are based on its independent assessment of the information and advice provided by specialist external advisors.

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

3. OVERVIEW OF FINANCIAL PERFORMANCE

Kelsian delivered strong growth and illustrated cost base resilience in another challenging year of labour shortages in the first half and persistent highly inflationary conditions. The solid underlying financial result was driven by the highly defensive nature of our contracted transport portfolio, the addition of new contracts in Sydney, the full year contribution of AAAHI and further expansion and diversification of the essential transport portfolio.

The successful integration of AAAHI was another significant achievement and aligns with Kelsian's long-term growth strategy of establishing and growing operations in the United States of America.

Kelsian recorded a statutory Net Profit after Tax and before Amortisation (NPATA) of $92.1 million for the twelve months ended 30 June 2024 compared to a statutory NPATA of $41.4 million in the previous year.

Kelsian's statutory results include the costs associated with due diligence and advisor costs associated with the acquisitions completed and advisor costs associated with the bank re-financing that took place during the period.

Underlying Earnings Before Interest, Tax, (EBIT), another record was achieved at $122.1 million compared to an underlying EBIT of $84.5 million for FY23. Underlying EBIT has been adjusted for significant one-off items during the period including capital raising costs and due diligence-related expenses.

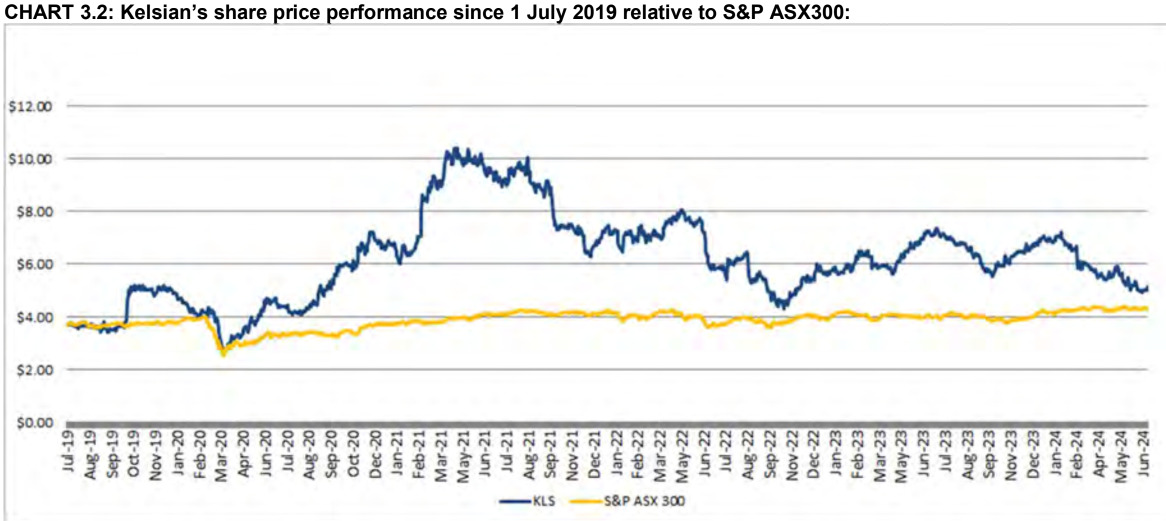
Taking into consideration the capital demands of the business in FY24 and forecast for FY25, the Board has taken a prudent approach to capital management and determined a final dividend of 9.5 cents per share (the same as last year) which is at the bottom end of the stated dividend payout range of 50% to 70% of underlying net profit after tax and before amortisation.

TABLE 3.1
Kelsian's financial performance as measured by statutory Earnings Before Interest Tax and Depreciation (EBITDA), Earnings Before Interest and Tax (EBIT), Net Profit After Tax and before Amortisation (NPATA) from continuing operations, earnings per share, gross dividends paid, the dividend paid per share, and the share price at year-end.

	30 June 2020 $'000	30 June 2021 $'000	30 June 2022[7] $'000	30 June 2023 $'000	30 June 2024 $'000
Revenue ($m)	646.5	1,211.7	1,297.4	1,417.8	2,016.8
EBITDA ($m)	56.7	132.7	157.8	130.5	265.0
EBIT ($m)	2.4	66.6	82.1	53.1	121.7
NPATA ($m)	7.3	69.5	71.5	41.4	92.1
Gross Dividend Paid ($'m)	18.1	25.1	34.9	37.1	47.1
Earnings Per Share (cents)	(8.2)	17.3	24.2	9.1	20.6
Dividend Paid Per Share (cents)	11.0	16.0	16.5	17.0	17.5
Share Price ($)	4.42	9.41	5.87	7.26	5.15

[6] The Charter of the Committee has changed from 1 July 2024 as a result of a review of Board Committees.
[7] Restated to reflect the change in accounting treatment.

CHART 3.2: Kelsian's share price performance since 1 July 2019 relative to S&P ASX300:



The Compound Annual Growth Rate (CAGR) of Kelsian's share price during the five-year FY20-24 period was (38.4)% compared with the CAGR of the S&P ASX300 which was 16.9%.

4. REMUNERATION FRAMEWORK

Remuneration Framework and Details for Executive KMP

(i) Objectives

The objective of Kelsian's Remuneration Framework is to align Executive KMP reward with performance and Kelsian's strategic objectives. Kelsian's approach to remunerating and rewarding Executive KMP 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;
- Executives are incentivised to drive long-term sustainable growth and increase shareholder value;
- Having financial performance as a core component of the reward framework design; and
- Remuneration is consistent with Kelsian's Remuneration Principles.

Kelsian has taken independent advice on market remuneration practices and reviewed benchmark information from Korn Ferry, Godfrey Remuneration Group and HR Dynamics and considered the appropriate level of fixed and "at-risk components" for Executive KMP remuneration.

The People, Culture and Remuneration Committee reviews the current mix, market practice and levels of Executive KMP remuneration as part of our ongoing commitment to ensuring Kelsian's remuneration practices are transparent, fit for purpose and exhibit a strong alignment between value creation, Executive reward, and shareholders' interests. While it is encouraged, there was no policy for KMP to hold shares in Kelsian in FY24 and introduction of such a policy is currently proposed to apply in future years.

(ii) Components

The Remuneration Framework has three components:

- Fixed Annual Remuneration (FAR);
- Short-term performance incentives (STI); and
- Long-term performance incentives (LTI).

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

Remuneration mix refers to the proportion of Total Remuneration that is made up of each remuneration component.

The Board retains discretion to make necessary adjustments to ensure the remuneration mix and incentive outcomes are appropriate and aligned to shareholder returns.

For FY24, the mix of fixed and at-risk components (STI and LTI) of remuneration of the Managing Director & Group CEO and Group Chief Financial Officer is shown below for target and maximum stretch opportunity.

CHART 4.1: EXECUTIVE REMUNERATION MIX FY24 – MANAGING DIRECTOR & GROUP CEO

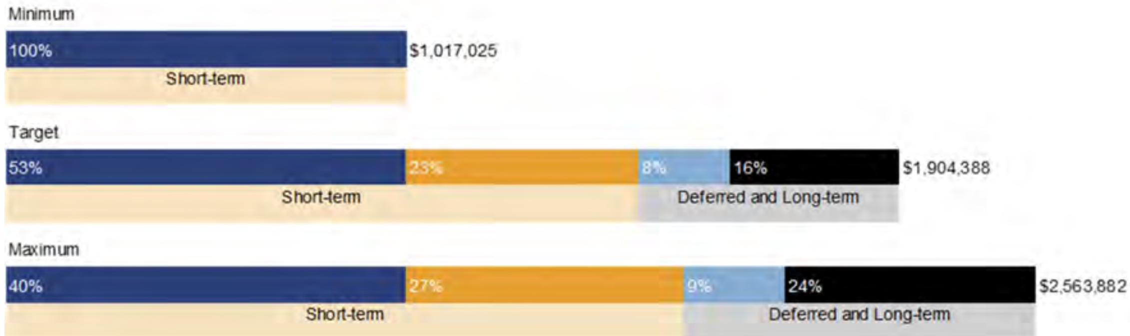
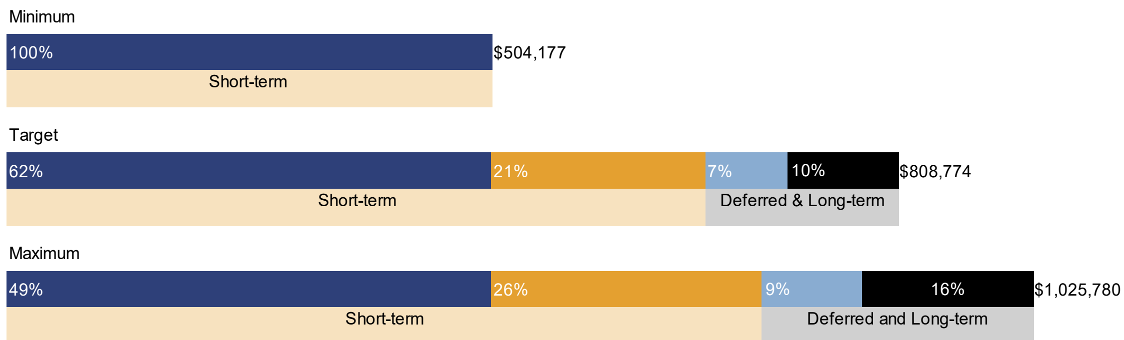


CHART 4.2: EXECUTIVE KMP REMUNERATION MIX FY24 – GROUP CHIEF FINANCIAL OFFICER

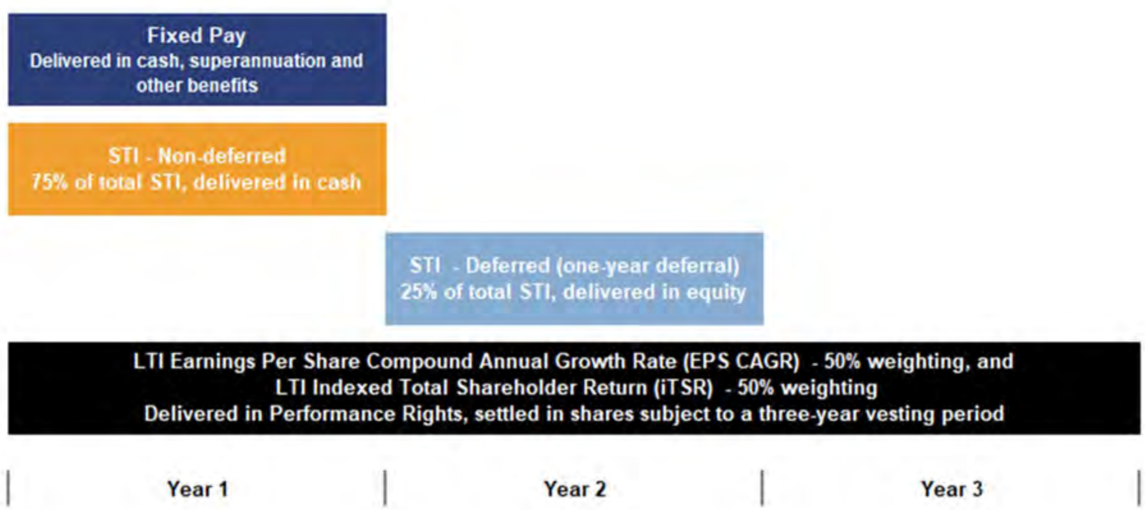


Short-term = Short-term pay and benefits including Fixed Remuneration and Non-deferred STI awards

Deferred and Long-term = Long-term benefits including Deferred STI and LTI equity awards

Fixed Pay | STI Non-deferred | STI Deferred | LTI

CHART 4.3: REMUNERATION TIME HORIZON



Fixed Annual Remuneration (FY24)
Fixed Annual 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. Whilst the Fixed Annual Remuneration is reviewed annually, increases are not guaranteed.

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

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

STI Program (FY24)
For FY24, the short-term performance incentive ('STI') program continued to align the strategic objectives of Kelsian and its operating business units with the performance hurdles of Executive KMP reward.

Kelsian's key objectives include financial outcomes and the creation of shareholder value and our strategic pillars of safety, people, customer, growth, technology & innovation, ESG, and operational excellence. STI payments are awarded to Executive KMP based on specific annual financial and operational targets and the achievement of set objectives which include stretch targets for both financial and non-financial goals.

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

In FY24, non-financial Performance Objectives were tailored to each Executive KMP. Each of their Performance Objectives were weighted according to the level of impact on Kelsian.

STI payments are "at-risk" components paid to Executive KMP when agreed targets have been met, however, are discretionary and do not form part of the employment contract. The STI reward is delivered in a combination of cash and deferred equity.

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

TABLE 4.4: EXECUTIVE SHORT-TERM INCENTIVE PROGRAM FY24

Performance period	1 July 2023 to 30 June 2024.
Maximum STI opportunity	Managing Director & Group CEO: 97.9% of Base Salary per annum Other Executive KMP: 28.27% - 76.1% of Base Salary per annum The actual outcome depends on the Executive KMPs actual achievement against each Performance Objective.
Non-deferred element	In FY24, 75% of the STI payment earned is paid in cash after the performance period, following the finalisation and release of the financial results.
Deferred element	In FY24, the Deferred Element applies to 25% of the financial component and 25% of the non-financial component, which in turn comprises 25% of the total STI potential award. The deferral element is for 12 months to 31 August 2024 following of the Company's full year results for FY24. The Deferred Element will be paid as rights to Kelsian shares ('equity') under the Kelsian Group Rights Plan. The deferred portion of the STI is delivered via equity rights without an applicable service requirement. The rights are fully vested at Grant Date and in the form of Restricted Rights (called Restricted Share Units for USA employees) granted to the Executive KMP under and subject to the terms of the Kelsian Group Rights Plan. For equity rights issued for FY24 STI financial and non-financial award components, the rights will be subject to an exercise restriction until 31 August 2025 and have no service requirement applicable. The quantum of equity rights granted is calculated using the 10-day volume-weighted average price (VWAP) after the date of release of full-year results for the financial year for the deferred amount awarded.
Board discretion	Board discretion may be applied to remunerate for delivery of outstanding performance for Executive KMP that were not foreseen at the time of target formulation.
Gate	There is a specific safety gate that applies, and the safety component accounts for 15% of the total STI award. In the event of a 'severe employee injury' (fatality or serious permanent impairment), the Board will assess all available information relating to the incident and determine if the safety gate will result in a 0% outcome for the safety component.
Performance measures	Performance Objectives are specific targets to be achieved in connection with Kelsian's Strategic Pillars. The Board sets and assesses the Performance Objectives applicable to the Managing Director & Group CEO and approves the Performance Objectives for Executive KMP (direct reports to the Managing Director & Group CEO). The Managing Director & Group CEO then sets and assesses the Performance Objectives for Executive KMP. Performance objectives relate to Group and/or Divisional financial performance and individual objectives that are non-financial and reflect the Group's key measures of success as well as the Group's values. **Financial Measures: up to 50%**

Performance Areas & Weightings	Rationale for choosing this measure.

