ACN 167 320 470

Appendix 4E

For the year ended 30 June 2020

(Previous corresponding period being the year ended 30 June 2019)

Results for announcement to the market

	2020 $000	2019 $000
Revenue from continuing operations	87,402	130,005
Profit before impairment, interest, taxes, depreciation and amortisation (EBITDA) from continuing operations	5,223	16,291
Loss before tax from continuing operations	(42,280)	(7,881)
(Loss) / Profit from continuing operations attributable to shareholders	(39,660)	5,362
Net loss after tax from continuing and discontinued operations attributable to shareholders	(51,413)	(48,258)
Net tangible assets	**65,779**	**92,878**
Net tangible assets cents per share	11.9	16.7

Dividends

No dividend has been paid or declared during the period.

Auditor's Report

This Appendix 4E is based on the Annual Report for the year ended 30 June 2020 (as attached) which has been audited by Experience Co Limited's auditors.

Other Information

The remainder of the information requiring disclosure to comply with the Listing Rule 4.3A is contained in the Annual Report that follows.

ACN 167 320 470

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2020
ANNUAL REPORT

ExperienceCo LIMITED

EXPERIENCECO.COM

ExperienceCo
ACN 167 320 470

ABOUT US

Experience Co (EXP) was listed on the ASX in March 2015.

Founded in 1999 the Group has grown into an adventure tourism business, that includes skydiving in Australia and New Zealand, and cruise, diving and snorkeling on Australia's Great Barrier Reef.

The Group's operations are located primarily on Australia's eastern seaboard from the Great Ocean Road to Tropical North Queensland's Port Douglas and New Zealand operations are conducted in the world-renowned Queenstown region on the South Island.

At the core of our business is delivering awesome experiences to our customers every day of the year.

2020 has seen unprecedented operating conditions in the adventure tourism industry attributable to the COVID-19 pandemic.

EXP is committed to structuring and managing its business to navigate the COVID-19 pandemic and position itself for the recovery of domestic and international adventure tourism markets.

Big Cat Green Island Reef Cruises · Calypso reef cruises · Daintree Tours · Dreamtime Dive & Snorkel · Fitzroy Island Adventures · nzone · Reef Magic Cruises · Skydive Australia · Skydive Southern Alps · Skydive Wanaka New Zealand

CONTENTS

CHAIRMAN & CEO REPORT

On behalf of the Experience Co Limited Board and Management, we are pleased to present the Annual Report for the year ended 30 June 2020.

FY20 trading conditions presented a number of challenges for the business with weather conditions, and bushfires (smoke haze) impacting operations into the second half of FY20. Significantly, the second half saw the emergence of the COVID-19 pandemic. The Group immediately took steps to safeguard the health and safety of our employees, customers and all stakeholders, culminating in the suspension of operations on 23 March 2020.

FY20 underlying EBITDA of $7.3m was unsurprisingly short of our pre-COVID-19 expectations. Pleasingly, management responses on cost management and cash preservation placed the business in a better position at 30 June 2020 than had initially been anticipated when operations were suspended.

YEAR IN REVIEW

During the year, newly appointed CEO, John O'Sullivan led a strategic review of the business aimed at resetting the business for improved operational and financial performance in FY21 and future years. The Group commenced the implementation of business simplification, cost rationalisation, divestment of non-core assets and importantly organic growth and acquisition opportunities in our core business activities.

Following the review with a commitment on achieving improved performance, Management turned its focus on implementing the strategic objectives outlined at the Company's 2019 Annual General Meeting in November 2020, with a focus on business simplification, cost rationalisation and divestment of non-core assets, that would enable the Group to better position itself to execute organic and acquisition growth going forward.

The divestment of the Great Barrier Reef Helicopters in January 2020 was instrumental in the Group achieving $22 million in sales proceeds from non-core and surplus assets and deleveraging our balance sheet. This is reflected in the Group's net debt decreasing by $21.4 million to $9.0 million at 30 June 2020 (30 June 2019: $29.4 million), an outstanding achievement.

Prior to emergence of the COVID-19 pandemic, the Group had well progressed cost rationalisation opportunities of over $6 million per annum, and was able to carry this momentum into the COVID-19 operating environment and continue to position to be a leaner business as the adventure tourism industry recovers.

Not dissimilar to the industry, COVID-19 diverted the Board and Management's focus to navigating the business in a period of unprecedented trading conditions. Restrictions imposed by Australian and New Zealand Governments to stem the spread of COVID-19, including the closure of international borders, along with lockdowns and social distancing guidelines, significantly impacted our business from February 2020.

COVID-19 RESPONSE

Management, with the Board's support, immediately responded with a focus on:

- Accelerating already well progressed, operating cost saving initiatives;
- Suspended all non-essential travel and capital expenditure;
- Early and transparent engagement with our lender to ensure adequate liquidity for the near term;
- Participating in wage subsidy programs in Australia and New Zealand, positioning the business to retaining capability and skill to respond to increases in demand on recovery;
- Engaging with industry and Government bodies for any eligible support for the adventure tourism industry;
- Implemented a high standard of health and safety measures and provided additional support to our workforce including via Employee Assistance Programs; and
- The Board and senior employees reduced remuneration by 30% from April 2020 to June 2020.

The significant impact of COVID-19 provided the opportunity for the business to accelerate projects planned for later in the year and implement systems and processes aimed at setting the business up for longer-term sustainability and improved performance.

Positioning the business to be well placed to recommence operations when conditions improve has been a cornerstone of near term strategy. Pleasingly, the Group was able to commence operations in line with the lifting of restrictions in New Zealand and Australia, and from May 2020, operations resumed on a state by state and site by site basis based on demand.

While well below pre-COVID-19 levels, the volumes have been encouraging, with the July 2020 month being the first month since February 2020 that the Group recorded an Underlying EBITDA profit, and we enter FY21 with the majority of our sites operational, with our Victorian Skydiving operations remaining closed due to the outbreak in the state.

Monitoring and responding to the COVID-19 event remains critical to the overall recovery for the Australasian tourism sector, and both international and domestic visitation and expenditure.

BOARD AND MANAGEMENT

The appointment of Neil Cathie in October 2019 added financial and governance expertise to the Board the appointment of Michelle Cox brings marketing and distribution skill and experience to the Board. The appointment of CEO, John O'Sullivan in July 2020 completed the Senior Executive complement.

CHAIRMAN & CEO REPORT

DIVIDEND

Given the COVID-19 pandemic's impact on the business, the Directors have determined that a final dividend for FY20 will not be declared.

LOOKING AHEAD

With international borders closed for the foreseeable future and the uncertainty around state borders in Australia, we expect trading conditions to continue to be subject to an unpredictable level of volatility while the COVID-19 pandemic continues. As demonstrated in the second half, we have been able to flex the business in response to prevailing conditions. We will continue to do so in order to take advantage of opportunities that will inevitably emerge as domestic and global economies recover.

We thank EXP Senior Management and staff for their significant efforts and manner in which they have responded and adapted to the changing operating environment.

Also, we would like to thank our fellow Board members, customers, trading partners and all other stakeholders for their ongoing support of the EXP Group through what has been a challenging FY20.

Acknowledging the uncertainty in the year ahead, we remain committed to positioning the business to best execute on our strategy as domestic and global markets recover.

Kerry Robert (Bob) East
Chairman

John O'Sullivan
Chief Executive Officer

OUR DIRECTORS

KERRY (BOB) EAST

Independent Non-Executive Director (Chair of Board)
Appointed as Non-Executive Director on 30 April 2018
Appointed Chair of the Board on 26 October 2018
Executive Chairman from February 2019 until 29 July 2019

Chair – Remuneration & Nomination Committee
Member – Audit & Risk Committee

BACKGROUND
Bob has extensive leadership experience and more than 25 years' experience in the tourism and hospitality industries. Prior to joining Experience Co, Bob was CEO of Mantra Group (ASX 200) where he was responsible for the consolidation and strengthening of the Mantra Group brands and the growth of the business into one of the leading accommodation providers and operators in Australasia. Bob was instrumental in and lead the listing of the Mantra Group on the ASX in 2014 and in May 2018 the largest hospitality transaction in Australia – the acquisition of the Mantra Group by Accor Hotels. Bob holds Non-Executive Director roles in Gold Coast Football Club Ltd, Sydney Metro, Tourism Australia (Chair) and Australia Venue Company Pty Ltd (Chair).