Group Profit Incentive **Managing Director & Group CEO, Group CFO = 50%** **All Other Executive KMP = 20%** **Divisional or Business Unit Profit Incentive** **All Other Executive KMP = 30%**	Financial measures focus senior executives on improving business efficiency and effectiveness along with sustained financial performance and value creation for our shareholders. (FY24 measures: Underlying EBIT outcomes measured against prior year outcomes)

Non-Financial Measures up to 50%

Performance Areas & Weightings	Rationale for choosing this measure.
Group Safety **Managing Director & Group CEO = 15%** **All other Executive KMP 15%**	Kelsian remains committed to making safety a priority in everything we do to ensure we create a safe and healthy environment for our employees and customers. Kelsian operates services carrying passengers on public roads, in remote areas and in the marine environment in a diverse range of regions and countries. Ensuring the safety of our employees, customers and minimising risk to the broader public is challenging and critical for our leaders to maintain vigilance and seek continuous improvement to achieve our goals. (FY24 measures: safety frequency rates)
Growth **Managing Director & Group CEO = 20%** **Other Executive KMP between 5% to 20%**	Growth is a key pillar in unlocking future sustained shareholder value. We aim to achieve this by maximising our contracted business opportunities and through acquisitive growth to unlock future organic growth opportunities. Maintaining and growing our business requires our Executives to demonstrate expertise and success in delivering and integrating growth opportunities and tendering for complex contracts in a range of countries with deep understanding of the requirements of our customers and the competitive environments in which we operate. (FY24 measures: strategic goals relevant to the year including AAAHI integration)
People **Managing Director & Group CEO = 10%** **Other Executive KMP between 5% to 10%**	Employees are at the heart of our business and are focused on delivering a brilliant experience for our customers. Building a highly engaged workforce that celebrates diversity is a key pillar of our success. The ability to attract and retain drivers, marine crew and talent in a competitive labour market and with the demographic of our historical workforce is critical to our operations and ensuring Kelsian can deliver on contractual obligations and importantly, service to our customers. (FY24 measures include engagement and succession planning)
Environmental, Social and Governance **Managing Director & Group CEO = 5%** **Other Executive KMP up to 5.88%**	Ensure Kelsian's sustainability targets and strategic objectives are aligned to achieve more sustainable outcomes in our operations Kelsian's sustainability strategy, and assessment of achievements in ESG, is to focus on working with our customers to achieve their ESG goals as well as making responsible choices for our services in ways which not only benefit the environment and community, but also enhance the efficiency and performance of our operations.(FY24 measures include external validation of progress on ESG and achievement of pre-set internal objectives)
Customer **Other Executive KMP between 5% to 7.5%**	Delivering and exceeding our customer's expectations to continue to attract customers and renew contracts is key to our sustained performance and business growth. Performance of our Group Executives is assessed against demonstrable application of their knowledge of our industries and the specific needs of our customers has, delivered customer satisfaction, positive experiences and continuously improved our services. (FY24 measures include measures of external validation of improved customer experience)
Technology & Innovation **Other Executive KMP up to 10%**	Investing in our digital and data solutions to provide innovative customer solutions is also key to attracting and retaining customers. Performance is assessed against whether the right solutions are selected, they are integrated successfully to accelerate business growth and are market leading to underpin the long-term performance of Kelsian. (FY24 measures reflect achievement of selected projects and milestones) Ensuring the security and privacy of customer and employee information is maintained.
Operational Excellence **Other KMP Executive between 5% to 20%**	Operational Excellence is an essential part of our business, with a continual focus on maximising efficiency through intelligent optimisation, capacity utilisation and disciplined yield management. By achieving operating efficiencies and providing elevated levels of service, this improves business performance. (FY24 measures selected per operating business for relevant KMP)

STI assessment	The Board Chair reviews the Managing Director & Group CEO performance against the performance targets and objectives set for that year. The performance assessment of the Managing Director & Group CEO is reviewed by the People, Culture and Remuneration Committee and approved by the Board. The Managing Director & Group CEO assesses the performance of the other Executive KMP. The performance assessment of the other Executive KMP is reviewed by the People, Culture and Remuneration Committee and endorsed by the Board.

End of Employment	If the Executive's KMP employment is terminated for cause, no STI will be paid. If the Executive KMP 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 KMP and taking into consideration the interests of Kelsian and its shareholders.
Clawback	The Board has the discretion to not pay or to reduce the amount of the STI otherwise payable, taking into consideration the interests of Kelsian and its shareholders. In the event of serious misconduct or a material misstatement in Kelsian's financial statements, the Board may cancel the STI payment and may also clawback STI payments paid in previous financial years, to the extent this can be done in accordance with the applicable law.

Long-Term Incentive Program

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

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

Vesting conditions for Performance Rights are determined by the Board annually as part of each invitation with the conditions selected for Performance Rights being intended to create alignment with indicators of shareholder value creation over the measurement period.

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

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

TABLE 4.5: EXECUTIVE LONG-TERM INCENTIVE RIGHTS PLAN FY24

Maximum LTI Allocation	Managing Director & Group CEO — 62.5% of Base Salary Other Executive KMP — 20.0% - 57.8% of Base Salary
LTI Instrument	Awards are in the form of Performance Rights over ordinary shares in Kelsian for no consideration. The Performance Rights carry neither Rights to dividends nor voting.
Performance Period	The LTI performance period is three financial years commencing 1 July of each applicable financial year.
Award timeline	Awards are made annually at the discretion of the Board and were made to Executive KMP and others in FY24.
Allocation methodology	The quantum of Performance Rights granted to an Executive KMP is determined by the Executive KMP's Base Salary; the applicable multiplier; and the face value of Kelsian shares, calculated as the 10-day volume-weighted average price (VWAP) after the date of release of full-year results for the financial year prior to the year of grant of Performance Rights.
Performance conditions	There are two tranches of Performance Rights with the following weighting of performance conditions, referred to as vesting conditions: **Tranche 1**: Earnings Per Share Compound Annual Growth Rate (EPS CAGR): 50% weighting at target performance. **Tranche 2**: Indexed Total Shareholder Return (iTSR): Total Shareholder Return (TSR) measured against companies in the ASX200 Total Return Index, 50% weighting at target performance. Overarching Gate for TSR: Kelsian's TSR must be positive. There is also a service-based condition that is met if employment with Kelsian is continuous for the period commencing on or around the grant date until the date the Performance Rights vest.
What is EPS CAGR?	EPS CAGR is a method for calculating the compound annual growth rate in Kelsian's earnings per common share, calculated on a fully diluted basis from continuing operations.
What is iTSR?	TSR is a method for calculating the return shareholders would earn if they held a notional number of shares over a period of time. iTSR measures the growth in a company's share price together with the value of dividends during the period, assuming that all those dividends are reinvested into new shares. TSR growth is measured against the applicable index for Kelsian at the commencement of the first year of the measurement period for the Performance Rights. For FY24 and FY23, this was the ASX200 Total Return Index following Kelsian's entry into the ASX200 Index in September 2021. (Rights issued in FY22 are measured against the ASX300 Total Return Index.)
Why were the performance conditions selected?	In selecting the performance conditions and the structure of the tranches the Board went through a process of consultation with external advisors, reviewing market trends and Kelsian's strategic objectives in structuring the existing LTI plan. The Board reviews the performance conditions annually to determine the appropriate hurdles based on Kelsian's strategy and prevailing market practice. Service-based conditions are used to encourage retention. Following its FY24 annual review of the most appropriate measures to align the interests of shareholders and management, the Board selected the following: • EPS CAGR as a measure of incentivising growth to reflect long-term growth yields for shareholders; and • TSR as an external measure of long-term return performance with the strongest link to shareholder returns.

<table>
<tr><td>What level of relative EPS and iTSR performance is required for the Rights to vest?</td><td>For Performance Rights granted in FY24, half of the Performance Rights will vest where the EPS CAGR performance is:
<table>
<tr><th>EPS CAGR (annualised) of Kelsian</th><th>Percentage of Performance Rights that vest</th></tr>
<tr><td>Less than 5%</td><td>Nil</td></tr>
<tr><td>5%</td><td>50% of Rights vest</td></tr>
<tr><td>Greater than 5% but less than 10%</td><td>Between 50% and 100% of Rights vest</td></tr>
<tr><td>10% and above</td><td>100% of Rights vest</td></tr>
</table>
For Performance Rights granted in FY24, half of the Performance Rights will vest where the TSR performance of Kelsian relative to the Total Return Index for the financial year in which the Performance Rights are granted is:
<table>
<tr><th>TSR of Kelsian relative to ASX200 Total Return Index</th><th>Percentage of Performance Rights that vest</th></tr>
<tr><td>Less than Index TSR</td><td>Nil</td></tr>
<tr><td>Index TSR</td><td>50% of Rights vest</td></tr>
<tr><td>Greater than Index TSR but less than 10% above Index TSR</td><td>Between 50% and 100% of Rights vest</td></tr>
<tr><td>Greater than Index TSR + 10%</td><td>100% of Rights vest</td></tr>
</table>
Kelsian intends to employ an independent organisation to calculate the TSR performance at the time of the potential vesting of any LTI to ensure an objective assessment of the relative TSR comparison.</td></tr>
<tr><td>What happens to Performance Rights granted under the LTI Plan when an Executive ceases employment?</td><td>If the Executive KMP's employment is terminated for cause, or due to resignation, all unvested Performance Rights will lapse, unless the Board determines otherwise. In all other circumstances, unless the Board decides otherwise, a pro-rata portion of the Executive KMP's Performance Rights, calculated in accordance with the proportion of the performance period that has elapsed, will remain on foot, subject to the performance condition as set by the Board.

If and when the Performance Rights vest, shares will be allocated in accordance with the Plan Rules and any other condition of the grant.</td></tr>
<tr><td>Can Kelsian clawback LTI awards?</td><td>In the event of serious misconduct or a material misstatement in Kelsian's financial statements, the Board may:
• 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.
Where shares have been allocated to an Executive KMP and have been subsequently sold, require the Executive KMP to repay the net proceeds of such as sale to the extent this can be done in accordance with relevant laws.</td></tr>
<tr><td>What happens in the event of a change in control?</td><td>In the event of a change in control, the Board will exercise its discretion, and determine the treatment of the unvested awards which may include a pro-rata vesting.</td></tr>
</table>

5. REMUNERATION OUTCOMES

Fixed Remuneration

During the period, for the annual salary review, Executive KMP received increases in fixed remuneration effective from the first full pay period post 1 July 2023. Several Executive KMP roles saw significant increases in responsibility as the business expanded following the acquisition and successful integration of AAAHI. In line with the overall Kelsian Remuneration Framework and with reference to the benchmarking exercise conducted in early 2023, this saw a number of the Executive KMP receiving increases in Fixed Remuneration of up to 9.7% from the first full pay period post 1 July 2023.

Graeme Legh commenced the period in the role of Group Chief Development Officer for the expanded group and received an increase in fixed remuneration as outlined above as a Group Executive with expanded responsibilities.

William Trimarco retired from the role of AAAHI CEO with effect from 1 September 2023. Graeme Legh was successful in being appointed to the role of AAAHI CEO after consideration of suitable internal and external applicants. Remuneration for the AAAHI CEO role, now occupied by Mr Legh, was determined taking into account the critical importance of the role to Kelsian, the responsibilities of leading integration, and benchmarking to local USA market conditions as well as the remuneration paid to William Trimarco prior to his retirement from the role.

The Board recognised that when converted into Australian Dollars, the appointment of Mr Legh to the AAAHI CEO has resulted in a substantial increase to his remuneration. However, for the reasons outlined above, the Board considers that the remuneration of the AAAHI CEO role was reasonable for the duties and responsibilities of the role and when aligned to the USA employment market and no allowance for additional expatriate payment. Should Mr Legh transfer back to a different role in Australia, the Kelsian Remuneration Framework would evaluate appropriate remuneration for the role and country applicable at that time.

The successful appointment of Mr Legh to the AAAHI CEO role demonstrates strategic benefits of career progression, succession planning and capability development opportunities provided by Kelsian's size and scale as a global company.

STI Outcomes

Chart 5.1 expands on the information related to the Managing Director & Group CEO. Chart 5.2 identifies the performance measures, relevant weightings, and outcomes for FY24 short-term incentives for Executive KMP.

For the financial and non-financial objectives that were met, 25% of those amounts will be offered as Restricted Rights or Restricted Stock Units, as applicable, under the Kelsian Group Rights Plan, subject to exercise restrictions until 31 August 2025.

Individual non-financial STI targets for FY24 were set to achieve initiatives and target outcomes identified in our strategic plans aligned to delivering long-term growth and shareholder value. For FY24, the individual non-financial STI targets represent 35% of the overall STI. The STI maximum opportunity for the non-financial STI was set at 125% of Target opportunity, to incentivise Executive KMP towards achieving stretch outcomes across non-financial performance objectives.

Key goals achieved during the period include:

- Integration completion of All Aboard America! Holdings, Inc. (‘AAAHI’) in the USA.
- Successful commencement and integration of the Transport for NSW Contracts for Greater Sydney Bus Regions 2, 13, and 15.
- Labour availability addressed due to well executed recruitment, retention and training programs.
- Ongoing investment in establishing ‘Brilliant Travels’ brand –national marketing and cross-selling (www.brillianttravels.com.au)
- Further expansion in the Whitsunday Islands with the acquisition of Red Cat Adventures (settled 1 February 2024)

CHART 5.1: Managing Director & Group CEO FY24 Performance Objectives and Outcomes

FY24 Managing Director & Group CEO STI Performance					
Performance Measure	**Weighting**	**Min**	**Target**	**Max**	**Weighted payout outcome**
COMPANY SCORECARD					
Financial[1]	**50%**				
Group EBIT					
Underlying Group EBIT	50%				50.00%
Group Safety[2]	**15%**				
Safety LAG Indicators					
Targets apply for LTIFR and TRIFR	15%				1.88%
INDIVIDUAL SCORECARD[3]					
Growth	**20%**				
AAAHI Integration	10%				12.50%
Margins and Growth	10%				2.50%
People	**10%**				
Organisational Structure and Employee Turnover	5%				5.00%
Kelsian Group Employee Engagement Survey	5%				3.75%
Environment, Social & Governance	**5%**				
FY24 Stakeholder and Climate Change actions	5%				6.25%
The Board did not apply discretion to the business scorecard outcomes.					
					81.9%

1. The STI for financial objective is awarded for threshold achievement of 95% with a sliding scale for outperformance up to 110% achievement for maximum award, capped at 200% of Target

2. A No-severe injury (fatality or serious permanent impairment) gateway applies to the award of the Group Safety component

3. The STI for non-financial personal objectives for achievement of maximum award is capped at 125% of Target.

TABLE 5.2: STI Remuneration Payable to Executive KMP for the current reporting period – STI achieved FY24

The following table outlines the percentage of each target STI achieved (and forfeited) in relation to the amount payable to each KMP for FY24.

Executive KMP	Target STI Opportunity $ A	Max STI Opportunity $A	Financial			Non-Financial						% of maximum STI awarded	STI awarded $A
			Group & Divisional Financials			Group Safety			Personal Objectives				
			Weighting %	Achieved %	Forfeited %	Weighting %	Achieved %	Forfeited %	Weighting %	Achieved %	Forfeited %		
Clinton Feuerherdt	$585,949	$944,029	50.0%	100.0%	0.0%	15.0%	12.5%	87.5%	35%	68.6%	31.4%	75.3%	$710,734
Andrew Muir	$225,230	$362,870	50.0%	100.0%	0.0%	15.0%	12.5%	87.5%	35%	85.7%	14.3%	82.2%	$298,221
Graeme Legh	$470,800	$758,511	50.0%	76.0%	24.0%	15.0%	100.0%	0.0%	35%	90.0%	10.0%	84.9%	$644,298
Donna Gauci	$81,000	$130,500	50.0%	62.2%	37.8%	15.0%	0.0%	100.0%	35%	60.0%	40.0%	52.7%	$68,820
Michael McGee	$90,558	$145,899	50.0%	100.0%	0.0%	15.0%	40.0%	60.0%	35%	74.0%	26.0%	81.3%	$118,564
Winston Toh	$100,693	$162,228	50.0%	100%	0.0%	15.0%	40.0%	60.0%	35%	74.9%	25.1%	81.6%	$132,393
William Trimarco	$0	$0	0.0%	0.0%	N/A	0.0%	0.0%	N/A	0.0%	0.0%	N/A	0.0%	$0

TABLE 5.2 Explanatory Notes:

- The 'Achieved' and 'Forfeited' represents the actual achieved and forfeited of the weighted performance measure out of 100%. In the example of Group Safety, this performance measure is weighted at 15% of the overall maximum STI value. The outcome for Group Safety is 12.5% out of 100% (max), or the weighted measure is 1.875% of 15%.
- All values are shown in Australian Dollars for the purposes of this Remuneration Report

LTI Outcomes

The LTI award granted in FY22 consisted of two performance measures, EPS CAGR annualised (50% weighting) and index TSR relative to the performance of the ASX300 Total Return Index (50% weighting). The vesting scales are as below:

EPS CAGR (annualised) of Kelsian	Percentage of Performance Rights that vest
Less than 5%	Nil
5%	50% of Rights vest
Greater than 5% but less than 10%	Between 50% and 100% of Rights vest
10% and above	100% of Rights vest

TSR of Kelsian relative to ASX300 Total Return Index	Percentage of Performance Rights that vest
Less than Index TSR	Nil
Index TSR	50% of Rights vest
Greater than Index TSR but less than 10% above Index TSR	Between 50% and 100% of Rights vest pro-rata
Greater than Index TSR + 10%	100% of Rights vest

Assessment of the index TSR tranche resulted in the TSR of Kelsian not exceeding the ASX300 Total Return Index of 24.4% (Kelsian's TSR was (38.5)% for the performance period). This resulted in the overarching gate for the TSR tranche not being achieved and consequently none of the TSR tranche for FY22 Performance Rights vested.

The EPS CAGR annualised, based on statutory NPATA, is less than 1%, which is below the threshold level of 5.0% to be achieved for this tranche to vest. Consequently, none of the EPS CAGR tranche for FY22 Performance Rights vested.

The calculation of EPS CAGR for Kelsian is set to ensure that the measure is fit for purpose and reflects alignment with shareholder value creation. Accounting standards require Kelsian to recognise and amortise identifiable goodwill (customer contracts) for acquisitions such as Transit Systems where we recognised $142.9 million of contracts. The 2023 AAAHI acquisition has seen $133.8 million of customer contracts recognised in the financial statements. The non-cash amortisation charge is excluded (i.e., added back) to statutory NPAT to determine EPS. Kelsian's dividend policy specifically adds this non-cash amortisation chargeback when determining the dividend payout ratio. The Board has, as a result, determined that the NPATA statutory results be used to assess the achievement of EPS CAGR each year for EPS tranche assessment.

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

The Board also retains the discretion to increase or decrease the extent of vesting in relation to each Tranche of Performance Rights if it forms the view that it is appropriate to do so given the circumstances that prevailed during the Measurement Period. No such discretion has been applied in relation to FY22 Performance Rights.

6. NED REMUNERATION

On appointment to the Board, all Non-Executive Directors enter into a contract for services with Kelsian in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

To maintain their independence and impartiality, Non-Executive Directors' rewards do not have any at-risk components. Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the People, Culture and Remuneration Committee.

For FY24, the remuneration of the Chair of the Board has been adjusted in line with benchmarked data to an annual payment of $262,500 inclusive of superannuation contributions. FY24 is the first year that Committee Fees have been paid in addition to the base Board Member Fee for membership of specific Committees, excluding the Nomination Committee. The Chair of the Board does not receive additional fees for participation in Committees. No increases to FY24 NED base fees have been made other than as outlined above for the Chair of the Board and passing on the FY24 increase in the Superannuation Guarantee Charge applicable to Australian Directors (or the equivalent if located overseas).

During the year the Board has reviewed the suitability and governance of the Committee structure. For FY25, the Audit, Risk and Sustainability Committee will separate into two, being the Finance and Audit Committee and the Safety, Risk and Sustainability Committee to provide more focus on these important areas. Oversight of safety related matters will be primary responsibility of the Safety, Risk and Sustainability Committee with consequential changes to the Charter of the People, Culture and Remuneration Committee for FY25 onwards.

Table 6.1: Remuneration Framework and Details for Non-Executive Directors (NEDs)

Objectives	The key objectives of Kelsian's NED Remuneration Framework are to: • Secure and retain talented and qualified Directors – fee levels are set with regard to time commitment and workload, experience and expertise, risk and responsibility of the role, and market benchmarking of listed companies with a similar market capitalisation; • Promote independence and impartiality – fee levels do not vary according to the performance of the Group; and • Align Director and shareholder interests – Kelsian encourage its NEDs to build a long-term stake in the Group and Directors can acquire shares through acquisition on the market during permitted trading windows.
Fee Structure Review	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. With respect to the NED Remuneration Principles, adopted by Kelsian, every two years a more detailed market review and benchmarking analysis of Director remuneration is undertaken including with appropriate use of external reports and input from independent remuneration experts. This work commenced in FY23 and was implemented in FY24.
Fee Structure	Non-Executive Directors receive fixed pay only, paid as director fees, and do not participate in any performance-based incentive plans. In addition, NEDs, excluding the Chair of the Board, receive Committee fees for membership of specific Board Committees. All NEDs regularly participate in the Investment Working Group to enable consideration of complex projects such as tender applications and acquisition growth opportunities which meets on an ad hoc basis as needed throughout the year. Participation in the Working Group is compensated for within the Base Board Fee, no addition remuneration is paid for this involvement.
Superannuation	Compulsory superannuation guarantee contributions (SGC) are paid on the Director's fee on behalf of all eligible NED. If a NED ceases to be eligible for SGC payments, the equivalent amount is paid in fees.
Additional fees and reimbursements	After considering the strategic importance of Board oversight of significant projects and initiatives, the Board may from time to time allocate additional responsibilities and commensurate fees to nominated directors. NEDs are entitled to be reimbursed for all business-related expenses. NEDs do not receive share options, rights, other incentives, or retirement benefits. To reflect the additional Director responsibilities and time commitments of Neil Smith related to the AAAHI acquisition, additional fees were paid during FY24 of $39,000.
Aggregate annual fee pool	In accordance with Kelsian's Constitution and ASX Listing Rules, the aggregate amount paid to all NEDs must not exceed the maximum determined and approved by shareholders in a General Meeting. The most recent determination of the maximum aggregate remuneration ('pool') for NEDs was at the Annual General Meeting of shareholders held on 24 October 2023, where the shareholders approved a pool of $1.75 million. The vote was 96.72% in favour. The total Directors' fees paid for FY24 were $1,245,357 which is less than the maximum approved pool.

Table 6.2: Board and Committee Fees for Non-Executive Directors (NEDs) in FY24

Board/Committee	Chair[1]	Deputy Chair	Member
Board base fee, including superannuation, per annum.	262,500	159,737	127,789
Audit, Risk and Sustainability Committee, including superannuation, per annum.	25,500	n/a	11,200
People, Culture and Remuneration Committee, including superannuation, per annum.	25,500	n/a	11,200
Nomination Committee[2]	nil	n/a	nil

1. The Board Chair does not receive additional fees for Committee membership
2. No fees are payable for membership of the Nominating Committee

7. CONTRACTUAL ARRANGEMENTS AND STATUTORY REMUNERATION

TABLE 7.1: Managing Director & Group CEO and Executive KMP employment termination conditions

Contract Term	Managing Director & Group CEO	Other Executive KMP
Contract Type	Permanent	Permanent
Notice Period by Kelsian	6 Months	2-4 Months
Notice Period by Executive KMP	6 Months	2-4 Months
Termination Payment	Executive KMP have termination benefits that are within the limit allowed by the Corporations Act 2001 without security holder approval. Where the Executive KMP 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.	

TABLE 7.2: NED remuneration for the years ended 30 June 2023 and 30 June 2024

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

Non-Executive Director	Year	Director[8] Fee	Short Term Incentive	Non-Monetary Benefits	Other	Super	Long Term Benefit LSL	Perform. Rights/ Options	Total
Jeffrey Ellison AM[9]	2024	235,509	-	-	-	25,214	-	-	260,723
	2023	210,674	-	-	-	22,121	-	-	232,795
Fiona Hele	2024	165,997	-	-		18,260	-	-	184,256
	2023	139,156	-	-	-	14,611	-	-	153,768
Terry Dodd	2024	124,827	-	-		13,731	-	-	138,558
	2023	114,913	-	-	-	12,066	-	-	126,979
Neil Smith[10]	2024	127,790	-	-	39,000	-	-	-	166,790
	2023	126,979	-	-	78,000	-	-	-	204,979
Lance Hockridge	2024	146,917	-	-	-	16,161	-	-	163,077
	2023	114,913	-	-	-	12,066	-	-	126,979
Diane Grady AO	2024	124,827	-	-	-	13,731	-	-	138,558
	2023	94,315	-	-	-	9,903	-	-	104,218
Jacqueline McArthur[11]	2024	60,272	-	-	-	6,630	-	-	66,902
	2023	-	-	-	-	-	-	-	-
Caroline Elliott[12]	2024	2,657	-	-	-	292	-	-	2,949
	2023	-	-	-	-	-	-	-	-
Christopher Smerdon[13]	2024	41,029	-	-	-	4,513	-	-	45,543
	2023	114,913	-	-	-	12,066	-	-	126,979

TABLE 7.3: Executive KMP remuneration for the years ended 30 June 2023 and 30 June 2024

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

Executive KMP	Year	Salary	Short Term Incentive	Non-Monetary Benefits	Other	Super	Long Term Benefit LSL	Deferred Short Term Incentive	Perform. Rights	Total
Clinton Feuerherdt	2024	961,153	533,050	19,319	-	27,500	59,218	177,684	356,390	2,134,313
	2023	875,701	327,500	20,953	200,000	27,500	48,660	110,482	392,623	2,003,419
Andrew Muir	2024	475,010	223,666	-	-	27,500	21,998	74,555	99,898	922,627
	2023	432,779	133,469	-	150,000	27,167	22,828	42,468	110,004	918,716
Graeme Legh[14]	2024	910,808	483,223	5,378	-	12,506	19,569	161,075	255,122	1,847,681
	2023	454,155	171,894	17,458	150,000	27,273	16,090	44,565	206,321	1,087,755
Donna Gauci	2024	399,557	51,615	-	-	27,500	11,781	17,205	50,945	558,603
	2023	380,745	51,899	-	-	26,857	9,932	22,943	56,020	548,395
Michael McGee	2024	446,538	88,923	-	-	27,500	882	29,641	48,816	642,300
	2023	233,192	28,638	-	-	14,556	176	3,612	16,455	296,630
Winston Toh[15]	2024	574,083	99,295	-	-	15,933	-	33,098	21,243	743,652
	2023	552,665	38,917	-	-	15,427	-	8,042	23,907	638,958
William Trimarco[16]	2024	172,397	-	397	-	-	-	-	-	172,794
	2023	81,820	-	2,115	-	-	-	-	-	83,935
Rick Carpenter[17]	2024	-	-	-	-	-	-	-	-	-
	2023	387,620	48,467	-	-	26,941	2,970	16,301	33,088	515,387

TABLE 7.3 Explanatory Notes:

- All values are shown in Australian Dollars for the purposes of this Remuneration Report.
- Non-monetary benefits represent the inclusion of reportable fringe benefits (such as the provision of motor vehicles)
- Short-term Incentive represents the cash component of the STI. STI cash is paid after the end of the financial year to which it relates but is allocated to the earning year.
- Introduced in FY23, the balance of the STI is a Deferred Short-Term Incentive. For FY24, this applied to 25% of the financial and non-financial components.

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8 Director Fee is inclusive of both Board base fee and relevant Committee Membership Fees.
9 Retired 1 July 2024.
10 Other remuneration relates to additional fees for involvement in the integration and oversight of the recent AAAHI acquisition.
11 Commenced 15 January 2024.
12 Commenced 17 June 2024.
13 Retired October AGM 2023.
14 Graeme Legh is remunerated in US Dollars.
15 Winston Toh is remunerated in Singapore Dollars.
16 William Trimarco is remunerated in US Dollars. William Trimarco stepped down from the position of Chief Executive Officer – AAAHI effective 1 September 2023 but remained in service as a non-KMP employee to 30 June 2024. Figures for FY24 shown are pro-rata for time served as an Executive KMP.
17 Rick Carpenter resigned 24 November 2023. Following the review of the roles classified as KMP for FY24, the role of Group Chief People & Culture Officer ceased being classified as KMP due to the advisory nature of the role and changes to the Group from June 2023. For this reason, there will be no remuneration disclosed for the part-year period of FY24 relating to Rick Carpenter prior to ceasing as an employee of Kelsian in November 2023.

8. EQUITY HOLDINGS OF KMP

Options
There were no Options granted, awarded/forfeited, or exercised by KMP in FY23 or FY24.

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

Equity rights in the form of Restricted Rights (called Restricted Share Units in the USA) are used to award equity to Executive KMP as part of the Deferred STI Plan. These types of Rights are fully vested at grant and subject to an exercise restriction until the end of 31 August 2024 following the release of the Company's full year results for FY24. The Restricted Rights will not be forfeited due to a cessation of employment event, such as resignation however they are subject to powers of forfeiture of the Board for unexercised rights.

There were a total of 45,341 Restricted Rights issued in the 12-month period to 30 June 2024 with 37,880 of those being issued to Executive KMP.

As of 30 June 2024, 45,341 Restricted Rights in total remained outstanding.

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

Should all conditions be met, and rights exercised, one Ordinary Share is issued for each Restricted Right or Performance Right at no consideration.

There were a total of 522,610 Performance Rights issued in the 12-month period to 30 June 2024 with 276,807 of those being issued to Executive KMP.

As of 30 June 2024, 973,894 Performance Rights in total remained outstanding.

There were no loans to Directors or Executive KMP during the 2024 financial year.