Bob holds an MBA and is a Member of the Australian Institute of Company Directors (AICD).

Listed Company Directorships in last 3 years
CEO and Executive Director - Mantra Group Limited (ASX:MTR) resigned 31 May 2018

Equity Interests (Direct/Indirect)
1,413,451 Ordinary shares

345,821 Service Rights over Ordinary Shares

ANTHONY BOUCAUT

Appointed Non-Executive Director on 2 September 2019

Prior to transitioning to Non-Executive Director - Managing Director appointed on 19 December 2013

BACKGROUND
Anthony has over 20 years' experience in the skydiving industry and over 25 years' experience in the aviation industry. The Skydive the Beach concept and vision was the result of Anthony's passion for skydiving and love of sharing extreme adventures with others. During his final year of university, Anthony formed a business known as Adrenalin Sports Skydiving, which became Skydive the Beach, now known as Experience Co. The first tandem skydives over North Wollongong beach were conducted in July 1999.

Anthony holds a Bachelor of Science and is a Member of Australia Parachute Federation and the Australian Institute of Company Directors (AICD).

Listed Company Directorships in last 3 years
None

Equity Interests (Direct/Indirect)
181,837,233 Fully Paid Ordinary Shares

3,000,000 Options over Ordinary Shares

NEIL CATHIE

Independent Non-Executive Director

Appointed on 16 October 2019

Chair – Audit & Risk Committee

Member – Remuneration & Nomination Committee

BACKGROUND
Currently a Non-executive director of Coventry Group Limited, where he is Chairman, Plus Recruitment Pty Ltd, where he is Chairman, MAS National Ltd and independent Board advisor at Middendorp Electric and Bowens Timber & Hardware.

Previously Chief Financial Officer, Company Secretary and GM Finance and IT at Australia's largest and most successful plumbing and bathroom distributor Reece Ltd and Non-Executive director of Millennium Services Group Ltd.

Fellow of CPA Australia (FCPA), graduate member of the Australian Institute of Company Directors (GAICD) and a Fellow of the Governance Institute of Australia (FGIA).

Listed Company Directorships in last 3 years
Coventry Group Ltd (ASX: CYG) – Non-Executive Chair

Millennium Services Group Ltd (ASX: MIL) 16 October 2018 to 7 March 2019

Equity Interests (Direct/Indirect)
685,891 Ordinary shares

OUR DIRECTORS

MICHELLE COX

Independent Non-Executive Director

Appointed on 1 January 2020

Member – Audit & Risk Committee

Member – Remuneration & Nomination Committee

BACKGROUND
Michelle has held executive roles at Bastion Collective, STA Travel and APT Group of Companies. She also held Non-Executive roles, among others, with Australian Tourism Export Council (NT Chair), Central Australia Tourism Industry Association (Deputy Chair) and the NT Business Women's Consultative Council Advisory Board.

Michelle is currently a Board Member of Tourism Tasmania, The Linchpin Company and a number of private companies.

Michelle is also a Graduate Member of the Australian Institute of Company Directors (GAICD).

Listed Company Directorships in last 3 years
None

Equity Interests (Direct/Indirect)
Nil

JOHN O'SULLIVAN

Executive Director and Chief Executive Officer

Appointed on 29 July 2019

BACKGROUND
John has over 25 years' experience in the tourism and related industries sector, having held senior executive roles with Football Federation Australia (Chief Commercial Officer), Events Queensland (CEO), Fox Sports (COO).

Prior to joining EXP, Managing Director of Tourism Australia for 5 years.

John has extensive leadership capabilities and experience in the sports and entertainment, media and travel and tourism sectors, on a local and global stage.

John is a Commissioner of Tourism Western Australia. He holds an Executive MBA and is a Graduate Member of the Australian Institute of Company Directors (GAICD).

Listed Company Directorships in last 3 years
None

Equity Interests (Direct/Indirect)
99,805 Ordinary shares

439,560 Service Rights over Ordinary Shares

916,668 Performance Rights over Ordinary Shares

DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to herein as the Group) consisting of Experience Co Limited and its controlled entities for the year ended 30 June 2020.

DIRECTORS

The following persons were directors of Experience Co Limited during or since the end of the period up to the date of this report:

Kerry (Bob) East[1]	Chair, Independent Non-Executive Director
Anthony Boucaut[2]	Non-Executive Director
Neil Cathie	Independent Non-Executive Director (appointed 16 October 2019)
Michelle Cox	Independent Non-Executive Director (appointed 1 January 2020)
John O'Sullivan	Chief Executive Officer and Executive Director (appointed 29 July 2019)
Colin Hughes	Independent Non-Executive Director (resigned 20 November 2019)
John Diddams	Independent Non-Executive Director (resigned 31 December 2019)

[1] Prior to the appointment of John O'Sullivan, Bob East acted in the role of Executive Chairman from 13 February 2019 until 29 July 2019
[2] Transitioned to Non-Executive Director on 2 September 2019

Directors' Meetings

The number of Board meetings held (including Board Committee meetings) and the number of meetings attended by each of the Directors of the Company, during the financial year are listed below:

	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Bob East	14	14	4	4	1	1
Anthony Boucaut	14	14	NA	NA	NA	NA
Neil Cathie[1]	12	12	3	3	1	1
Michelle Cox[2]	8	8	2	2	1	1
Colin Hughes[3]	5	5	1	1	NA	NA
John Diddams[4]	6	6	2	2	NA	NA

[1] Appointed 16 October 2019
[2] Appointed 1 January 2020
[3] Resigned 20 November 2019
[4] Resigned 31 December 2019

Company Secretary

Fiona van Wyk was appointed Company Secretary on 10 September 2018. Fiona has over 20 years' experience as a Company Secretary, most recently as company secretary of the Mantra Group from August 2007 to May 2018. Fiona is a member of the Governance Institute of Australia and the Australian Institute of Company Directors.

REVIEW OF OPERATIONS

Principal Activities

The principal activities of the Group during the period were the provision of adventure tourism and leisure experiences, including tandem skydiving in Australia and New Zealand, white water rafting, canyoning, helicopter and boat tours, snorkeling and diving in the Great Barrier Reef, rainforest tours in the Daintree in North Queensland and hot air ballooning in New South Wales and Queensland. The experiences cater to international and domestic customers, with international visitors typically representing over 65% of volume.

In FY20, the Group was divided into core and non-core businesses, as announced in a strategic review update at the Annual General Meeting on 20 November 2019. The core component comprises the Skydive activities in Australia and New Zealand operating under the brands of Skydive Australia, NZone, Skydive Wanaka and Skydive Southern Alps. Also included in the core component is the Great Barrier Reef based snorkel and dive experiences and rainforest tours.

The non-core activities included helicopters, white water rafting, canyoning and ballooning assets operated under the brands of GBR Helicopters (GBRH), Cairns Canyoning, Raging Thunder, Byron Bay Ballooning and Hunter Valley Ballooning.

The divestment of these non-core assets was well progressed at 30 June 2020, with GBR Helicopters, Cairns Canyoning, Byron Bay Ballooning and Hunter Valley Ballooning sales completed, along with the sale of other surplus assets.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

Group Financial Performance

	30 June 2020 $000	30 June 2019 $000	% change
Revenue from continuing operations	87,402	130,005	(33%)
Underlying EBITDA from continuing operations	7,275	24,407	(70%)
Net loss after tax from continuing and discontinued operations attributable to shareholders	(51,413)	(48,258)	(7%)
Net debt	9,019	29,350	(69%)

The Group incurred a net loss after tax from continuing and discontinued operations of $51.4 million (30 June 2019: $48.3 million), as a result of challenging trading conditions, assets impairments, derecognition of DTA and one-off restructuring costs associated with the strategic review.

The decrease in Underlying EBITDA from continuing operations to $7.3 million (30 June 2019: $24.4 million), was driven by losses incurred in the second half attributable to pandemic related market conditions.

Underlying EBITDA from continuing operations for the first half (1H20) of $9.1m reflected unfavourable operating conditions for both our Australia and New Zealand skydiving activities, and soft tourism market conditions in Tropical North Queensland (TNQ). Skydiving was further impacted by bushfires and smoke haze across the Australian operations from Byron Bay to Great Ocean Road, and continued poor weather in New Zealand.