TABLE 8.1: Equity Rights held by KMP in previous and current reporting

Key Management Personnel	Date Of Grant	Rights on Issue 30 June 2023	Fair Value per PR $	Granted	Vested and Exercised	Rights on Issue 30 June 2024	Vesting Date
Clinton Feuerherdt							
FY21 LTI Performance Rights	21 Dec 2020	100,604	-	-	100,604	-	31 Aug 2023
FY22 LTI Performance Rights	25 Oct 2021	60,115	-	-	-	60,115	31 Aug 2024
FY23 LTI Performance Rights	6 Dec 2022	109,622	-	-	-	109,622	31 Aug 2025
FY24 LTI Performance Rights	23 Nov 2023	-	4.8080	104,162	-	104,162	31 Aug 2026
FY24 STI Restricted Rights	23 Nov 2023	-	-	18,031	-	18,031	23 Nov 2023
Total		**270,341**	**-**	**122,193**	**-**	**291,930**	
Total $				**500,811**			
Andrew Muir							
FY21 LTI Performance Rights	21 Dec 2020	27,666	-	-	27,666	-	31 Aug 2023
FY22 LTI Performance Rights	25 Oct 2021	16,328	-	-	-	16,328	31 Aug 2024
FY23 LTI Performance Rights	27 Sep 2022	28,894	-	-	-	28,894	31 Aug 2025
FY24 LTI Performance Rights	2 Nov 2023	-	4.188	27,455	-	27,455	31 Aug 2026
FY24 STI Restricted Rights	10 Oct 2023	-	-	6,931	-	6,931	10 Oct 2023
Total		**72,888**	**-**	**34,386**	**-**	**79,608**	
Total $				**114,982**			
Graeme Legh							
FY21 LTI Performance Rights	21 Dec 2020	53,879	-	-	53,879	-	31 Aug 2023
FY22 LTI Performance Rights	25 Oct 2021	29,688	-	-	-	29,688	31 Aug 2024
FY23 LTI Performance Rights	27 Sep 2022	52,577	4.188	-	-	52,577	31 Aug 2025
FY24 LTI Performance Rights	2 Nov 2023	-	-	102,525	-	102,525	31 Aug 2026
FY24 STI Restricted Rights	10 Oct 2023	-		7,273	-	7,273	10 Oct 2023
Total		**136,144**	**-**	**109,798**	**-**	**192,063**	
Total $				**429,376**			
Donna Gauci							
FY21 LTI Performance Rights	21 Dec 2020	13,921	-	-	13,921	-	31 Aug 2023
FY22 LTI Performance Rights	25 Oct 2021	8,393	-	-	-	8,393	31 Aug 2024
FY23 LTI Performance Rights	27 Sep 2022	14,852	-	-	-	14,852	31 Aug 2025
FY24 LTI Performance Rights	2 Nov 2023	-	4.188	13,823	-	13,823	31 Aug 2026
FY24 STI Restricted Rights	10 Oct 2023	-	-	3,744	-	3,744	10 Oct 2023
Total		**37,166**	**-**	**13,823**	**-**	**40,812**	
Total $				**57,891**			
Michael McGee							
FY23 LTI Performance Rights	6 Dec 2022	14,139	-	-	-	14,139	31 Aug 2025
FY24 LTI Performance Rights	2 Nov 2023	-	4.188	23,181	-	23,181	31 Aug 2026
FY24 STI Restricted Rights	10 Oct 2023	-	-	589	-	589	10 Oct 2023
Total		**14,139**	**-**	**23,770**	**-**	**37,909**	
Total $				**97,082**			
Winston Toh							
FY21 LTI Performance Rights	21 Dec 2020	6,036	-	-	6,036	-	31 Aug 2023
FY22 LTI Performance Rights	25 Oct 2021	3,510	-	-	-	3,510	31 Aug 2024
FY23 LTI Performance Rights	27 Sep 2022	6,301	-	-	-	6,301	31 Aug 2025
FY24 LTI Performance Rights	2 Nov 2023	-	4.188	5,661	-	5,661	31 Aug 2026
FY24 STI Restricted Rights	10 Oct 2023	-	-	1,312	-	1,312	10 Oct 2023
Total		**15,847**	**-**	**6,973**	**-**	**16,784**	
Total $				**23,708**			

Shareholdings

TABLE 8.2: Shareholdings held by KMP in previous and current reporting years

Non-Executive Directors	Balance at the beginning of year ^	Exercise of Rights	Acquired / (Sold)	Balance at year end #
Jeffrey Ellison AM	5,529,742	-	59,849	5,589,591
Fiona Hele	53,840	-	11,743	65,583
Terry Dodd	5,819,010	-	9,500	5,828,510
Neil Smith	25,986,572	-	(206,144)	25,780,428
Lance Hockridge	111,765	-	-	111,765
Diane Grady AO	19,559	-	8,905	28,464
Jacqueline McArthur.[18]	-	-	20,000	20,000
Caroline Elliott.[19]	-	-	-	-
Christopher Smerdon.[20]	6,098,868	-	(208,920)	5,889,948
Executive KMP				
Clinton Feuerherdt	5,980,041	100,604	70,000	6,150,645
Andrew Muir	151,335	27,666	-	179,001
Grame Legh	207,260	53,879	27,907	289,046
Donna Gauci	52,519	13,921	-	66,440
Michael McGee	-	-	-	-
Winston Toh.[21]	30,000	6,036	-	36,036
William Trimarco	259,009	-	-	259,009
TOTAL	**50,299,520**	**-**	**(207,160)**	**50,294,466**

^ The balance reflects the number of shares held as of 1 July 2023. # The balance reflects the number of shares held as of 30 June 2024.

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

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

Mr Lance Hockridge
Chair, People, Culture and Remuneration Committee
Kelsian Group Limited
Date: 28 August 2024

[18] Appointed 15 January 2024.
[19] Appointed 17 June 2024.
[20] Ceased 24 October 2023.
[21] An error has been identified in the interests of Mr Toh stated in the FY23 Remuneration Report which stated that Mr Toh acquired 15,847 shares during the FY23 period with a total interest at 30 June 2023 of 45,847 shares. As at 30 June 2023 Mr Toh had an interest in 30,000 shares and 15,487 rights. The opening balance of shares for FY24 in which Mr Toh has an interest of 30,000 shares has now been corrected in the above table.

Building a better working world

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

As lead auditor for the audit of the financial report of Kelsian Group Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Nigel Stevenson
Partner
28 August 2024

General information

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

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

Level 3, 26 Flinders Street, Adelaide SA 5000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 August 2024. The Directors have the power to amend and reissue the financial statements.

	Note	2024 $'000	Consolidated 2023 $'000
Revenue from contracts with customers	4	2,016,811	1,417,840
Other income	5	25,584	13,475
Interest income		3,687	2,639
Expenses			
Direct operating expenses:			
Direct wages		(1,028,716)	(711,456)
Repairs and maintenance		(135,134)	(91,240)
Fuel		(181,764)	(147,797)
Commission		(10,108)	(8,279)
Meals and beverage		(18,537)	(17,608)
Tour costs		(8,620)	(8,923)
Depreciation		(84,287)	(42,867)
Depreciation - ROUA		(24,854)	(14,182)
Other direct expenses		(138,742)	(97,223)
Administration expenses:			
Indirect wages		(144,009)	(110,366)
General and administration		(102,117)	(71,274)
Marketing		(7,403)	(6,501)
Financing charges		(54,118)	(22,333)
Amortisation		(34,143)	(20,360)
Acquisition and transaction costs		(2,210)	(30,180)
Total expenses		(1,974,762)	(1,400,589)
Profit before income tax expense		71,320	33,365
Income tax expense	6	(13,314)	(12,366)
Profit after income tax expense for the year attributable to the owners of Kelsian Group Limited		58,006	20,999
		Cents	Cents
Basic earnings per share	40	21.5	9.1
Diluted earnings per share	40	21.4	9.0

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

	Consolidated	
	2024	2023
	$'000	$'000
Profit after income tax expense for the year attributable to the owners of Kelsian Group Limited	58,006	20,999
Other comprehensive profit/(loss)		
Items that may be reclassified subsequently to profit or loss		
Net change in the fair value of cash flow hedges taken to equity, net of tax	(5,237)	98
Foreign currency translation	(3,924)	22,721
Other comprehensive profit/(loss) for the year, net of tax	(9,161)	22,819
Total comprehensive income/(loss) for the year attributable to the owners of Kelsian Group Limited	48,845	43,818

	Note	2024	Consolidated 2023
		$'000	$'000
Assets			
Current assets			
Cash and cash equivalents	7	134,470	157,939
Trade and other receivables	8	204,825	166,939
Inventories	9	31,949	27,338
Derivative financial assets	11	-	4,543
Current tax asset	6	-	2,897
Other assets	12	30,639	22,111
Total current assets		401,883	381,767
Non-current assets			
Derivative financial assets	11	-	2,519
Property, plant and equipment	13	825,011	656,443
Right-of-use assets	10	187,709	135,614
Intangibles	14	973,384	989,316
Other assets	12	11,543	12,407
Total non-current assets		1,997,647	1,796,299
Total assets		2,399,530	2,178,066
Liabilities			
Current liabilities			
Trade and other payables	15	93,516	91,344
Contract liabilities	16	14,288	14,634
Borrowings - ring fenced finance facilities	18	11,725	-
Lease liabilities	19	44,487	15,200
Derivative financial liabilities	20	133	-
Current tax liability	6	1,077	-
Employee benefits	21	112,133	97,340
Provisions	22	39,559	40,101
Other liabilities	23	88,084	96,240
Total current liabilities		405,002	354,859
Non-current liabilities			
Borrowings	17	739,946	677,755
Borrowings - ring fenced finance facilities	18	89,089	-
Lease liabilities	19	134,637	113,425
Derivative financial liabilities	20	285	-
Deferred tax liabilities	6	93,929	100,559
Employee benefits	21	7,746	7,763
Provisions	22	671	-
Other liabilities	23	852	98
Total non-current liabilities		1,067,155	899,600
Total liabilities		1,472,157	1,254,459
Net assets		927,373	923,607
Equity			
Issued capital	24	853,179	849,943
Reserves	25	16,927	27,260
Retained profits		57,264	46,401
Equity attributable to the owners of Kelsian Group Limited		927,370	923,604
Non-controlling interest	26	3	3
Total equity		927,373	923,607

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

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	572,377	5,078	62,554	3	640,012
Profit after income tax expense for the year	-	-	20,999	-	20,999
Other comprehensive income/(loss) for the year, net of tax	-	22,819	-	-	22,819
Total comprehensive income/(loss) for the year	-	22,819	20,999	-	43,818
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 24)	276,788	-	-	-	276,788
Share-based payments (note 41)	-	1,009	-	-	1,009
Employee rights converted (note 41)	778	(1,646)	-	-	(868)
Dividends paid (note 27)	-	-	(37,152)	-	(37,152)
Balance at 30 June 2023	849,943	27,260	46,401	3	923,607

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023	849,943	27,260	46,401	3	923,607
Profit after income tax expense for the year	-	-	58,006	-	58,006
Other comprehensive income/(loss) for the year, net of tax	-	(9,161)	-	-	(9,161)
Total comprehensive profit/(loss) for the year	-	(9,161)	58,006	-	48,845
Transactions with owners in their capacity as owners:					
Share-based payments - non cash (note 41)	2,331	365	-	-	2,696
Employee rights converted (note 41)	905	(1,537)	-	-	(632)
Dividends paid (note 27)	-	-	(47,143)	-	(47,143)
Balance at 30 June 2024	853,179	16,927	57,264	3	927,373

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

	Note	2024	Consolidated 2023
		$'000	$'000
Cash flows from operating activities			
Receipts from customers		1,978,111	1,423,342
Payments to suppliers and employees*		(1,789,316)	(1,261,197)
		188,795	162,145
Interest received		3,687	2,639
Other income		24,672	9,661
Interest and other finance costs paid		(53,961)	(22,015)
Income taxes paid		(16,491)	(23,450)
Net cash from operating activities	39	146,702	128,980
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired	34	(16,637)	(543,371)
Payments for prior period's business acquisition	23	(11,788)	(20,134)
Payments for ring-fence financed assets		(104,969)	-
Payments for property, plant and equipment	13	(148,519)	(100,169)
Payments for intangibles	14	(1,313)	(763)
Proceeds from disposal of property, plant and equipment		20,242	14,200
Net cash used in investing activities		(262,984)	(650,237)
Cash flows from financing activities			
Proceeds from issue of shares	24	-	274,876
Drawdown of facilities		62,191	332,755
Drawdown ring-fenced finance liabilities		104,969	-
Payments for leases		(26,631)	(13,932)
Repayment of vendor loan		-	(20,000)
Movements in equity - other		(632)	(868)
Dividends paid	27	(47,143)	(37,152)
Net cash from financing activities		92,754	535,679
Net increase/(decrease) in cash and cash equivalents		(23,528)	14,422
Cash and cash equivalents at the beginning of the financial year		157,939	141,093
Effects of exchange rate changes on cash and cash equivalents		59	2,424
Cash and cash equivalents at the end of the financial year	7	134,470	157,939

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

Note 1. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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.

Going concern

The financial statements are prepared on a going concern basis. As at 30 June 2024, the Consolidated Statement of Financial Position reflected net current assets of ($3.1m) (2023:$26.9m).

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 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kelsian Group Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Kelsian Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

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

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

Operating segments

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

Foreign currency translation

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

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

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Note 1. Material accounting policy information (continued)

The Group recognises revenue as follows:

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

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

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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.

Note 1. Material accounting policy information (continued)

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.

Inventories

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

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

Derivative financial instruments

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

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

Cash flow hedges

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

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

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

Hedges of a net investment

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

Investments and other financial assets

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

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

Impairment of financial assets

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

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

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

Property, plant and equipment

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

Note 1. Material accounting policy information (continued)

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.

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

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

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

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Contract liabilities

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

Borrowings

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

Note 1. Material accounting policy information (continued)

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
Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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

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

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

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

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

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

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

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

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

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

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

Note 1. Material accounting policy information (continued)

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

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

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

Valuation techniques for fair value measurements categorised within levels 1 & 2
Level 1 and 2 financial assets and liabilities have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Valuation techniques for fair value measurements categorised within level 3
Level 3 financial assets and liabilities have been valued by using the discounted cash flows (DCF) method.

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

Issued capital
Ordinary shares are classified as equity.

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

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

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

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

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

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

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

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

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

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

Earnings per share

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

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Note 1. Material accounting policy information (continued)

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.

Comparatives

Comparatives in the financial report have been realigned to the current period presentation. There has been no effect on the comparative period profit.

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.

Note 2. Critical accounting judgements, estimates and assumptions

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

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

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

Impairment of non-financial assets
Intangible assets comprise of goodwill and other intangible assets with both finite and indefinite lives. Consistent with the Group’s accounting policies, it has evaluated the conditions specific to the Group and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss at 30 June 2024 (refer note 14).

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 3. 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 throughout Australia providing vehicle and passenger ferry services, barging, coach tours and package holidays, lunch, dinner and charter cruises and accommodation facilities.

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

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

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

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

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.

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.

Note 3. Operating segments (continued)

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 2024, approximately 65.0% (2023: 72.0%) of the consolidated entity's external revenue was derived from sales to governments.

Operating segment information

Consolidated - 2024	Marine & Tourism $'000	Australian Bus $'000	International Bus $'000	Corporate $'000	Total $'000
Revenue					
Sales to external customers	346,794	1,036,026	633,991	-	2,016,811
Interest received	229	741	1,127	1,590	3,687
Total revenue	347,023	1,036,767	635,118	1,590	2,020,498
EBITDA	71,574	117,962	104,920	(29,048)	265,408
Depreciation	(17,735)	(22,449)	(43,628)	(475)	(84,287)
Depreciation ROUA	(1,856)	(11,268)	(11,100)	(630)	(24,854)
Amortisation of customer contracts	(651)	(17,580)	(15,912)	-	(34,143)
Net finance costs	(102)	(6,309)	(18,946)	(25,074)	(50,431)
Acquisition and transaction costs	(2)	(24)	235	(2,419)	(2,210)
Net foreign exchange gain/(loss)	-	3	2,019	(185)	1,837
Profit/(loss) before income tax expense	51,228	60,335	17,588	(57,831)	71,320
Income tax expense					(13,314)
Profit after income tax expense					58,006
Assets					
Segment assets	340,218	945,446	983,902	129,964	2,399,530
Total assets					2,399,530
Liabilities					
Segment liabilities	74,780	351,408	147,174	804,866	1,378,228
Unallocated liabilities:					
Deferred tax liability					93,929
Total liabilities					1,472,157

Note 3. Operating segments (continued)

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

Geographical information

	Sales to external customers		Geographical non-current assets	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Australia	1,382,819	1,174,404	1,194,670	1,002,015
Singapore	204,199	185,179	127,420	124,096
United Kingdom	37,399	25,665	68,950	71,044
United States of America	392,394	32,592	606,607	599,144
	2,016,811	1,417,840	1,997,647	1,796,299

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

Note 4. Revenue from contracts with customers

	Consolidated 2024 $'000	2023 $'000
Goods transferred at a point in time	490,217	313,596
Services transferred over time	1,526,594	1,104,244
Revenue from contracts with customers	2,016,811	1,417,840

Note 5. Other income

	Consolidated	
	2024	2023
	$'000	$'000
Net foreign exchange gain	3,774	-
Net gain on investments	-	241
Gain on disposal of property, plant and equipment	912	3,814
Other income	20,898	9,420
Other income	25,584	13,475

Other income earned includes grants, rebates and other sundry items. Current year other income includes $9.8m reimbursement of leave entitlements for the employees of the new expanded regions taken on in Sydney, NSW.

Note 6. Income tax

	Consolidated	
	2024	2023
	$'000	$'000
Income tax expense		
Current tax	24,642	13,879
Deferred tax - origination and reversal of temporary differences	(9,590)	(1,959)
Adjustment recognised for prior periods	(1,738)	446
Aggregate income tax expense	13,314	12,366
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(9,590)	(1,959)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	71,320	33,365
Tax at the statutory tax rate of 30%	21,396	10,010
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based expenses	110	303
Non-taxable income	(5,426)	(4,478)
Tax effect of other non-assessable foreign income	(578)	(515)
Other non-deductible expenses	2,593	5,615
	18,095	10,935
Adjustment recognised for prior periods	(1,738)	446
Difference in overseas tax rates	(1,996)	412
Transferred losses	(312)	324
Deferred adjustment recognised for prior periods	(256)	1,020
Other	(479)	(771)
Income tax expense	13,314	12,366

	Consolidated	
	2024	2023
	$'000	$'000
Amounts credited directly to equity		
Deferred tax assets	(2,168)	(3,009)

Note 6. Income tax (continued)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	2,618	2,168
Allowance for expected credit losses	246	108
Employee benefits	38,126	32,842
Leases	37,767	22,119
Provisions	3,114	3,535
Property, plant and equipment	(117,191)	(96,766)
Customer contracts and other intangible assets	(65,846)	(69,339)
Other	7,112	6,893
	(94,054)	(98,440)
Amounts recognised in equity:		
Derivative financial instruments	125	(2,119)
Deferred tax liability	(93,929)	(100,559)
Movements:		
Opening balance	(100,559)	(21,310)
Credited to profit or loss	9,590	1,959
Credited to equity	2,168	3,009
Additions through business combinations (note 34)	(5,128)	(84,217)
Closing balance	(93,929)	(100,559)

	Consolidated 2024 $'000	Consolidated 2023 $'000
Income tax refund due		
Income tax refund due	-	2,897

	Consolidated 2024 $'000	Consolidated 2023 $'000
Provision for income tax payable		
Provision for income tax payable	1,077	-

Note 7. Cash and cash equivalents

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current assets		
Cash on hand	353	847
Cash at bank	126,657	131,117
Cash on deposit	7,460	25,975
	134,470	157,939

Note 8. Trade and other receivables

	Consolidated 2024 $'000	2023 $'000
Current assets		
Trade receivables	176,091	142,746
Less: Allowance for expected credit losses	(903)	(401)
	175,188	142,345
Other receivables	29,637	24,594
	204,825	166,939

Allowance for expected credit losses
Trade receivables are non-interest bearing. 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 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	
	2024	2023	2024	2023	2024	2023
Consolidated	%	%	$'000	$'000	$'000	$'000
Not overdue	-	-	181,805	107,086	-	-
0 to 1 month overdue	-	-	18,195	47,971	-	-
1 to 2 months overdue	-	-	3,091	7,427	-	-
2 to 3 months overdue	-	-	1,502	2,086	-	-
Over 3 months overdue	79.60%	14.48%	1,135	2,770	903	401
			205,728	167,340	903	401

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

	Consolidated 2024 $'000	2023 $'000
Opening balance	401	168
Additional provisions recognised	507	16
Additions through business combinations	-	235
Exchange differences	-	(4)
Receivables written off during the year as uncollectable	(5)	(14)
Closing balance	903	401

Note 9. Inventories

	Consolidated 2024 $'000	2023 $'000
Current assets		
Goods held for resale - at cost	4,728	4,766
Less: Provision for impairment	(31)	(31)
	4,697	4,735
Fuel at cost	3,887	3,512
Spare parts at cost	24,737	20,605
Less: Provision for impairment	(1,372)	(1,514)
	31,949	27,338

Note 10. Right-of-use assets

	Consolidated 2024 $'000	2023 $'000
Non-current assets		
Land and buildings - right-of-use	175,354	111,884
Less: Accumulated depreciation	(34,290)	(28,329)
	141,064	83,555
Motor vehicles - right-of-use	58,428	59,181
Less: Accumulated depreciation	(11,783)	(7,122)
	46,645	52,059
	187,709	135,614

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 2022	51,857	54,040	105,897
Additions	2,829	2,121	4,950
Additions through business combinations (note 34)	37,882	2,019	39,901
Exchange differences	645	(38)	607
Transfers in/(out)	(71)	(1,488)	(1,559)
Depreciation expense	(9,587)	(4,595)	(14,182)
Balance at 30 June 2023	83,555	52,059	135,614
Additions	59,465	331	59,796
Additions through business combinations (note 34)	1,128	-	1,128
Disposals	(12,640)	-	(12,640)
Lease remeasurement	31,400	-	31,400
Revaluation decrements	(2,732)	-	(2,732)
Exchange differences	130	15	145
Transfers in/(out)	(222)	74	(148)
Depreciation expense	(19,020)	(5,834)	(24,854)
Balance at 30 June 2024	141,064	46,645	187,709

Note 10. Right-of-use assets (continued)

Current year acquired rights included $41.7m relating to commencement of the new Region 2 and enlarged Region 3 metropolitan bus contracts in Sydney, NSW. Prior year acquired rights included $37.9m of leased property and $2.0m of leased coaches as part of the All Aboard America! Holdings, Inc. acquisition refer note 34.

There were $8.1m of leases relinquished during the period as part of the enlarged Region 3 metropolitan bus contracts in Sydney, NSW

Note 11. Derivative financial assets

		Consolidated
	2024	2023
	$'000	$'000
Current assets		
Interest rate swap contracts - cash flow hedges	-	4,042
Fuel price swap contracts - cash flow hedges	-	501
	-	4,543
Non-current assets		
Interest rate swap contracts - cash flow hedges	-	2,519
	-	7,062

Refer to note 28 for further information on financial instruments.

Note 12. Other assets

		Consolidated
	2024	2023
	$'000	$'000
Current assets		
Prepayments	25,149	15,739
Deferred expenses	2,452	3,580
Other deposits	870	726
Deferred consideration receivable	1,418	1,316
Other current assets	750	750
	30,639	22,111
Non-current assets		
Deferred consideration receivable	11,543	12,407
	42,182	34,518

Prepayments includes finance costs paid in advance as part of the successful debt facility refinancing completed in June 2024 and additional balances in relation to the new expanded regions in Sydney.

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

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

Note 13. Property, plant and equipment

	Consolidated 2024 $'000	Consolidated 2023 $'000
Non-current assets		
Land and buildings - at cost	136,345	115,803
Less: Accumulated depreciation	(11,151)	(9,651)
	125,194	106,152
Leasehold improvements - at cost	14,368	10,456
Less: Accumulated depreciation	(5,904)	(3,901)
	8,464	6,555
Plant and equipment - at cost	62,585	51,864
Less: Accumulated depreciation	(35,264)	(29,878)
	27,321	21,986
Motor vehicles - at cost	572,490	406,306
Less: Accumulated depreciation	(123,289)	(67,471)
	449,201	338,835
Vessels - at cost	241,234	235,846
Less: Accumulated depreciation	(95,073)	(86,243)
Less: Accumulated impairment	(2,526)	(2,526)
	143,635	147,077
Capital works in progress - at cost	71,196	35,838
	825,011	656,443

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

Consolidated	Land & buildings $'000	Leasehold improve $'000	Plant & equipment $'000	Motor vehicles $'000	Vessels $'000	CWIP $'000	Total $'000
Balance at 1 July 2022	81,713	1,958	20,815	145,092	141,465	13,775	404,818
Additions	22,614	523	2,719	31,367	11,497	31,449	100,169
Additions through business combinations (note 34)	-	4,236	2,596	188,093	-	869	195,794
Disposals	(35)	(4)	(6)	(1,625)	(413)	(919)	(3,002)
Exchange differences	2,687	(5)	124	(3,072)	-	(16)	(282)
Write off of assets	-	(128)	-	-	-	-	(128)
Transfers in/(out)	646	314	1,660	2,296	6,345	(9,320)	1,941
Depreciation expense	(1,473)	(339)	(5,922)	(23,316)	(11,817)	-	(42,867)
Balance at 30 June 2023	106,152	6,555	21,986	338,835	147,077	35,838	656,443
Additions	21,716	1,466	10,199	173,837	1,668	44,602	253,488
Additions through business combinations (note 34)	-	-	704	462	4,284	-	5,450
Disposals	-	-	(128)	(2,879)	(1,987)	(1,694)	(6,688)
Exchange differences	41	22	27	515	-	-	605
Transfers in/(out)	(1,219)	2,442	1,596	33	4,698	(7,550)	-
Depreciation expense	(1,496)	(2,021)	(7,063)	(61,602)	(12,105)	-	(84,287)
Balance at 30 June 2024	125,194	8,464	27,321	449,201	143,635	71,196	825,011

Note 13. Property, plant and equipment (continued)

At 30 June 2024, 5 vessels are under construction and 26 conventional buses (US) and a further 102 conventional/ buses are under contract in Australia.

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

Refer to note 17 for further information on assets pledged as security for financing arrangements.

Note 14. Intangibles

	Consolidated	
	2024	2023
	$'000	$'000
Non-current assets		
Goodwill - at cost	721,487	714,153
Less: Accumulated impairment	(7,999)	(7,799)
	713,488	706,354
Brands and trademarks - at cost	51,329	50,573
Customer contracts - at cost	171,909	163,165
Less: Accumulated amortisation	(110,371)	(85,500)
	61,538	77,665
Software - at cost	1,063	1,063
Less: Accumulated amortisation	(150)	(44)
	913	1,019
Other intangible assets - at cost	23,392	14,764
Less: Accumulated amortisation	(10,614)	(9,459)
	12,778	5,305
Customer relationships - at cost	152,059	151,981
Less: Accumulated amortisation	(18,721)	(3,581)
	133,338	148,400
	973,384	989,316

Note 14. Intangibles (continued)

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

Consolidated	Goodwill $'000	Customer contracts $'000	Other intangibles $'000	Customer relationships $'000	Trademarks Brands $'000	Software $'000	Total $'000
Balance at 1 July 2022	491,268	84,139	2,038	7,373	2	-	584,820
Additions	-	-	763	-	-	-	763
Additions through business combinations (note 34)	212,244	10,133	3,710	145,682	51,464	1,063	424,296
Exchange differences	3,333	635	(386)	(2,401)	(893)	-	288
Transfers in/(out)	(491)	-	-	-	-	-	(491)
Amortisation expense	-	(17,242)	(820)	(2,254)	-	(44)	(20,360)
Balance at 30 June 2023	706,354	77,665	5,305	148,400	50,573	1,019	989,316
Additions	-	-	1,313	-	-	-	1,313
Additions through business combinations (note 34)	7,211	1,138	7,671	-	712	-	16,732
Exchange differences	(77)	6	8	185	44	-	166
Amortisation expense	-	(17,271)	(1,519)	(15,247)	-	(106)	(34,143)
Balance at 30 June 2024	713,488	61,538	12,778	133,338	51,329	913	973,384

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

There was no impairment of assets made in 2024 (2023: $Nil). See commentary below.

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

	Brands 2024 '000	Brands 2023 '000	Goodwill 2024 '000	Goodwill 2023 '000
All Aboard America! Holdings - USA	48,913	48,869	201,236	197,202
Transit - WA & NT	-	-	162,030	162,030
Tower Transit - Singapore	-	-	111,038	111,174
Transit - NSW	-	-	61,155	61,155
Transit - SA	-	-	59,649	59,649
Transit - Victoria (Sita)	-	-	45,727	45,727
SeaLink - South East QLD	712	-	33,156	30,081
Go West Tours - WA	2	2	17,929	17,929
Horizons West, WA	1,099	1,099	10,280	10,127
SeaLink - QLD	-	-	6,420	6,420
Fraser Island, QLD	-	-	3,500	3,500
Grand Touring, NT	603	603	1,318	1,310
Swan Valley Tours, WA	-	-	50	50
	51,329	50,573	713,488	706,354

The business combinations assessment for the business of Red Cat is provisional. The business combinations assessment for the businesses of All Aboard America, Horizons West, Grand Touring and North Stradbroke Island Bus are final. Refer note 34 for further details.

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

Note 14. Intangibles (continued)

A terminal value growth rate of 3.0% has been used for Marine & Tourism and 1.5% for Australian and International Public Bus CGUs (2023: 3.0% for Marine & Tourism CGUs and 1.5% for all Australian and International Public Bus CGUs). The terminal value growth rates are used to determine the terminal value of a CGU based on long range forecasts for CPI or comparable indices in the geographies we operate in.

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

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

	Marine & Tourism %	Australian Bus %	International Bus %
Discount rate used in impairment calculations for 2024	13.0%	11.2%	9.2% - 11.5%
Discount rate used in impairment calculations for 2023	12.8%	11.1%	9.1%

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

Marine & Tourism CGU's
Marine & Tourism CGU's have had growth rates applied of 3.0% (2023: 3.0%), this is based on historical experience and current operating trends within these CGUs.

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

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

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

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

Australian Bus CGUs
Contracted increases in revenue – all CGU's within the Australian Bus Segment have had contracted revenue grow by at least 1.5% (2023: 1.5%). This is based on the contracted nature of these businesses and the increases reflected in the contracts it has with its government clients.

International Bus - Singapore
An increase in contracted revenue by at least 1.5% (2023 : 1.5%). This is based on the contracted nature of these businesses and the increases reflected in the contracts it has with its primary government client. An increase in performance incentives has been assumed to return to pre-COVID levels by year 2 of the forecast period.

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

Summary of goodwill impairment testing
Management have reviewed the changes to the key assumptions in the model and based on those changes have assessed there would not be an impairment of goodwill for any of the Group's CGU's (2023:$Nil).

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

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

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

Note 14. Intangibles (continued)

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

During the period the Group recorded amortisation of $34.1m (2023: $20.4m) associated with customer contracts and permits with an associated reduction in the Deferred Tax Liability of $10.2m (2023: $6.1m).

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

Note 15. Trade and other payables

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Trade payables	54,946	50,837
BAS payable	13,096	10,789
Other payables	25,474	29,718
	93,516	91,344

Refer to note 28 for further information on financial instruments.

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

Note 16. Contract liabilities

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Contract liabilities	14,288	14,634

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

	2024	2023
Opening balance	14,634	14,354
Deferred during the year	108,620	113,974
Recognised during the year	(108,966)	(113,694)
Closing balance	14,288	14,634

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $6,161,080,000 as at 30 June 2024 ($6,221,837,000 as at 30 June 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2024	2023
	$'000	$'000
Within one year	1,445,086	1,339,656
More than one year	4,715,994	4,882,181
	6,161,080	6,221,837

There have been no significant contract changes impacting unsatisfied performance obligations this period.

Note 17. Borrowings

	Consolidated	
	2024	2023
	$'000	$'000
Non-current liabilities		
Commercial bills payable	739,946	677,755

Refer to note 28 for further information on financial instruments.