An Underlying 2H20 EBITDA loss of $1.8 million, includes bad and doubtful debts expense of $1.3 million arising with the on-set of the pandemic and its impact on domestic travel agents and inbound tour operators. From March 2020, the business incurred losses on a monthly basis, reflecting the suspension of operations and low level resumption of operations from June.

Second half performance continued to be significantly impacted by the Australian bushfires on our Australian skydiving business, however the emergence of the COVID-19 pandemic severely impacted international and domestic tourism from late January 2020. The closure of international borders with China from January 2020, followed by subsequent broader closures, social distancing requirements and domestic travel restrictions culminated in the Group suspending operations on 23 March 2020.

Following suspension, revenue reduced to negligible levels until the gradual recommencement of experiences on a site by site basis from late May 2020. Management actively addressed the cost base of the business during the period.

With the significant reduction in operating activities, the Group stood down, in whole or part, the majority of front line staff from duties under relevant regulations in Australia and New Zealand. This is assessed regularly based on emerging market conditions which continue to be fluid to the date of this report.

Business Simplification

With such unprecedented trading conditions the timely business simplification programme implemented by the new Board and executive team has resulted in the Group being in an improved position to navigate the COVID-19 pandemic with the following key milestones achieved:

- $21.9 million cash proceeds from the divestment of non-core business and surplus assets, including the $16.25 million divestment of GBR Helicopters completed on 2 January 2020.
- operational cost improvement for the continuing business, including labour, rationalising real estate footprint and unprofitable experiences resulted in the Group achieving annualised cost savings of over $6 million prior to COVID-19.
- refresh of the operational management team following the commencement of new CEO John O'Sullivan on 29 July 2019.
- a reduction in net debt, being bank borrowings (including asset finance) less cash and cash equivalents from $29.4 million to $9.0 million

The Group remains committed to ensuring the business is well positioned to respond to an increase in demand when market conditions improve for domestic and international tourism, and has the management team in place to execute growth opportunities that emerge.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

COVID actions

With the emergence of COVID-19 the Group extended the scope of restructuring, mothballing of operations, and participated in Government assistance programmes in Australia and New Zealand. Other short term cost saving strategies have included negotiating lease rental relief and waivers with landlords and marina berthing charges. These along with other short term strategies such as deferral of discretionary expenditure and a 30% reduction in senior executive and board remuneration has contributed in reducing cash outflows in the second half.

Prior to the recommencement of operations in late May, the Group had estimated a monthly cash outflow (including financing cash flows) of approximately $1 million per month through to 30 September 2020 excluding contribution from asset sales. Pleasingly, upon the recommencement of operations in all jurisdictions except Victoria this outflow has been reduced, however continues to be subject to changes in Government advice and directions, such as the Victorian outbreak and closure of the Queensland border to NSW and Victoria in July 2020.

The Group continues to work with all levels of Government to apply for eligible funding and support, with the adventure tourism industry impacted so significantly by both border closures and also social distancing measures.

Discontinued operations

On 20 November 2019 the Group announced the outcome of a strategic review and the Board's decision to divest a number of non-core businesses. These included GBRH (completed on 2 January 2020), Cairns Canyoning (completed in December 2019) and Byron Bay Ballooning (completed 26 June 2020). The Raging Thunder ballooning and white water rafting operations remain suspended, and the sale process ongoing as at the date of this report.

OUTLOOK

With international borders closed for the foreseeable future and the uncertainty around state borders in Australia, we expect trading conditions to continue to be subject to an unpredictable level of volatility while the COVID-19 pandemic continues. As demonstrated in the second half, we have been able to flex the business in response to prevailing conditions. We will continue to do so in order to take advantage of opportunities that will inevitably emerge as domestic and global economies recover.

DIVIDENDS

No dividend was paid or declared in the period.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Except for the divestments of non-core assets, in the opinion of the Directors, there have been no other significant changes in the Group's state of affairs during the year.

SUBSEQUENT EVENTS

Subsequent to balance date the Group has completed the divestment of an additional $1.1 million in surplus assets.

On 21 July 2020, the Australia Government announced the extension of the Jobkeeper program, along with modifications to the amounts and eligibility criteria. The Group anticipates that it will continue to be an eligible employer to participate in the program. As at the date of this report, the financial impact is not able to be quantified.

The adventure tourism sector in Australia and New Zealand continues to be impacted by the effective closure of international borders into both counties. Since balance date, domestic border restrictions have continued to impact operations, in particular the closure of the Queensland border to NSW and Victoria.

OPTIONS AND RIGHTS

Details on options and rights are set out in the Remuneration Report.

DIRECTORS' REPORT

ENVIRONMENTAL

The Group holds relevant and valid permits under regulatory bodies such as the Great Barrier Reef Marine Park Authority (GBRMPA) and Queensland Parks and Wildlife Service (QPWS) and the Group carries out its activities within the guidelines prescribed by such regulators. Compliance with existing environmental regulations and new regulations are monitored annually. The Group continues to support best practice operations with a focus on protection of the Great Barrier Reef and the environment as a whole. The directors are not aware of any material breaches during the period covered by this report.

For the financial year ended 30 June 2020 and as at the date of this report, the Group has not been prosecuted nor incurred any infringement penalty for environmental incidents.

CORPORATE GOVERNANCE STATEMENT

The Group's corporate governance statement current as at the date of this report can be found on the Company's website (www.experienceco.com).

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company, or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.

INSURANCE OF OFFICERS AND AUDITOR

The Company insures all past, present and future directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity as directors of the company, other than conduct involving a willful breach of duty in relation to the Company. These contracts prohibit further disclosure of the nature of the liabilities and the amounts of premiums.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to ensure the auditor of the Company or any related entity.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Committee, are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of the non-audit services provided do not materially affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid to the auditor of the Company, RSM, and its related practices for audit and non-audit services provided during the year are set out in Note 6 to the audited financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration made in accordance with Section 307C of the Corporations Act 2001 forms part of this directors' report.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 issued by ASIC relating to rounding off applies and in accordance with that instrument amounts in the Financial Statements and Directors' Reports have been rounded to the nearest thousand dollars unless otherwise stated.

DIRECTORS' REPORT

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of directors.

John O'Sullivan
Chief Executive Officer

Kerry Robert (Bob) East
Chairman

Dated: **27 August 2020**

REMUNERATION REPORT

REMUNERATION POLICY AND GOVERNANCE

The Remuneration and Nomination Committee reviews Senior Executive remuneration packages annually with reference to the Group's financial performance, the performance of the individual Senior Executive and relevant comparable industry information.

The remuneration policy aims to ensure that the remuneration structures:

- Are aligned to the business needs, goals, values and objectives
- Are competitive and reasonable
- Enable the Company to motivate, attract and retain Senior Executives
- Promotes long-term sustainable growth in shareholder value

During the year, the Remuneration and Nomination Committee engaged external remuneration consultants Guerdon Associates (Guerdon) to assist the Company in relation to grants in accordance with the remuneration structure. In accordance with the Corporations Act, 2001, Guerdon has declared, and, on that basis, the Board is satisfied that their advice has been provided free of any undue influence by any member of the KMP or Senior Executive.

The EXP Employee Incentive Plan (EEIP) is designed to encourage employees to share in the ownership and promote the long-term success of the Company. Employees under the EEIP include full-time or permanent part-time employees or officers and Directors[1] of the Company or any related body corporate of the Company.

The EEIP is designed with flexibility to grant awards including Service Rights (subject to service based vesting conditions) and Performance Rights (subject to long-term performance based vesting conditions) as part of STIs and LTIs. Participation in the EEIP is at the Board's discretion.

At the 2019 Annual General Meeting, EXP received 99% of "in favour" votes on its remuneration report for the 2019 financial year.

KEY MANAGEMENT PERSONNEL

The Key Management Personnel (KMP) for the Group for FY20, are those persons whose remuneration must be disclosed in this report and includes Non-Executive Directors, Executive Directors and members of the Senior Executive who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Directors	Other KMPs
Non-Executive Directors	Owen Kemp, Chief Financial Officer
Bob East[1], Chair of the Board	
Anthony Boucaut[2]	
Neil Cathie – appointed 16 October 2019	
Michelle Cox – appointed 1 January 2020	
Colin Hughes – resigned 20 November 2019	
John Diddams - resigned 31 December 2019	
Executive Director and CEO	
John O'Sullivan – appointed 29 July 2019	

[1] Bob East acted in the role of Executive Chairman from 13 February 2019 until 29 July 2019
[2] Transitioned from Executive Director to Non-Executive Director on 2 September 2019

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board's policy is to remunerate Non-Executive Directors (NEDs) based on market related fees for time, commitment and responsibilities as NEDs of the Company. The Remuneration and Nomination Committee determines fees payable to NEDs and reviews their remuneration regularly, based on market practice, duties and accountability.

Non-Executive Directors receive a director's fee and fees (inclusive of Superannuation), for chairing or participating on Board Committees, refer below. A portion of Director fees may be sacrificed by each NED in lieu of the grant of Service Rights.

[1] It is Company policy that Non-Executive Directors do not participate in performance-based remuneration

REMUNERATION REPORT

NON-EXECUTIVE DIRECTOR REMUNERATION (CONTINUED)

Annual Remuneration

Role[1, 2]	2020	2019
Chairman	200,000	200,000
Non-Executive Directors[2]	85,000	85,000
Chair of Committee	15,000	25,000
Member of Committee	5,000	20,000

[1] The Deputy Chair of Board role remunerated at $160,000 per annum was discontinued upon the resignation of John Diddams.
[2] Following transition to Non-Executive Director, Anthony Boucaut is remunerated $140,000 per annum for Non-Executive Director duties and $60,000 for aviation services.

The maximum annual aggregate of the Director's fee pool is $750,000 approved by shareholders at the Annual General Meeting of the company on 27 November 2015. Any change to this aggregate annual amount is required to be approved by Shareholders.

As part of an overall review of the NED remuneration structure, in FY20, the Board revised fees for participating in Board Committees.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment.

Due to the unprecedent trading conditions and impact on revenue generation as a result of Government restrictions imposed to stem the spread of COVID-19, the Non-Executive Directors each accepted a 30% decrease in Director fees for the period from 1 April 2020 to 30 June 2020.

Non-Executive Director Service Rights

In November 2018, the Board approved the grant of NED Service Rights to NEDs facilitated by each NED in office at the time sacrificing Director fees in consideration for the grant of NED Service Rights. The Service Rights are not subject to performance conditions. Each NED in office at the time elected to sacrifice between 15% and 30% of their Director fees for a three year period. The number of Service Rights granted to NEDs in November 2018 was determined by dividing the amount elected by each NED by $0.347 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 29 November 2018).

Key criteria of the NED Services Rights issued include:

- No cash consideration is payable on exercise of the Service Rights.
- Each Service Right entitles the NED to receive, upon vesting and exercise, one EXP Share.
- The Service Rights will vest, in equal proportions, over three years. Should a NED resign, Service Rights that vest will be in line with the amount of Director fee sacrificed up to date of resignation. The remaining Service Rights will lapse.

In November 2019, one third of the NED Service Rights (being a total of 345,102 Service Rights) vested in accordance with the terms of the Service Rights and 345,102 ordinary EXP shares were issued to the respective NEDs. The Company purchased shares on-market to satisfy vesting.

Following the resignation of Colin Hughes and John Diddams, two thirds of each of their NED Service Rights (being a total of 344,380 Service Rights) lapsed.

The remaining two thirds (345,821) of the Service Rights granted to Bob East in November 2018 remain on foot.

Executive Chairman Service Rights

In lieu of fixed remuneration, based on a fair and reasonable assessment of remuneration for his role as Executive Chairman of EXP from February to July 2019, the Board granted the Executive Chair 540,540 Service Rights determined by dividing $150,000 by $0.2775 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 26 February 2019).

Key criteria of the Executive Chairman Services Rights issued include:

- No cash consideration payable on the issue of the Service Rights
- Each Service Right entitled the Executive Chairman to receive, upon vesting and exercise, one EXP Share

As the service condition was met, the Service Rights vested on 4 March 2020 and 540,540 ordinary EXP shares were issued to Bob East. The Company satisfied vesting by purchasing shares on-market.

REMUNERATION REPORT

EXECUTIVE KMP AND SENIOR EXECUTIVE REMUNERATION

Remuneration for Senior Executives comprise three elements:

- Fixed Remuneration: comprising salary, superannuation and benefits
- Eligibility to participate in the Short Term Incentive (STI) Plan
- Eligibility to participate in the Long Term Incentive (LTI) Plan

Fixed Remuneration

Composition	Fixed remuneration comprises salary, superannuation and other fixed elements of remuneration such as vehicle allowances
Determination	Fixed remuneration is determined based on market comparisons for similar positions, taking into account the experience and skills of the Executive involved
Review	Fixed remuneration is determined on appointment and reviewed annually

STI Plan

Purpose	Reward for annual performance using performance metrics aimed at driving longer term shareholder value
Participation	Executive KMP and other Senior Executives
Opportunity	Maximum STI opportunity as a percentage of fixed remuneration is 50% for the CEO, CFO and GM Corporate Development and 45% for other Senior Executives
Performance Period	Performance is measured from 1 July to 30 June
Performance Measures	STI awards are based on the Group achieving internal Group budgeted EBITDA as well as individual Key Performance Indicators (KPIs) covering financial or non financial related metrics. Assessment and payment of any incentive is based on the audited financial results of the respective financial year and remains at the discretion of the EXP Board
Payment	Any outcome from the STI is settled with 70% in cash and 30% in the form of Deferred Service Rights (DFRs). Vesting of DFRs occurs two years from grant date and KMPs and Senior Executives must remain employed until the vesting date
Clawback	An Executive Clawback Policy applies providing the Board the ability to claw back incentives paid in relation to a material misstatement in the Group's financial statements

LTI Plan

Purpose	Reward for annual performance using performance metrics that will drive longer term shareholder value
Participation	Executive KMP
Opportunity	LTI opportunity as a percentage of fixed remuneration is 50%
Performance Period	Performance is measured over three years
Performance Measures	50% of the Performance Rights will vest subject to meeting targets based on absolute Total Shareholder Return (TSR), and 50% of the Performance Rights will vest subject to meeting targets based on Return on Invested Capital (ROIC)
Delivery	Performance Rights
Clawback	An Executive Clawback Policy applies providing the Board the ability to claw back incentives paid in relation to a material misstatement in the Group's financial statements
Change of control	The Board, in its absolute discretion, may determine that some or all unvested Performance Rights vest, taking into account the service period that has elapsed since the Performance Rights were granted, the performance of the company against the performance measures to the time of the change in control, and the circumstances leading up to the change in control.

One Off Grants

Performance Rights granted to the CFO

Given the leadership changes in the 2019 financial year, the Board granted 360,360 Performance Rights to the Chief Financial Officer (CFO) of the Company, subject to agreed performance and service conditions (as detailed in the 2019 Annual Report) and determined by dividing $100,000 by $0.2775 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 26 February 2019).

REMUNERATION REPORT

EXECUTIVE KMP AND SENIOR EXECUTIVE REMUNERATION (CONTINUED)

Key criteria of the Performance Rights issued include:
- No cash consideration payable on the issue of the Performance Rights
- Each Performance Right entitled the CFO to receive, upon vesting and exercise, one EXP Share

As the performance conditions were met, the Performance Rights vested on 4 March 2020 and 360,360 ordinary EXP shares were issued to the CFO. The Company satisfied vesting by purchasing shares on-market.

Service Rights granted to the CEO
- In accordance with the terms of the appointment of the new Chief Executive Officer (CEO) of the Company, the Board approved the grant of 439,560 Service Rights to the CEO, determined by dividing $120,000 by $0.273 (the 5-day VWAP of EXP shares traded on the ASX calculated up to and including 6 May 2019), subject to service conditions. The grant of these Service Rights provides the CEO with equity participation in the Company aligning the interests of the CEO with those of shareholders. The grant was approved at the 2019 Annual General Meeting and the Performance Rights were issued on 29 November 2019.