Total secured liabilities
Commercial bills payable are under the Group's multi tranche facility were successfully renegotiated during 2024. The facilities were increased and renegotiated to be provided on an unsecured basis and the lender pool expanded providing additional revolving credit of $348.6m and additional letter of credit facilities of $135.0m.

Interest bearing loans and borrowings have a fair value of $739.9m (2023: $677.8m) and a carrying value of $739.9m (2023: $677.8m). During the year $62.3m funds (2023: $332.8m) were drawn down.

As part of the renegotiated debt facilities, Kelsian entered into the following new three to five year facilities with evergreen provisions:

- Facility A: an unsecured AUD facility with a limit of $AUD675 million 3, 4 and 5 year revolving credit facilities;
- Facility B: an unsecured USD facility with a limit of USD $297.5 million 3, 4 and 5 year revolving credit facilities; and
- Facility C: Implementation of global guarantee facility comprising a revolving letter of credit facility with a limit of $260 million and a term of 3 years from commencement, for the provision of letters of credit for material contract performance obligations (including the provision of new or refinanced performance bonds and bank guarantees).

The new increased unsecured facilities have provided Kelsian with a materially improved debt platform with greater flexibility and no change to financial covenants.

Note 17. Borrowings (continued)

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

	Consolidated	
	2024	2023
	$'000	$'000
Total facilities		
Facility A - multi currency revolving credit	675,000	-
Facility B - USD revolving credit	449,124	-
Facility C - revolving letter of credit (PY refinanced)	260,000	125,000
Facility A - multi currency term loan (refinanced)	-	230,000
Facility B1 - revolving credit (refinanced)	-	200,000
Facility B2 - revolving credit (refinanced)	-	65,000
Facility D1 - USD term loan (refinanced)	-	227,753
Facility D2 - USD revolving credit (refinanced)	-	52,790
Insurance bonds	-	14,003
	1,384,124	914,546
Used at the reporting date		
Facility A - multi currency revolving credit	475,000	-
Facility B - USD revolving credit	264,946	-
Facility C - revolving letter of credit (PY refinanced)	119,639	77,151
Facility A - multi currency term loan (refinanced)	-	230,000
Facility B1 - revolving credit (refinanced)	-	200,000
Facility B2 - revolving credit (refinanced)	-	20,000
Facility D1 - USD term loan (refinanced)	-	227,753
Facility D2 - USD revolving credit (refinanced)	-	-
Insurance bonds	-	14,003
	859,585	768,907
Unused at the reporting date		
Facility A - multi currency revolving credit	200,000	-
Facility B - USD revolving credit	184,178	-
Facility C - revolving letter of credit (PY refinanced)	140,361	47,849
Facility A - multi currency term loan (refinanced)	-	-
Facility B1 - revolving credit (refinanced)	-	-
Facility B2 - revolving credit (refinanced)	-	45,000
Facility D1 - USD term loan (refinanced)	-	-
Facility D2 - USD revolving credit (refinanced)	-	52,790
Insurance bonds	-	-
	524,539	145,639

The AUD based facilities are provided on a floating rate basis referenced to the BBSY rate and the USD based facilities are provided on a floating rate basis referenced to the SOFR rate. As at year end, the balance of Facility A (AUD) $475.0m had an average rate of 5.75% (2023: 5.54%) and Facility B (USD) $175.5m had an average rate of 6.79% (2023:6.73%) with the weighted average rate for combined facilities A and B (AUD and USD) 6.12% (2023: 5.84%). All current facilities are at floating rates. Committed financing facilities A and B total $1,124.4m (2023: $776.5mm) and were available to the consolidated entity at the end of the financial year. As at that date, $739.9m (2023: $677.8m) of these facilities were in use.

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

Financing cash flows
During the period $62.3m (2023:$333.8m) of borrowings were drawn down together with a net $42.5m increase in letters of credit drawn the latter having no cashflow impact.

Assets pledged as security
All facilities are provided on an unsecured basis.

Various guarantees / performance bonds have been provided as surety on a range of material operational contracts and lease contracts. Guarantees provided total $119.6m (2023: $77.2m), the net increase relates to the new expanded contracted regions in Sydney, NSW and increases of existing guarantees on the anniversary of the contract and various changes to lease related guarantees.

Note 18. Borrowings - ring fenced finance facilities

During the period, Kelsian established wholly owned special purpose Australian subsidiaries to own and operate government contracted bus assets used to service specific service regions in Sydney, NSW. These special purpose subsidiaries acquired the bus assets from the Kelsian operator entities using limited recourse new ringfenced asset financing arrangements. These ringfenced financing arrangements are supported by government and have limited recourse to the broader Kelsian Group. The ringfenced finance arrangements are separate to Kelsian's corporate debt facilities and have both a tenor aligned to the expiry of the associated bus services contracts and an amortisation profile that matches the residual values of the buses determined under the bus services contract (with these amounts being payable to the subsidiaries at the end of the bus services contract).

In December 2023, a limited recourse asset financing facility of up to $40 million was established for the purchase of 49 Battery-Electric buses for Region 6. In February 2024, limited recourse asset financing facilities totalling approximately $74.0 million were established for contracted bus assets acquired from outgoing bus operators in Regions 2, 13 and 15. These facilities are excluded from Kelsian's financial covenant obligations.

Government backed contracted assets with a vehicle termination payment obligation not in a ring-fenced finance facility total $53.3m as at 30 June 2024. Excluding this contractual commitment, leverage (net debt to EBITDA) reduces to 2.45 times.

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Borrowings - ring fenced finance facilities	11,725	-
Non-current liabilities		
Borrowings - ring fenced finance facilities	89,089	-
	100,814	-

The ring fenced facilities are provided on a floating rate basis referenced to the BBSW rate. As at year end, the balance of the ring fenced facilities was $100.8m and had an average rate of 5.6%.

During the current year there were no defaults or breaches.

During the period $105.0m of borrowings were drawn.

Note 19. Lease liabilities

	Consolidated	
	2024	2023
	$'000	$'000
Current liabilities		
Lease liability - Current	44,487	15,200
Non-current liabilities		
Lease liability - Non current	134,637	113,425
	179,124	128,625

Note 19. Lease liabilities (continued)

	Consolidated 2024 $'000	2023 $'000
Opening balance	128,625	94,707
Additions	62,366	7,758
Additions through business combinations (note 34)	1,128	42,717
Exchange differences	30	26
Lease payments (principal)	(23,491)	(13,932)
Lease related interest	(4,283)	(2,651)
Lease relinquishment (non cash)	(13,511)	-
Lease remeasurement	28,260	-
	179,124	128,625

As part of the new NSW contract commencement $8.1m leases were relinquished and replaced by $41.0m new leases for premises as part of the expanded operations. Short term lease payments of $3.8m were made during the period (2023: $2.6m)

Refer to note 28 for further information on financial instruments.

Note 20. Derivative financial liabilities

	Consolidated 2024 $'000	2023 $'000
Current liabilities		
Interest rate swap contracts - cash flow hedges	133	-
Non-current liabilities		
Interest rate swap contracts - cash flow hedges	285	-
	418	-

Refer to note 28 for further information on financial instruments.

Note 21. Employee benefits

	Consolidated 2024 $'000	2023 $'000
Current liabilities		
Annual leave	66,164	56,768
Long service leave	44,754	39,340
Sick leave	311	296
Employee benefits	904	936
	112,133	97,340
Non-current liabilities		
Long service leave	7,746	7,763
	119,879	105,103

Note 22. Provisions

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Deferred consideration	26,652	26,621
Other provisions	12,907	13,480
	39,559	40,101
Non-current liabilities		
Other provisions	671	-
	40,230	40,101

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

Consolidated - 2024	Motor claims $'000	Deferred consideration $'000	Other $'000	Workers compensation $'000
Carrying amount at the start of the year	7,927	26,621	1,735	3,818
Additional provisions recognised	5,518	-	341	3,633
Amounts used	(1,817)	-	(774)	-
Payments	(3,508)	-	(615)	(2,690)
Exchange differences	10	31	-	-
Carrying amount at the end of the year	8,130	26,652	687	4,761

Note 23. Other liabilities

	Consolidated 2024 $'000	Consolidated 2023 $'000
Current liabilities		
Deferred consideration	3,018	16,470
Accrued expenses	74,460	68,654
Deferred revenue	7,073	6,931
Revenue received in advance	3,023	3,468
Subsidies and grants received in advance	-	119
Other current liabilities	510	598
	88,084	96,240
Non-current liabilities		
Deferred consideration	797	-
Subsidies and grants received in advance	55	98
	852	98
	88,936	96,338

Note 23. Other liabilities (continued)

There is one instalment of deferred consideration of $2.9m remaining in relation to the business combinations of Horizons West Bus and Coachlines.

Deferred consideration of $0.9m has been recognised in relation to the business combination of Red Cat note 34.

Deferred consideration of $11.8m was paid during the period, $8.05m in relation to the Go West Tours acquisition and $2.3m and $1.4m in relation to Horizons West Coachlines and Grand Touring NT respectively.

Note 24. Issued capital

				Consolidated
	2024	2023	2024	2023
	Shares	Shares	$'000	$'000
Ordinary shares - fully paid	269,778,791	269,217,706	853,179	849,943

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 are 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. The Group monitors capital on the basis of its gearing ratio. 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 debts.

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.

The Group is subject to certain financing arrangements covenants and meeting these are 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 30 June 2023.

The gearing ratio at the reporting date was as follows:

		Consolidated
	2024	2023
	$'000	$'000
Current liabilities - trade and other payables (note 15)	93,516	91,344
Non-current liabilities - borrowings (note 17)	739,946	677,755
Total borrowings	833,462	769,099
Current assets - cash and cash equivalents (note 7)	(134,470)	(157,939)
Net debt	698,992	611,160
Total equity	927,373	923,607
Total capital	1,626,365	1,534,767
Gearing ratio	43%	40%

Note 25. Reserves

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.

Note 25. Reserves (continued)

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

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

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

Consolidated	Share option surplus $'000	Cash flow hedging $'000	Foreign currency $'000	Total $'000
Balance at 1 July 2022	3,322	4,846	(3,090)	5,078
Revaluation - gross	-	140	-	140
Deferred tax	-	(42)	-	(42)
Share based payment expense	1,009	-	-	1,009
Employee rights converted	(1,646)	-	-	(1,646)
Foreign currency translation	-	-	22,721	22,721
Balance at 30 June 2023	2,685	4,944	19,631	27,260
Revaluation - gross	-	(7,481)	-	(7,481)
Deferred tax	-	2,244	-	2,244
Share based payment expense	365	-	-	365
Employee rights converted	(1,537)	-	-	(1,537)
Foreign currency translation	-	-	(3,924)	(3,924)
Balance at 30 June 2024	1,513	(293)	15,707	16,927

Note 26. Non-controlling interest

The non-controlling interest $3,000, relates to Torrens Connect Pty Ltd which is a majority owned subsidiary in the Consolidated Group under accounting standards however operationally is a joint venture entity used to service the Torrens Transit Tram contract in South Australia.

Note 27. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Interim fully franked dividend for the year ended 30 June 2024 paid 17 April 2024 of 8.0 cents (2023: 7.5 cents) per ordinary share	21,549	16,391
Final fully franked dividend for the year ended 30 June 2023 paid 20 October 2023 of 9.5 cents (2022: 9.5 cents) per ordinary share	25,594	20,761
	47,143	37,152

Franking credits

	Consolidated 2024 $'000	Consolidated 2023 $'000
Franking credits available at the reporting date based on a tax rate of 30%	116,024	129,660
Franking credits available for subsequent financial years based on a tax rate of 30%	116,024	129,660

Note 27. Dividends (continued)

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

Note 28. Financial instruments

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

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

Market risk

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

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

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

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

		Assets		Liabilities
	2024	2023	2024	2023
Consolidated	$'000	$'000	$'000	$'000
US dollars	229,421	227,753	264,946	227,753
Pound Sterling	2,860	2,857	26,652	26,621
Singapore dollars	44,874	44,790	-	-
	277,155	275,400	291,598	254,374

The consolidated entity had net current liabilities denominated in foreign currencies of $26.6m (assets of $0.0m less liabilities of $26.6m) as at 30 June 2024 (2023: Net current liabilities of $26.6m, assets of $0.0m less liabilities of $26.6m). Based on this exposure, had the Australian dollar weakened by 5.0%/strengthened by 5.0% (2023: weakened by 5.0%/strengthened by 5.0%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $1.3m higher/$1.3m lower (2023: $1.3m lower/$1.3m higher) and equity would have been $0.9m higher/$0.9m lower (2023: $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. The net foreign exchange gain for the year ended 30 June 2024 was a non cash unrealised gain of $3.8m (2023: loss of ($1.4m)). There is no expectation the foreign exchange movements will be realised in the future as they relate to indefinite intercompany loans and provisions.

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.

Note 28. Financial instruments (continued)

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

	2024		2023	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Consolidated	%	$'000	%	$'000
Commercial bills - floating	5.75%	739,946	6.60%	677,755
Ring fenced finance facilities	5.60%	89,089	-	-
Interest rate swap contracts - cash flow hedges	4.25%	(394,768)	3.60%	(338,900)
Net exposure to cash flow interest rate risk		434,267		338,855

The consolidated entity has entered into interest rate swaps of $394.8m (2023: $338.9m) that effectively hedges approximately 50.0% (2023: 50.0%) of the company's exposure to fluctuations in interest rates from senior debt.

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

For the consolidated entity the commercial bills outstanding, totalling $739.9m (2023: $677.8m) are interest only payment loans. Monthly cash outlays of approximately $3.7m (2023: $3.4m) per month are required to service the interest payments. An official increase in interest rates of 0.5% and decrease of 1.0% (2023: 0.5% and decrease of 1.0%) basis points would have an adverse effect on profit before tax of $3.6m and positive effect of $7.4m respectively (2023: adverse effect on profit before tax $2.4m and positive effect of $4.8m respectively). 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 (2023: nil).

For the ring fenced facilities of $100.8m repayments are principal and interest. Monthly cash outlays of approximately $1.4m per month are required to service the repayments. An official increase in interest rates of 0.5% and decrease of 1.0% basis points would have an adverse effect on profit before tax of $0.1m and positive effect of $0.3m respectively. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. The minimum principal repayments due were $5.4m (2023: nil).

Credit risk

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

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

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

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

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

Liquidity risk

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

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

Note 28. Financial instruments (continued)

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2024 $'000	Consolidated 2023 $'000
Facility B2 - revolving credit (refinanced)	-	45,000
Facility C - revolving letter of credit (PY refinanced)	140,361	47,849
Facility A - multi currency revolving credit	200,000	-
Facility B - USD revolving credit	184,178	-
Facility D2 - USD revolving credit (refinanced)	-	52,790
	524,539	145,639

Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3.7 years with an evergreen option to extend the term of the facility (2023: 2.5 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 - 2024	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					
Non-interest bearing					
Trade payables	-	54,946	-	-	54,946
Other payables	-	25,474	-	-	25,474
BAS payables	-	13,096	-	-	13,096
Financial guarantee contracts (on demand)	-	119,639	-	-	119,639
Insurance bonds	-	17,072	-	-	17,072
Interest-bearing variable					
Commercial bills	5.75%	42,547	910,133	-	952,680
Ring fenced finance facility	5.56%	17,072	81,070	21,277	119,419
Interest-bearing - fixed rate					
Hire purchase	3.86%	3,478	6,178	-	9,656
Lease liability	4.85%	50,124	84,715	45,599	180,438
Total non-derivatives		343,448	1,082,096	66,876	1,492,420

Note 28. Financial instruments (continued)

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

Details about the financial guarantee contracts are provided in note 17. The amounts disclosed in the above tables are the maximum amounts allocated to the earliest period in which the guarantee could be called upon. The Group does not expect these payments to eventuate.