Key criteria of the CEO Services Rights issued include:
- No cash consideration is payable on the issue of the Service Rights
- Each Service Right entitles the CEO to receive, upon vesting and exercise, one EXP Share
- Subject to meeting the service criteria, the Service Rights will vest on 29 July 2022.

FY20 Long Term Incentive

Aimed at aligning the longer term interests of Senior Executives with that of shareholders, the Board approved the award of Performance Rights to key Senior Executives subject to long-term performance based vesting conditions referred to on the prior page. The grant of Performance Rights in accordance with the Company's Long Term Incentive Plan to the CEO was approved at the 2019 Annual General and the grant to the CEO and Executive KMP was made on 29 November 2019. The criteria for the LTI is set out in *LTI Plan.*

Executive KMP Employment Conditions

	Term of Agreement	Notice Period	Termination Entitlements
John O'Sullivan	No definite term	6 months	6 months
Owen Kemp	No definite term	6 months	6 months

REMUNERATION OUTCOMES FOR FY20

EXP aligns Senior Executive remuneration to objectives aimed at business needs, goals, values, achieving objectives and creation of shareholder value. Incentives for Senior Executives are based on achieving internal Group financial and non-financial metrics.

The table below shows the Group's financial performance over the last five years as required by the Corporations Act.

	2020	2019	2018	2017	2016
Sales revenue ($'000)	98,875	161,296	135,300	89,566	58,473
EBITDA ($'000)	5,049	19,265	27,411	20,988	13,457
Underlying EBITDA ($'000)	7,275	27,183	30,172	20,988	13,457
Net profit/(loss) for the year ($'000)	(51,413)	(48,258)	6,785	9,482	7,158
Market capitalisation ($'000)	69,476	141,730	355,720	287,019	202,114
Dividends paid ($'000)	-	5,558	4,349	3,963	2,937
Earnings per share (cents)	(7.14)	(8.68)	1.34	2.24	2.10
Share price at financial year end ($)	0.125	0.230	0.640	0.660	0.510
Dividends paid (cents per share)	-	0.01	0.01	0.01	0.01

Underlying EBITDA presented above for the financial year ended 30 June 2020 is for continuing operations.

REMUNERATION REPORT

REMUNERATION OUTCOMES FOR FY20 (CONTINUED)

FY20 STI performance outcomes

Assessment and payment of STI is based on audited financial results. Events mainly in the 2nd half of FY20 (including bushfires and the COVID-19 pandemic) resulted in the Group's trading performance and revenue generation for FY20 being significantly lower than expected, factors of which are referred to in the directors' report. As a result, despite the significant efforts of Senior Executives during this challenging period, no short-term incentives have been awarded to Senior Executives including the KMP.

KMP DETAILS OF COMPENSATION

The following table sets out the components of the current year and comparative year remuneration for each member of KMP of the group. This table must be read in conjunction with the section titled 'Key Management Personnel' of this Remuneration Report, which details dates in relation to appointment, resignation and other relevant information for KMPs.

		Short-term				Post-employment	Other long-term			
	Year	Cash Salary, leave paid and fees	STI cash bonus	Non-monetary benefits	Total Short Term	Super-annuation	Long-service & annual leave accrual	Share based payment expense[7]	Total	Proportion performance related
Group KMP										
Bob East[1]	**2020**	**114,850**	-	-	**114,850**	**12,185**	-	**198,346**	**325,381**	-
	2019	150,685	-	-	150,685	14,315	-	121,697	286,697	-
Anthony Boucaut[2]	**2020**	**138,672**	-	-	**138,672**	**13,174**	-	-	**151,846**	-
	2019	-	-	-	-	-	-	-	-	-
Neil Cathie	**2020**	**58,657**	-	-	**58,657**	**5,572**	-	-	**64,229**	-
	2019	-	-	-	-	-	-	-	-	-
Michelle Cox	**2020**	**32,044**	-	-	**32,044**	**3,044**	-	-	**35,089**	-
	2019	-	-	-	-	-	-	-	-	-
John Diddams	**2020**	**90,000**	-	-	**90,000**	-	-	**49,114**	**139,114**	-
	2019	137,074	-	-	137,074	-	-	42,039	179,114	-
Colin Hughes	**2020**	**39,120**	-	-	**39,120**	**4,724**	-	**22,460**	**66,305**	-
	2019	99,595	-	-	99,595	9,462	-	19,225	128,283	-
Directors	**2020**	**473,344**	-	-	**473,344**	**38,699**	-	**269,920**	**781,963**	-
	2019	387,355	-	-	387,355	23,777	-	182,962	594,094	-
John O'Sullivan[3]	**2020**	**419,231**	-	-	**419,231**	**20,359**	**34,911**	**54,967**	**529,468**	**10%**
	2019	-	-	-	-	-	-	-	-	-
Owen Kemp[4]	**2020**	**335,078**	-	-	**335,078**	**21,984**	**24,497**	**116,971**	**498,531**	**23%**
	2019	136,385	-	-	136,385	8,555	8,885	40,118	193,943	21%
Anthony Boucaut[2]	**2020**	**288,381**	-	-	**288,381**	**27,396**	-	-	**315,777**	-
	2019	365,158	-	9,283	374,441	34,124	15,788	-	424,353	-
Anthony Ritter[5]	**2020**	**76,268**	-	-	**76,268**	-	-	-	**76,268**	-
	2019	255,859	-	10,139	265,998	23,750	-	-	289,748	-
Philip Turner[6]	**2020**	-	-	-	-	-	-	-	-	-
	2019	142,844	-	-	142,844	8,057	-	-	150,901	-
Executive KMP	**2020**	**1,118,958**	-	-	**1,118,958**	**69,740**	**59,408**	**171,939**	**1,420,044**	**12%**
	2019	900,246	-	19,422	919,668	74,486	24,673	40,118	1,058,945	4%
Total	**2020**	**1,592,302**	-	-	**1,592,302**	**108,439**	**59,408**	**441,858**	**2,202,007**	**n/a**
	2019	1,287,601	-	19,422	1,307,023	98,263	24,673	223,080	1,653,038	n/a

1 Share based payment expense in 2020 includes $126,472 for Executive Chairman Service Rights (2019: $60,176).
2 Transitioned to Non-Executive Director on 2 September 2019. 2020 Executive KMP amount includes payments for accrued leave entitlements
3 Appointed 29 July 2020
4 Appointed 11 February 2019
5 Resigned on 13 February 2019. 2020 represents payment of accrued leave entitlements
6 Resigned on 25 September 2018
7 Share based payment expenses are based on the accounting expense recognised in the audited financial statements for the respective period.

Due to the unprecedent trading conditions and impact on revenue generation as a result of Government restrictions imposed to stem the spread of COVID-19, Senior Executives (including KMP) each accepted a 30% decrease in fixed remuneration for the period from 1 April 2020 to 30 June 2020.

REMUNERATION REPORT

KMP EQUITY INTERESTS

Movement in ordinary shareholdings

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 30 June 2019 / Date of Appointment	Purchases	Conversion of Performance Rights	Conversion of Service Rights	Sales	Held at 30 June 2020
Bob East	700,000	-	-	713,451	-	1,413,451
Anthony Boucaut	180,348,044	2,457,146	-	-	967,957	181,837,233
John O'Sullivan[1]	Nil	99,805	-	-	-	99,805
Neil Cathie[1]	500,000	185,891		-	-	685,891
Michelle Cox[1]	Nil	-	-	-	-	NIL
Owen Kemp	Nil	-	360,360	-	-	360,360
John Diddams[2]	2,440,545					NA
Colin Hughes[2]	Nil					NA

[1]John O'Sullivan, Neil Cathie and Michelle Cox were appointed during the year and therefore their opening balances are as at date of appointment

[2]John Diddams and Colin Hughes resigned during the year, there details are therefore no longer required to be provided.