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

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

Valuation techniques for fair value measurements categorised within level 2
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

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

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

Valuation techniques for fair value measurements categorised within level 3
Level 3 financial assets and liabilities have been valued by using the discounted cash flows (DCF) method.

Note 28. Financial instruments (continued)

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

Consolidated	2024 Carrying amount $'000	2024 Fair value $'000	2023 Carrying amount $'000	2023 Fair value $'000
Assets				
Cash on hand	353	353	33,709	33,709
Cash at bank	126,657	126,657	98,255	98,255
Cash on deposit	7,460	7,460	25,975	25,975
Cash flow hedges	-	-	7,062	7,062
	134,470	134,470	165,001	165,001
Liabilities				
Commercial bills	739,946	739,946	677,745	677,745
Ring fenced finance facilities	100,813	-	-	-
	840,759	739,946	677,745	677,745

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 29. Key management personnel disclosures

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

Directors

J Ellison AM	Chair	Resigned 1 July 2024
F Hele	Non-Executive Director & Deputy Chair	
C Smerdon	Non-Executive Director	Resigned 24 October 2023
N Smith	Non-Executive Director	
L Hockridge	Non-Executive Director	
T Dodd	Non-Executive Director	
D Grady AO	Non-Executive Director	
C Feuerherdt	Managing Director & Group Chief Executive Officer	Appointed 3 July 2023
J McArthur	Non-Executive Director	Appointed 15 January 2024
C Elliott	Non-Executive Director	Appointed 17 June 2024

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

Senior executives

C Feuerherdt	Managing Director & Group Chief Executive Officer	
A Muir	Group Chief Financial Officer & Joint Kelsian Secretary	
G Legh	Chief Executive Officer - All Aboard America! Holdings, Inc.	Appointed 1 September 2023
M McGee	Chief Executive Officer - Australian Bus	
D Gauci	Chief Executive Officer - Marine & Tourism	
W Toh	Managing Director - Singapore	
W Trimarco	Chief Executive Officer - All Aboard America! Holdings, Inc.	Retired 1 September 2023

Note 29. Key management personnel disclosures (continued)

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

	Consolidated	
	2024	2023
	$'000	$'000
Short-term employee benefits	7,243	6,558
Long-term benefits	113	103
Share-based payments	832	838
	8,188	7,499

Note 30. Remuneration of auditors

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

	Consolidated	
	2024	2023
	$'000	$'000
Audit services - Ernst & Young		
Audit or review of the financial statements	607	860
Other services - Ernst & Young		
Preparation of the tax return	123	238
Due diligence	38	274
Fuel tax credit assurance review	6	15
Transfer pricing review	54	-
	221	527
	828	1,387
Audit services - network firms		
Audit or review of the financial statements	390	107
Audit services - unrelated firms		
Audit or review of the financial statements	-	276
Other services - unrelated firms		
Preparation of the tax return	406	183
Other	61	10
	467	193
	467	469

Note 31. Commitments

	Consolidated	
	2024	2023
	$'000	$'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Vessels	28,206	50,511
Buses and motor vehicles	59,468	80,047
Land	900	-
Other	15,862	8,639
	104,436	139,197

Note 32. Related party transactions

Parent entity
Kelsian Group Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the Directors' report.

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

	Consolidated	
	2024	2023
	$	$
Payment for goods and services:		
Pacific Marine Group Pty Ltd (controlled by Mr T Dodd) - Provision of marine piling services following a formal selective tender process.	1,191,098	1,106,009
ST Property Trust, ST Property Trust No. 2, Newton No. 2 Trust (controlled or jointly controlled by Mr N Smith) - Rental for bus depots operated by Transit Systems Group in Australia.	2,763,900	2,993,343
ST Property Trust - Deposit paid for purchase of strategic land and buildings Hoxton Park which settled in July 2024	3,140,000	-

On 29 February 2024 Kelsian acquired on arms length terms, the Newton bus depot in Adelaide from ST Property Trust and Newton No. 2 Trust (entities controlled or jointly controlled by Mr N Smith) for $15.2 million. The property value was supported by an independent valuation undertaken by Knight Frank Adelaide.

On 13 May 2024 Kelsian entered into a contract to acquire on arms length terms, the Hoxton Park bus depot in Sydney from ST Property Trust No. 2 (an entity controlled or jointly controlled by Mr N Smith) for $31.4 million. The property value was supported by an independent valuation undertaken by Savills Valuations Sydney. A deposit of $3.1 million was paid during FY24 and settlement took place on 31 July 2024.

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 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

		Parent
	2024	2023
	$'000	$'000
Profit after income tax	47,976	83,961
Total comprehensive income/(loss)	47,976	83,961

Statement of financial position

		Parent
	2024	2023
	$'000	$'000
Total current assets	12,798	9,201
Total assets	1,182,133	1,174,339
Total current liabilities	24,571	32,330
Total liabilities	330,434	318,634
Equity		
Issued capital	853,179	849,943
Hedging reserve - cash flow hedges	(293)	4,944
Other capital reserves	1,513	2,685
Accumulated losses	(2,700)	(1,867)
Total equity	851,699	855,705

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent has entered into various cross-guarantees with it's subsidiaries to support borrowings across the Group. Refer note 37 for further details.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 (2023:Nil).

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 (2023:Nil).

Material accounting policy information
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 34. Business combinations

In the prior period, the acquisitions of All Aboard America! Holdings, Inc., Horizons West Bus and Coachlines, CT Plus Buses (Channel Islands), North Stradbroke Island Bus Service, Grand Touring and Denmark were preliminary. The business combination accounting for these is now final.

Provisional accounting adjustments
There have been minimal changes to the provisional accounting for All Aboard America! Holdings Inc.. Goodwill has increased by $4.0m following the working capital adjustment cash payment ($1.9m) and miscellaneous non-cash deferred tax adjustments during the year.

Note 34. Business combinations (continued)

Red Cat
On 1 February 2024, Kelsian completed the acquisition of the multi award-winning tourism operator Red Cat Adventures including the assets used in and comprising the business, for an enterprise value of A$14.0m. The acquired business would have contributed revenues of $15.0m and profit after tax of $1.5m for the period 1 July 2023 to 30 June 2024 had it been held for the full period. The values identified in relation to the acquisition of Red Cat are provisional as at 28 August 2024.

Details of the acquisitions are as follows:

	Final	Provisional		
	All Aboard America!	Red Cat	Other acquisitions	
	Fair value	Fair value	Fair value	Total
	$'000	$'000	$'000	$'000
Cash and cash equivalents	6,366	-	-	6,366
Trade receivables	48,721	32	-	48,753
Other receivables	1,185	-	-	1,185
Inventories	4,698	113	-	4,811
Prepayments	2,225	-	-	2,225
Other current assets	576	-	-	576
Property, plant & equipment	182,018	5,199	251	187,468
Right-of-use assets	39,901	1,128	-	41,029
Brands and trademarks	49,762	712	-	50,474
Customer contracts	-	-	1,138	1,138
Customer relationships	133,774	-	-	133,774
Other intangible assets	349	7,671	-	8,020
Trade payables	(4,142)	(13)	-	(4,155)
Other payables	(2,999)	(120)	-	(3,119)
Provision for income tax	(1,699)	-	-	(1,699)
Deferred tax liability	(81,046)	(2,486)	-	(83,532)
Employee benefits	(2,758)	(97)	-	(2,855)
Other provisions	(10,613)	-	-	(10,613)
Accrued expenses	(12,155)	-	-	(12,155)
Deferred revenue	(268)	-	-	(268)
Revenue received in advance	(4,443)	-	-	(4,443)
Lease liability	(39,901)	(1,128)	-	(41,029)
Net assets acquired	309,551	11,011	1,389	321,951
Goodwill	204,782	3,075	161	208,018
Acquisition-date fair value of the total consideration transferred	514,333	14,086	1,550	529,969
Representing:				
Cash paid or payable to vendor	514,333	13,185	1,550	529,068
Contingent consideration	-	901	-	901
	514,333	14,086	1,550	529,969
Acquisition costs expensed to profit or loss	18,354	100	2	18,456
Cash used to acquire business, net of cash acquired:				
Acquisition-date fair value of the total consideration transferred	514,333	14,086	1,550	529,969
Less: payments made in prior periods	(512,431)	-	-	(512,431)
Less: payments to be made in future periods	-	(901)	-	(901)
Net cash used	1,902	13,185	1,550	16,637

Note 34. Business combinations (continued)

Other Acquisitions
During the period Kelsian also acquired two school bus contract businesses in Western Australia totalling $1.4m, acquired through its subsidiaries Swan Transit Pty Ltd and WA Bus and Coachlines Pty Ltd respectively comprising buses with fair value of $0.3m and recognition of a customer contract intangible $1.1m. This acquisition further complements and supports our education sector bus businesses.

Deferred consideration
During the period the 2nd and final instalment of deferred consideration for Go West Tours was paid together deferred consideration payments for Horizons West and Grand Touring with total cashflow impact $11.8m.

Note 35. 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 2024 %	Ownership interest 2023 %
AAAHI Acquisition Corporation	United States of America	100.00%	100.00%
AAAHI Intermediate Holdings LLC	United States of America	100.00%	100.00%
AAAHI Tempco, LLC	United States of America	100.00%	100.00%
AAAHI Topco Corporation	United States of America	100.00%	100.00%
Ace Express Coaches, LLC	United States of America	100.00%	100.00%
All Aboard America! Holdings, Inc	United States of America	100.00%	100.00%
All Aboard America! School Transportation, LLC	United States of America	100.00%	100.00%
All Aboard Transit Services, LLC	United States of America	100.00%	100.00%
Australia Inbound Pty Ltd	Australia	100.00%	100.00%
Avonward Pty Ltd	Australia	100.00%	100.00%
Big Red Cat Pty Ltd	Australia	100.00%	100.00%
BITS Assets Pty Ltd	Australia	100.00%	100.00%
BITS Ferry Services Pty Ltd	Australia	100.00%	100.00%
Captain Cook Cruises Pty Ltd	Australia	100.00%	100.00%
CT Plus Guernsey Ltd	Channel Islands	100.00%	100.00%
CT Plus Jersey Ltd	Channel Islands	100.00%	100.00%
Curtis Island Assets Pty Ltd	Australia	100.00%	100.00%
Curtis Island Services Pty Ltd	Australia	100.00%	100.00%
First Class Transportation, LLC	United States of America	100.00%	100.00%
Hotard Coaches, Inc	United States of America	100.00%	100.00%
Industrial Bus Lines, Inc	United States of America	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%
Kelsian International Holdings Pty Ltd	Australia	100.00%	100.00%
Kelsian UK Limited	United Kingdom	100.00%	100.00%
Kelsian USA Inc.	United States of America	100.00%	100.00%
Lux Bus America Co	United States of America	100.00%	100.00%
Lux Leasing, LLC	United States of America	100.00%	100.00%
Magnetic Island Cruise Corporation Pty Ltd	Australia	100.00%	100.00%
McClintock Enterprises, Inc	United States of America	100.00%	100.00%
NT Bus and Coachlines Pty Ltd	Australia	100.00%	100.00%
PDW Pty Ltd	Australia	100.00%	100.00%
RiverCity Ferries Pty Ltd	Australia	100.00%	100.00%
S. V. Haoust Pty Ltd	Australia	100.00%	100.00%
Sea Stradbroke Services Pty Ltd	Australia	100.00%	100.00%
SeaCap Pte Ltd	Singapore	100.00%	100.00%
SeaLink Ferries Pty Ltd	Australia	100.00%	100.00%
SeaLink Fraser Island Pty Ltd	Australia	100.00%	100.00%
SeaLink KI Ferries Pty Ltd	Australia	100.00%	100.00%
SeaLink KI Holding Pty Ltd	Australia	100.00%	100.00%
SeaLink Marina Pty Ltd	Australia	100.00%	100.00%
SeaLink Marine Services QLD Pty Ltd	Australia	100.00%	-
SeaLink Northern Territory Pty Ltd	Australia	100.00%	100.00%
SeaLink Queensland Pty Ltd	Australia	100.00%	100.00%
SeaLink SA Ferry Services Pty Ltd	Australia	100.00%	100.00%
SeaLink Tasmania Pty Ltd	Australia	100.00%	100.00%
SeaLink Vessels Pty Ltd	Australia	100.00%	100.00%
Sita Coaches Pty Ltd	Australia	100.00%	100.00%
Sita Tours Pty Ltd	Australia	100.00%	100.00%
STG Properties Pty Ltd	Australia	100.00%	100.00%
Stradbroke Assets Pty Ltd	Australia	100.00%	100.00%
Stradbroke Ferries Pty Ltd	Australia	100.00%	100.00%
Sunferries Travel Pty Ltd	Australia	100.00%	100.00%
Sureride Charter, Inc	United States of America	100.00%	100.00%
Swan Transit Canning Pty Ltd	Australia	100.00%	100.00%
Swan Transit Group Pty Ltd	Australia	100.00%	100.00%

Note 35. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Swan Transit Kalamunda Pty Ltd	Australia	100.00%	100.00%
Swan Transit Marmion Pty Ltd	Australia	100.00%	100.00%
Swan Transit Midland Pty Ltd	Australia	100.00%	100.00%
Swan Transit Pty Ltd	Australia	100.00%	100.00%
Swan Transit Services (South West) Pty Ltd	Australia	100.00%	100.00%
Swan Transit Services (South) Pty Ltd	Australia	100.00%	100.00%
Swan Transit Services Pty Ltd	Australia	100.00%	100.00%
Swan Transit South West Pty Ltd	Australia	100.00%	100.00%
Swan Transit Southern River Pty Ltd	Australia	100.00%	100.00%
Swan Transit Trust	Australia	100.00%	100.00%
Territory Transit Holdings Pty Ltd	Australia	100.00%	100.00%
Territory Transit Pty Ltd	Australia	100.00%	100.00%
The Living Classroom Pty Ltd	Australia	100.00%	100.00%
The Port Jackson & Manly Steamship Company Pty Ltd	Australia	100.00%	100.00%
The South Australian Travel Company Pty Ltd	Australia	100.00%	100.00%
Torrens Connect Pty Ltd*	Australia	55.00%	55.00%
Torrens Transit Group Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Services (North) Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Services Pty Ltd	Australia	100.00%	100.00%
Torrens Transit Trust	Australia	100.00%	100.00%
Tower Transit Asset Holdings Limited	United Kingdom	100.00%	100.00%
Tower Transit Europe Pty Ltd	Australia	100.00%	100.00%
Tower Transit Holdings USA, Inc.	United States of America	100.00%	100.00%
Tower Transit Limited	United Kingdom	100.00%	100.00%
Tower Transit Operations Ltd	United Kingdom	100.00%	100.00%
Tower Transit Property Holdings Limited	United Kingdom	100.00%	100.00%
Tower Transit Singapore Pte Ltd	Singapore	100.00%	100.00%
Tower Transit Training Singapore Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Group Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Liverpool Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Services Pty Ltd	Australia	100.00%	100.00%
Transit (NSW) Trust	Australia	100.00%	100.00%
Transit Systems (Victoria) Pty Ltd	Australia	100.00%	100.00%
Transit Systems Finance Holdings Pty Ltd	Australia	100.00%	100.00%
Transit Systems MBF Pty Ltd	Australia	100.00%	100.00%
Transit Systems Melbourne Pty Ltd	Australia	100.00%	100.00%
Transit Systems NSW Pty Ltd	Australia	100.00%	100.00%
Transit Systems NSW GSBC2 Assets Pty Ltd	Australia	100.00%	-
Transit Systems NSW GSBC3 Assets Pty Ltd	Australia	100.00%	-
Transit Systems NSW R6 Assets Pty Ltd	Australia	100.00%	100.00%
Transit Systems NSW SW Pty Ltd	Australia	100.00%	100.00%
Transit Systems NSW TTP Pty Ltd	Australia	100.00%	-
Transit Systems Pty Ltd	Australia	100.00%	100.00%
Transit Systems Queensland Pty Ltd	Australia	100.00%	100.00%
Transit Systems WA Holdings 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%
Vivonne Bay Outdoor Education Centre Pty Ltd	Australia	100.00%	100.00%
Vyscot Pty Ltd	Australia	100.00%	100.00%
WA Bus and Coachlines Pty Ltd	Australia	100.00%	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 26.

Note 36. Interests in joint ventures

Kelsian has a 50% joint controlling interest in International Travel Technology Pty Ltd which was not trading at 30 June 2024 (2023: Not trading).

Note 37. Deed of cross guarantee

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

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

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

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

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

On 25 June 2024, the following subsidiaries entered into a deed of assumption and also became parties to that Deed of Cross Guarantee: Swan Transit Services (South) Pty Ltd, Transit Systems NSW Pty Ltd and Transit Systems NSW SW Pty Ltd.

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

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

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

Note 38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 39. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024	2023
	$'000	$'000
Profit after income tax expense for the year	58,006	20,999
Adjustments for:		
Depreciation and amortisation	143,284	77,409
Share-based payments	2,696	1,009
Write off of assets	-	619
Net gain on disposal of non-current assets	(912)	(3,814)
Other expenses - non-cash	-	1,442
Finance costs - non-cash	-	98
Foreign currency differences	(4,899)	25,799
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(37,854)	2,318
Increase in inventories	(4,498)	(2,571)
Decrease/(increase) in income tax refund due	2,897	(2,897)
Increase in deferred tax assets	-	(42)
Decrease in accrued revenue	-	398
Decrease/(increase) in derivative assets	4,543	(2,519)
Increase in prepayments	(9,410)	(1,301)
Decrease in other operating assets	1,744	4,031
Decrease in trade and other payables	(40,470)	(5,842)
Increase/(decrease) in contract liabilities	(466)	280
Increase/(decrease) in derivative liabilities	(4,555)	2,519
Increase/(decrease) in provision for income tax	2,857	(4,756)
Decrease in deferred tax liabilities	(8,934)	(3,354)
Increase in employee benefits	14,679	969
Increase in other provisions	129	830
Increase in other operating liabilities	27,865	17,356
Net cash from operating activities	146,702	128,980

Note 40. Earnings per share

	Consolidated	
	2024	2023
	$'000	$'000
Profit after income tax attributable to the owners of Kelsian Group Limited	58,006	20,999

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	270,152,604	231,410,432
Adjustments for calculation of diluted earnings per share:		
Performance rights	882,841	696,709
Weighted average number of ordinary shares used in calculating diluted earnings per share	271,035,445	232,107,141

Earnings per share	Cents	Cents
Basic earnings per share	21.5	9.1
Diluted earnings per share	21.4	9.0

Note 41. Share-based payments

	Consolidated 2024 $'000	Consolidated 2023 $'000
Recognised share-based payment expenses		
Expense arising from performance rights issued in 2021	-	422
Expense arising from performance rights issued in 2022	294	310
Expense arising from performance rights issued in 2023	318	336
Expense arising from performance rights issued in 2024	728	-
Forfeited performance rights	(975)	(59)
	365	1,009

Types of share option plans

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

For the 2022 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 Total Return Index (Tranche 2).

For the 2023 and 2024 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 200 Total Return Index (Tranche 2).

For the 2022, 2023 and 2024 Performance Rights to vest in total, Kelsian must achieve the following conditions:

Tranche 1 - a compound annual growth rate (CAGR) of earnings per share (EPS) measured over a three-year measurement period, commencing 1 July 2021 (2022 issue), 1 July 2022 (2023 issue) and 1 July 2023 (2024 issue). A target CAGR over that three-year period of 10% for the 2021 issue will result in 50% of the Performance Rights vesting, with pro rata vesting for the 2021 issue for achievement for between 10% and 12% of CAGR for the three-year measurement period. For the 2022, 2023 and 2024 issues a target threshold CAGR over that three-year period of 5% will result in 50% of the Performance Rights vesting, with pro rata vesting for the 2022, 2023 and 2024 issue for achievement for between 5% and 10% of CAGR for the three-year measurement period.

Tranche 2 - an Annualised Indexed TSR measured against the ASX300 Total Return Index for the three-year measurement period, commencing 1 July 2021 (2022 issue) and measured against the ASX200 Total Index Return for 1 July 2022 (2023 issue) and 1 July 2023 (2024 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 remainder of the tranche for achievement up to 10% above the Index TSR for the three-year measurement period.

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

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

Effective date issued	2024 Issue	2023 Issue	2022 Issue
Number of Performance Rights issued	552,610	300,419	188,572
Minimum hurdle share price	Nil	Nil	Nil
Dividend yield	2.60%-2.80%	3.30%-3.50%	2.2%
Expected volatility (as per valuation)	35%	40%	40.0%
Risk free interest rate	4.1%-4.3%	3.6%-3.7%	0.7%
Expected life (years)	2.6-2.7	2.7-2.8	2.7
Valuation per performance right (Tranche 1 - KMP)	$2.627	$2.362	$3.250
Valuation per performance right (Tranche 1 - CEO)	$2.472	$1.954	$3.250
Valuation per performance right (Tranche 2 - KMP)	$5.749	$4.621	$7.018
Valuation per performance right (Tranche 2 - CEO)	$5.586	$4.265	$7.018

Note 41. Share-based payments (continued)

Performance rights	Number (000's) 2024	Weighted average exercise price	Number (000's) 2023	Weighted average exercise price
Outstanding at the beginning of the year	722	n/a	742	n/a
Granted (under the Employee Performance Rights Plan)	523	$Nil	300	$Nil
Forfeited	(30)	$Nil	(20)	$Nil
Exercised	(241)	$6.31	(300)	$5.49
	974		722	

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
AAAHI Acquisition Corporation	Body corporate	United States of America	100.00%	United States of America
AAAHI Intermediate Holdings LLC	Body corporate	United States of America	100.00%	United States of America
AAAHI Tempco, LLC	Body corporate	United States of America	100.00%	United States of America
AAAHI Topco Corporation	Body corporate	United States of America	100.00%	United States of America
Ace Express Coaches, LLC	Body corporate	United States of America	100.00%	United States of America
All Aboard America! Holdings, Inc	Body corporate	United States of America	100.00%	United States of America
All Aboard America! School Transportation, LLC	Body corporate	United States of America	100.00%	United States of America
All Aboard Transit Services, LLC	Body corporate	United States of America	100.00%	United States of America
Australia Inbound Pty Ltd	Body corporate	Australia	100.00%	Australia
Avonward Pty Ltd	Body corporate	Australia	100.00%	Australia
Big Red Cat Pty Ltd	Body corporate	Australia	100.00%	Australia
BITS Assets Pty Ltd	Body corporate	Australia	100.00%	Australia
BITS Ferry Services Pty Ltd	Body corporate	Australia	100.00%	Australia
Captain Cook Cruises Pty Ltd	Body corporate	Australia	100.00%	Australia
CT Plus Guernsey Ltd	Body corporate	Channel Islands	100.00%	Channel Islands
CT Plus Jersey Ltd	Body corporate	Channel Islands	100.00%	Channel Islands
Curtis Island Assets Pty Ltd	Body corporate	Australia	100.00%	Australia
Curtis Island Services Pty Ltd	Body corporate	Australia	100.00%	Australia
First Class Transportation, LLC	Body corporate	United States of America	100.00%	United States of America
Hotard Coaches, Inc	Body corporate	United States of America	100.00%	United States of America
Industrial Bus Lines, Inc	Body corporate	United States of America	100.00%	United States of America
Kangaroo Island Adventure Tours Pty Ltd	Body corporate	Australia	100.00%	Australia
Kangaroo Island Odysseys Pty Ltd	Body corporate	Australia	100.00%	Australia
Kangaroo Island SeaLink Pty Ltd	Body corporate	Australia	100.00%	Australia
KBRV Resort Operations Pty Ltd	Body corporate	Australia	100.00%	Australia
KBRV Services Pty Ltd	Body corporate	Australia	100.00%	Australia
Kelsian International Holdings Pty Ltd	Body corporate	Australia	100.00%	Australia
Kelsian UK Limited	Body corporate	United Kingdom	100.00%	United Kingdom
Kelsian USA Inc.	Body corporate	United States of America	100.00%	United States of America
Lux Bus America Co	Body corporate	United States of America	100.00%	United States of America
Lux Leasing, LLC	Body corporate	United States of America	100.00%	United States of America
Magnetic Island Cruise Corporation Pty Ltd	Body corporate	Australia	100.00%	Australia
McClintock Enterprises, Inc	Body corporate	United States of America	100.00%	United States of America
NT Bus and Coachlines Pty Ltd	Body corporate	Australia	100.00%	Australia
PDW Pty Ltd	Body corporate	Australia	100.00%	Australia
RiverCity Ferries Pty Ltd	Body corporate	Australia	100.00%	Australia
S. V. Haoust Pty Ltd	Body corporate	Australia	100.00%	Australia
Sea Stradbroke Services Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaCap Pte Ltd	Body corporate	Singapore	100.00%	Singapore
SeaLink Ferries Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Fraser Island Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink KI Ferries Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink KI Holding Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Marina Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Marine Services QLD Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Northern Territory Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Queensland Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink SA Ferry Services Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Tasmania Pty Ltd	Body corporate	Australia	100.00%	Australia
SeaLink Vessels Pty Ltd	Body corporate	Australia	100.00%	Australia
Sita Coaches Pty Ltd	Body corporate	Australia	100.00%	Australia
Sita Tours Pty Ltd	Body corporate	Australia	100.00%	Australia
STG Properties Pty Ltd	Body corporate	Australia	100.00%	Australia
Stradbroke Assets Pty Ltd	Body corporate	Australia	100.00%	Australia
Stradbroke Ferries Pty Ltd	Body corporate	Australia	100.00%	Australia
Sunferries Travel Pty Ltd	Body corporate	Australia	100.00%	Australia

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Sureride Charter, Inc	Body corporate	United States of America	100.00%	United States of America
Swan Transit Canning Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Group Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Kalamunda Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Marmion Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Midland Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Services (South West) Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Services (South) Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Services Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit South West Pty Ltd	Body corporate	Australia	100.00%	Australia
Swan Transit Southern River Pty Ltd	Body corporate	Australia	100.00%	Australia
Territory Transit Holdings Pty Ltd	Body corporate	Australia	100.00%	Australia
Territory Transit Pty Ltd	Body corporate	Australia	100.00%	Australia
The Living Classroom Pty Ltd	Body corporate	Australia	100.00%	Australia
The Port Jackson & Manly Steamship Company Pty Ltd	Body corporate	Australia	100.00%	Australia
The South Australian Travel Company Pty Ltd	Body corporate	Australia	100.00%	Australia
Torrens Connect Pty Ltd*	Body corporate	Australia	55.00%	Australia
Torrens Transit Group Pty Ltd	Body corporate	Australia	100.00%	Australia
Torrens Transit Pty Ltd	Body corporate	Australia	100.00%	Australia
Torrens Transit Services (North) Pty Ltd	Body corporate	Australia	100.00%	Australia
Torrens Transit Services Pty Ltd	Body corporate	Australia	100.00%	Australia
Tower Transit Asset Holdings Limited	Body corporate	United Kingdom	100.00%	United Kingdom
Tower Transit Europe Pty Ltd	Body corporate	Australia	100.00%	Australia
Tower Transit Holdings USA, Inc.	Body corporate	United States of America	100.00%	United States of America
Tower Transit Limited	Body corporate	United Kingdom	100.00%	United Kingdom
Tower Transit Operations Ltd	Body corporate	United Kingdom	100.00%	United Kingdom
Tower Transit Property Holdings Limited	Body corporate	United Kingdom	100.00%	United Kingdom
Tower Transit Singapore Pte Ltd	Body corporate	Singapore	100.00%	Singapore
Tower Transit Training Singapore Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit (NSW) Group Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit (NSW) Liverpool Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit (NSW) Services Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems (Victoria) Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems Finance Holdings Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems MBF Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems Melbourne Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems NSW Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems NSW GSBC2 Assets Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems NSW GSBC3 Assets Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems NSW R6 Assets Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems NSW SW Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems NSW TTP Pty Ltd	Body corporate	Australia	100.00%	Australia

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Transit Systems Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems Queensland Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems WA Holdings Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems WA Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems West Pty Ltd	Body corporate	Australia	100.00%	Australia
Transit Systems West Services Pty Ltd	Body corporate	Australia	100.00%	Australia
TravelLink Pty Ltd	Body corporate	Australia	100.00%	Australia
TravelLink Technology Pty Ltd	Body corporate	Australia	100.00%	Australia
Vivonne Bay Outdoor Education Centre Pty Ltd	Body corporate	Australia	100.00%	Australia
Vyscot Pty Ltd	Body corporate	Australia	100.00%	Australia
WA Bus and Coachlines Pty Ltd	Body corporate	Australia	100.00%	Australia

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 2024 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;

- 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 37 to the financial statements; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

Fiona A Hele
Chair

28 August 2024

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kelsian Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policies, the consolidated entity disclosure statement 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 2024 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.

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Key Audit Matters

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

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

Impairment of Intangible Assets

Why significant	How our audit addressed the key audit matter
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 no impairment for the year. Goodwill impairment was considered a key audit matter because impairment assessment requires estimation and significant judgement in respect of assumptions used in the value in use calculation. The Group makes assumptions in respect of future market and economic conditions such as economic growth, expected inflation rates, demographic developments, revenue and margin development. Key assumptions relating to the impairment test are disclosed in Note 13 to the financial statements. Key assumptions used in the impairment testing are inherently subjective and changes in certain assumptions can lead to significant changes in the recoverable amount of these assets. For this reason, we consider it important that attention is drawn to the information in Note 13to the financial statements.	Our audit procedures included the following: ➢ We considered the relationship between market capitalisation and net assets of the Group. ➢ We assessed management's determination of CGUs and allocation of goodwill to the CGUs. ➢ We agreed the forecast cash flows used in the impairment model to Board approved budgets for the 2025 financial year. ➢ We tested the mathematical accuracy of the cash flow models used in the Group's estimate of value in use for impairment assessment purposes. ➢ We evaluated the Group's key input assumptions, analysed the extent to which the outcome of the impairment test was sensitive to changes in key assumptions and assessed the historical accuracy of the Group's budgeting process. ➢ We involved our valuation specialists to assess the discount rate and both the short and long-term growth rates used in the Group's s impairment models for its CGUs. ➢ We compared the recoverable amount calculated within the value in use models to the carrying value recorded at 30 June 2024. ➢ 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 2024 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:

a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and;

a. The consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii The consolidated entity disclosure statement that is true and correct and is free of 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.

- 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 2024.

In our opinion, the Remuneration Report of Kelsian Group Limited for the year ended 30 June 2024, 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

Nigel Stevenson
Partner

Adelaide
28 August 2024