Options, Service Rights and Performance Rights

	Held at 30 June 2019	Granted	Vested and Exercised	Lapsed	Held at 30 June 2020	Exercise Price $	Expiry Date
Options[1]							
Anthony Boucaut	3,000,000	-	-	-	3,000,000	0.25	9 Feb 2025
John Diddams	1,500,000	-	-	-	1,500,000	0.25	9 Feb 2025
Service Rights							
NED Service Rights[2]							
Bob East	518,732	-	172,911	-	345,821	Nil	Refer below[3]
John Diddams	354,467	-	118,156	236,311	-	Nil	NA
Colin Hughes	162,104	-	54,035	108,069	-	Nil	NA
Executive Chairman Service Rights[3]							
Bob East	540,540	-	540,540	-	-	Nil	NA
CEO Service Rights[4]							
John O'Sullivan	Nil	439,560	Nil	Nil	439,560	Nil	29 Jul 2022
Performance Rights							
CFO Performance Rights[5]							
Owen Kemp	360,360	-	360,360	-	-	Nil	NA
LTI Performance Rights							
John O'Sullivan	Nil	916,668	Nil	Nil	916,668	Nil	30 Nov 2023
Owen Kemp[6]	Nil	1,020,000	Nil	Nil	1,020,000	Nil	30 Nov 2023

[1] Options have vested and as such no expense in FY20. No Options were issued during the year. No options were exercised during the year

[2] Service Rights vest in three equal annual instalments which commenced on 30 November 2019, with an expiry date 30 days after each vesting date. In FY20 a total of 238,802 Service Rights vested. In March 2020, shares were purchased on-market to satisfy vesting.

[3] Service Rights granted to Executive Chairman vested on 4 March 2020. Shares were purchased on-market to satisfy vesting.

[4] Service Rights granted to CEO in accordance with employment terms.

[5] Performance Rights granted to CFO vested on 4 March 2020. Shares were purchased on-market to satisfy vesting.

[6] FY20 Performance Rights granted include a relevant proportionate number of Performance Rights in relation to FY19 LTI which had not been granted during FY19.

REMUNERATION REPORT

KMP EQUITY INTERESTS (CONTINUED)

Information Relating to Equity Based Awards Subsequent to 30 June 2020

There has been no other transactions involving equity instruments apart from those described in the tables above relating to options, rights and shareholdings.

TRANSACTIONS WITH RELATED PARTIES

Apart from those transactions disclosed in this Remuneration Report relating to equity, compensation and loans, the only other transactions with related parties relates to operating leases which are set out in further detail in in Note 25 to the Financial Report.

ANNUAL FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30 June 2020 $000	30 June 2019 $000
Continuing operations			
Sales revenue		87,402	130,005
Cost of sales		(56,100)	(78,055)
Gross profit		**31,302**	**51,950**
Other income	3	4,611	1,105
Employee expenses		(15,912)	(14,215)
Occupancy expenses		(827)	(2,877)
Depreciation and amortisation expenses		(9,948)	(10,193)
Impairment of property, plant and equipment and other assets		(7,385)	(3,753)
Impairment of intangible assets		(28,279)	(8,612)
Marketing and advertising expenses		(2,028)	(2,799)
Repairs and maintenance expenses		(1,479)	(1,131)
Other operating expenses		(6,437)	(7,626)
Restructure and other significant expenses	4	(3,440)	(8,549)
(Loss)/profit on disposal of assets		(567)	433
Loss before financial income and taxes		**(40,389)**	**(6,267)**
Net finance costs	7	(1,891)	(1,614)
Loss before income tax from continuing operations		**(42,280)**	**(7,881)**
Income tax benefit	8	2,620	13,243
Net (loss)/ profit for the year from continuing operations		**(39,660)**	**5,362**
Discontinued operations			
Loss after tax for the year from discontinued operations	5	(11,753)	(53,620)
Loss for the year from continuing and discontinued operations		**(51,413)**	**(48,258)**
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Revaluation of property, plant and equipment, net of tax		(3,016)	5,127
Exchange differences on translating foreign operations, net of income tax		580	463
Other comprehensive loss / (income) for the year		**(2,436)**	**5,590**
Total comprehensive loss for the year		**(53,849)**	**(42,668)**
Earnings per share for continuing operations			
Basic earnings per share (cents)	9	(7.14)	0.96
Diluted earnings per share (cents)	9	(7.14)	0.95

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2020 $000	As at 30 June 2019 $000
Assets			
Current assets			
Cash and cash equivalents	10	12,469	4,803
Trade and other receivables	11	2,935	5,645
Inventories		3,009	4,964
Current tax asset		-	4,119
Other assets	12	1,550	3,170
		19,963	**22,701**
Non-current assets classified as assets held for sale	5	8,350	-
Total current assets		**28,313**	**22,701**
Non-current assets			
Trade and other receivables	11	164	977
Property, plant and equipment	12	68,926	118,868
Right-of-use assets	28	12,381	-
Deferred tax assets	8	11,149	9,535
Intangible assets	13	895	29,986
Total non-current assets		**93,515**	**159,366**
Total assets		**121,828**	**182,067**
Liabilities			
Current liabilities			
Trade and other payables	15	4,571	9,653
Lease liabilities	28	4,749	2,955
Employee benefits		1,576	3,033
Current tax liability		1,459	-
Contract liabilities		1,292	1,733
		13,647	**17,374**
Liabilities directly associated with assets classified as held for sale	5	1,020	-
Total current liabilities		**14,667**	**17,374**
Non-current liabilities			
Borrowings	16	9,760	20,000
Lease liabilities	28	19,396	11,198
Employee benefits		218	263
Provisions		-	833
Total non-current liabilities		**29,374**	**32,294**
Total liabilities		**44,041**	**49,668**
Net assets		**77,787**	**132,399**
Equity			
Issued capital	18	168,645	168,860
Retained earnings		(88,438)	(38,713)
Reserves	19	(2,420)	2,252
Total equity		**77,787**	**132,399**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Issued Capital $000	Retained Earnings $000	Asset Revaluation Reserve $000	Common Control Reserve $000	Share Option Reserve $000	Foreign Currency Translation Reserve $000	Total $000
Balance at 1 July 2018		168,860	14,644	1,382	(4,171)	18	(341)	180,392
Transfer from asset revaluation reserve to retained earnings		-	458	(458)	-	-	-	-
Comprehensive income								
Loss for the year		-	(48,257)	-	-	-	-	(48,257)
Other comprehensive income for the year		-	-	5,127	-	-	463	5,590
Total comprehensive loss for the year		-	(47,799)	4,669	-	-	463	(42,667)
Transactions with owners, in their capacity as owners, and other transfers								
Options issued during the year	17	-	-	-	-	232	-	232
Dividends paid during the year		-	(5,558)	-	-	-	-	(5,558)
Total transactions with owners and other transfers		-	(5,558)	-	-	232	-	(5,326)
Balance at 30 June 2019		168,860	(38,713)	6,051	(4,171)	250	122	132,399
Amounts are stated net of tax								
Balance at 1 July 2019		168,860	(38,713)	6,051	(4,171)	250	122	132,399
Reduction in share capital		(215)						
Transfer from asset revaluation reserve to retained earnings			1,688	(1,688)				-
Comprehensive income								-
Loss for the year			(51,413)					(51,413)
Other comprehensive loss for the year				(3,016)	-		(314)	(3,330)
Total comprehensive loss for the year		(215)	(49,725)	(4,704)	-	-	(314)	(54,958)
Transactions with owners, in their capacity as owners, and other transfers								
Options issued during the year	17	-	-	-	-	346	-	346
Total transactions with owners and other transfers		-	-	-	-	346	-	346
Balance at 30 June 2020		168,645	(88,438)	1,347	(4,171)	596	(192)	77,787
Amounts are stated net of tax								

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	30 June 2020 $000	30 June 2019 $000
Operating activities			
Receipts from customers (GST inclusive)		110,953	180,530
Interest received		41	165
Payments to suppliers and employees (GST inclusive)		(105,860)	(153,662)
Finance costs		(1,535)	(1,778)
Income tax refund / (paid)		2,934	(6,732)
Net cash provided by operating activities		**6,533**	**18,523**
Investing activities			
Sale of property, plant and equipment		5,132	2,625
Proceeds from the sale of discontinued operations		16,740	-
Purchase of property, plant and equipment		(7,647)	(15,240)
Payments for investments in subsidiaries		-	(1,700)
Net cash provided by / (used in) investing activities		**14,225**	**(14,315)**
Financing activities			
Share purchases		(248)	-
Proceeds from borrowings		9,849	2,500
Repayment of borrowings		(20,392)	(3,518)
Repayment of leases		(2,424)	-
Dividends paid by parent entity		-	(5,558)
Loan repayments from related parties		123	-
Net cash used in financing activities		**(13,092)**	**(6,576)**
Net increase / (decrease) in cash held		7,666	(2,369)
Cash and cash equivalents at beginning of the period		4,803	7,172
Cash and cash equivalents at end of the period	10	**12,469**	**4,803**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The financial report of Experience Co Limited (the Company) and its controlled entities (collectively, the Group) for the financial year ended 30 June 2020 were authorised for issue in accordance with the resolution of the directors.

Experience Co Limited is listed on the Australian Securities Exchange, incorporated and domiciled in Australia and whose shares are publicly traded. The registered office is located at Level 1, 17 Castlereagh Street, Sydney, New South Wales, Australia.

BASIS OF PREPARATION

This financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, Australian Accounting Standards (AAS) and Interpretations of the Australian Accounting Standards Board (AASB). The consolidated financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

All amounts are presented in Australian dollars, unless otherwise noted.

The financial report is prepared on a historical cost basis except for the revaluation of financial assets and liabilities and a class of property plant and equipment which are stated at fair value.

The company is of a kind referred to in Corporations Instruments 2016/191 issued by ASIC, 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.

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 22.

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2019, except for the adoption of new standards effective as of 1 July 2019. Certain comparative information has been reclassified to conform with the presentation of the current year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The Group has applied for the first time AASB 16 Leases. Note 28 sets out further disclosures in relation to the first time application of AASB 16 Leases.

New AAS and Interpretation not yet mandatory or early adopted AAS that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the reporting period ended 30 June 2020. The Group's does not expect that new or amended AAS and Interpretations to have a material impact.

GOING CONCERN

In preparing the financial report, the Directors have an assessment of the ability of the Group to continue as a going concern, which contemplates the continuity of business operations, realization of assets and settlement of liabilities in the ordinary course of business.

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March 2020, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties.

For the year ended 30 June 2020, COVID-19 has impacted the Group, specifically as follows:

- Suspension of all Group operations on 23 March 2020, in both Australia and New Zealand. Reopening of operations commenced in late May 2020, on a site by site basis albeit on reduced operating volumes relative to historical periods.
- The Group reported cash and cash equivalents at 30 June 2020 of $12.5 million and net tangible assets of $65.8 million. The Group obtained a waiver from National Australia Bank ('NAB') in respect of covenant testing for the 30 June 2020 testing period.
- The Group continues to work with the NAB, including consideration of financial performance and cash flow, with a view to entering into a facility amendment by 30 September 2020 to address the current market conditions.
- The months March 2020 through June 2020 were loss making. Prior to recommencing operations average monthly net cash outflow was approximately $1.0 million per month (inclusive of finance costs). With the recommencement of operations and asset divestments this has been reduced, and is being closely monitored.
- The Group has participated in the Jobkeeper and Wage Subsidy programmes in Australia and New Zealand respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GOING CONCERN (CONTINUED)

As of 30 June 2020, the Group had an undrawn capacity of $15.2 million under its debt facilities due to mature in October 2021.

The directors have prepared projected cash flow information for the two years from 1 July 2020 taking into consideration the estimation of the continued business impacts of COVID-19.

These forecasts indicate that, taking account of reasonably possible downsides, the Group is expected to continue to operate, based on an assessment of forward earnings, existing cash levels and ongoing communications with NAB as post COVID-19 operating and cash flow performance is observed.

Key to the forecasts are relevant assumptions regarding the business, business model, any legal or regulatory restrictions, financing and shareholder support, in particular:

- the length of any government-imposed international and domestic border control measures and social distancing and/or lock-down in Australia and New Zealand, and operations being restricted to a domestic only business
- base case forecasts assume that customer volumes are limited to domestic markets until December 2021
- continuation of the Jobkeeper program and eligibility for Australian operations to March 2021
- access to other government support and assistance which is being progressed
- debt facilities will remain available and not called upon during the period
- stress testing has including a sensitivity whereby all group operations are suspended, and asset divestments are able to continue. Under this scenario the Group estimates that it would be have sufficient cash flows through to September 2021, without requiring additional further debt or equity financing.
- The Group continues to manage cash flow uncertainties by monitoring the operating cash flow by each operating location and product.

The directors remain focused on the Group's liquidity, and expect to manage business operations in the forecast period whilst maintaining adequate liquidity including:

- anticipated amendment of debt arrangements subject to agreement with incumbent lender or other lending party.
- the ability to raise capital from shareholders, noting ASX temporary emergency capital raising relief measures which have been extended to 30 November 2020.
- ongoing divestment identified in the assets held for sale and other potential surplus asset sales which are not subject to any shareholder approvals.
- restructuring and cost saving initiatives in the event COVID-19 has a more protracted impact on cash profitability
- deferral and/or suspension of non-critical or discretionary operating and capital expenditure.
- continuing the suspension of dividends until the recovery.

Based on these forecasts, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis and have a reasonable expectation that the Group will continue to meet its obligations as and when they fall due.

The basis on which the Directors have determined the recoverable amount for the purposes of impairment testing the carrying value of non-current assets is set out in Note 14. The value in use calculations for the recoverable amount testing are predicated on the assumption that the Group will continue as a going concern. In the event the Group is unable to continue as a going concern, a further assessment is likely to require additional impairment of assets based on an alternative basis of valuation.

BASIS OF CONSOLIDATION

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Non-controlling interests (NCI)

NCI are initially measured at their proportionate share of the acquiree's identifiable net assets as at acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Business Combinations

Business combinations are accounted for applying the acquisition method as at acquisition date, unless it is a combination involving entities or businesses under common control..

When measuring consideration, any asset or liability arising from a contingent consideration arrangement is included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration that is an asset or liability is remeasured at each reporting period to fair value, recognising any change in fair value to profit or loss.

Transaction costs, other than those associated with the issue of a financial instrument are recognised as expenses as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF CONSOLIDATION (CONTINUED)

Goodwill at acquisition date is measured based on the excess of the sum of:

- the fair value of consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the fair value of any previously held equity interest;

over the acquisition date fair value of identifiable net assets acquired.

Loss of control

In the event the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the previously controlled subsidiary is measured at fair value as at the date control ceased.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished for the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinate plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of the date of disposal or when the operation meets the criteria to be classified as held for sale.

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

FOREIGN CURRENCY

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition are translated to Australian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive incomes, and presented in the foreign currency translation reserve in equity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 30 days or less.

TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost less any allowance for expected credit losses.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a weighted or specific item basis. An impairment allowance is made for obsolete, damaged and slow moving inventories.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROPERTY, PLANT AND EQUIPMENT

Each class of property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment loss, except for aircraft.

Aircraft assets are measured under the revaluation model and accounted for at their fair value, being the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction, based on periodic valuations by external independent valuers or director valuations, less subsequent depreciation.

Subsequent expenditure

Subsequent expenditure, is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Maintenance costs are expenses as incurred.

Depreciation

Each asset, except for aircraft engine assets, is depreciated on a straight line basis over the estimated useful life from the date of acquisition, or for internally constructed assets from the time the asset is completed and available for use.

Aircraft engines are depreciated based on operating hours over the estimated useful life being time before overhaul, which is determined by manufacturer specifications and regulatory requirements.

The depreciation rate and residual value estimates for each asset class are:

ASSET CLASS	DEPRECIATION RATE	RESIDUAL VALUE (%)
Aircraft frames	5%	Specific to aircraft
Aircraft engines	Operating hours	Specific to aircraft
Motor vehicles	10%	0%
Buildings	2.5%	0%
Leasehold improvements	2.5%	0%
Office equipment	25%	0%
Vessels	5% - 20%	0% - 30%

INTANGIBLE ASSETS

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Subsequent to acquisition, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Computer software

Computer software comprises licence costs and direct costs incurred in developing and/or preparing for the operation of that software. Computer software is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets

Trademarks, customer relationships and leases and licences acquired in a business combination are recognised at fair value as at acquisition date. Trademarks have an indefinite useful life and are measured at cost less accumulated impairment losses. Customer relationships, leases and licences have a finite useful life and are measure at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Except for goodwill and trademarks, intangible assets are amortised on a straight line basis over their estimated useful life. The estimated useful life for customer relationships is 10 to 20 years, leases and licenses 4 to 20 years and software 3 to 5 years.

FINANCIAL INSTRUMENTS

The accounting polices for the Group's financial instruments are explained in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IMPAIRMENT OF ASSETS

Financial

Financial assets are tested for impairment at each financial year end.

Non-financial

Goodwill and intangible assets that have an indefinite useful life are tested for impairment annually or as otherwise required under AASB 136. Other assets are tested for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired. An impairment loss is recognised where the carrying amount of the asset exceeds the recoverable amount. The recoverable amount of an asset is defined as the higher the fair value less costs of disposal and value in use.

TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

EMPLOYEE BENEFITS

A provision is made for the Group's liability for employee benefits arising from the services rendered by employees to balance date. These benefits includes wages and salaries, annual leave and long service leave. Sick leave is non-vesting and has not been provided for.

SHARED BASED PAYMENTS/EQUITY SETTLED COMPENSATION

The Group operates a share based employee incentive program. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods.

PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event for which it is probable an outflow of economic benefits will be required to settle the obligation.

CONTRACT LIABILITIES

Contract liabilities represent the Group 's obligation to transfer goods or services to a Group customer and are recognised when a customer exchanges consideration or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) in advance of the Group transferring goods or services to the customer.

LEASES

The accounting policies for leases are explained in Note 28.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price based on separate performance obligations; and
- recognises revenue when or as each performance obligation is satisfied.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rental income

Rental income is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on loan advances and funds invested. Finance income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and leases.

Borrowing costs that are not directly attributable to an acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reporting on a net basis as either finance income or finance costs.

INCOME TAX

Tax Consolidation – Australia

Experience Co Limited and its Australian wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The Group notified the Australian Taxation Office (ATO) that it had formed an income tax consolidated group to apply from 1 July 2014. The tax consolidated group has also entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between amounts of net assets and liabilities derecognised and the net amounts recognised pursuant to their funding arrangement are recognised as either a contribution by, or distribution to the head entity.

Tax Consolidation – New Zealand

Skydive (New Zealand) Limited and its New Zealand wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The New Zealand group of companies notified the Inland Revenue Department (IRD) that it had formed an income tax consolidated group to apply from 30 October 2015. The New Zealand tax consolidated group has also entered into a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between amounts of net assets and liabilities derecognised and the net amounts recognised pursuant to their funding arrangement are recognised as either a contribution by, or distribution to the head entity.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant tax authority.

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 relevant tax authority is included with other receivables or 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 relevant tax authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense., The estimates and associated assumptions are based on historical experience and on factors it believes to be reasonable under the circumstances, the results of which form the basis of the reported amounts that are not readily apparently from other sources. Actual results may differ from these estimates under different assumptions and conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The judgements, estimates and assumptions that have a significant effect on the amounts recognised in the financial statements are:

- impairment of property, plant and equipment and intangibles – refer to Note 14
- useful life and residual value of property, plant and equipment and finite life intangible assets – refer *Property, Plant & Equipment* above.
- fair value for aircraft assets and fair value hierarchy- refer to Note 13 and 21
- allowance for expected credit loss on trade and other receivables – refer to Note 20
- current and deferred tax assets – refer to Note 8
- lease arrangement beyond the current lease contract period – refer to Note 28

JOBKEEPER INCOME

Jobkeeper is presented as other income, and a corresponding expense in employee expenses. Income is recognised as a receivable when the associated wage payments are made.:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The Group has identified the following reportable operational segments based on a combination of factors including products and services, geographical areas and regulatory environment:

- **Skydiving**: comprises tandem skydive and related products, with ancillary aircraft maintenance.
- **GBR Experiences**: comprises the continuing operations of the former Adventure Experiences segment in the annual financial statements for the period ended 30 June 2019. The core activities of this segment include a range of reef based dive and snorkel experiences and rainforest tours operating out of Cairns and Port Douglas in the Tropical North Queensland region.
- **Corporate**: comprises the centralised management and business administration services.

These operating segments are based on the internal reports that are reviewed and used by the CEO in determining the allocation of resources. The CEO reviews Earnings before interest, taxes, depreciation and amortisation and impairment (EBITDA) at the segment level. The accounting policies adopted for internal reporting to the CEO are consistent with those adopted in the financial statements.

On 20 November 2019 the Group announced the outcomes of a strategic review that identified certain non-core assets to be divested and as such this note is presented based on the Group's continuing operations. Note 5 sets out information in relation to discontinued operations.

OPERATING SEGMENT INFORMATION

	Skydiving	GBR Experiences	Corporate	Continuing operations
30 June 2020	**$000**	**$000**	**$000**	**$000**
Revenue				
Sales to external customers at a point in time	58,525	28,777	100	87,402
Sales revenue	**58,525**	**28,777**	**100**	**87,402**
Other income	1,792	2,506	313	4,611
Total segment revenue	**60,317**	**31,283**	**413**	**92,013**
EBITDA	**10,238**	**2,321**	**(7,336)**	**5,223**
Restructure and other significant expenses	658	424	2,358	3,440
Net gain/loss on sale of assets	93	476	(2)	567
Impact of AASB 16 Leases	(928)	(883)	(144)	(1,955)
Underlying EBITDA	**10,061**	**2,338**	**(5,124)**	**7,275**
Depreciation and amortisation	(4,273)	(4,243)	(1,432)	(9,948)
Segment profit before financial income and taxes	**5,965**	**(1,922)**	**(8,768)**	**(4,725)**

During the period the Group has reallocated certain costs that were previously included in the Corporate segment to the Skydiving and Great Barrier Reef Experiences segments.

Finance costs, finance income are not allocated to individual segments as these are managed on a group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 OPERATING SEGMENTS (CONTINUED)

OPERATING SEGMENT INFORMATION (CONTINUED)

30 June 2019	Skydiving $000	GBR Experiences $000	Corporate $000	Continuing operations $000
Revenue				
Sales to external customers at a point in time	84,461	45,544	-	130,005
Sales revenue	**84,461**	**45,544**	-	**130,005**
Other income	315	790	-	1,105
Total segment revenue	**84,776**	**46,334**	-	**131,110**
EBITDA	**21,808**	**807**	**(6,324)**	**16,291**
Restructure and other significant expenses	3,278	5,271	-	8,549
Net gain/loss on sale of assets	(495)	62	-	(433)
Underlying EBITDA	**24,591**	**6,140**	**(6,324)**	**24,407**
Depreciation and amortisation	(5,082)	(4,906)	(204)	(10,193)
Segment profit before financial income and taxes	**16,726**	**(4,099)**	**(6,528)**	**6,098**

Geographical disclosures

	Australia	New Zealand	Total
Revenue from continuing operations			
30 June 2020	65,906	21,496	**87,402**
30 June 2019	98,978	31,027	**130,005**

A reconciliation of profit / (loss) from continuing operations to Underlying EBITDA for continuing operations is as follows:

	30 June 2020 $000	30 June 2019 $000
(Loss) / profit for the year from continuing operations	**(39,660)**	**5,362**
Finance costs	1,891	1,614
Depreciation and amortisation	9,948	10,193
Impairment	35,664	12,365
Income tax benefit	(2,620)	(13,243)
EBITDA from continuing operations	**5,223**	**16,291**
Restructure and other significant expenses	3,440	8,549
Profit / (loss) on Disposal of Assets	567	(433)
AASB 16 Leases (net impact)	(1,955)	-
Underlying EBITDA from continuing operations	**7,275**	**24,407**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 OTHER INCOME

	30 June 2020 $000	30 June 2019 $000
Jobkeeper income	2,862	-
Wages subsidy income	535	-
Diesel Fuel Rebate	670	552
Insurance Recoveries	196	273
Other	348	280
	4,611	**1,105**

NOTE 4 RESTRUCTURE AND OTHER SIGNIFICANT EXPENSES

Restructure and other expenses from continuing operations in the period included a number of non-recurring items, principally due to the Group's strategic review and senior management transition in the period.

	30 June 2020 $000	30 June 2019 $000
Restructuring costs	1,915	-
Strategic review costs	808	-
Acquisition and consolidation adjustments	-	4,776
Share based payments	380	233
Onerous leases	-	833
Other (net)	337	2,707
Restructure and other significant expenses	**3,440**	**8,549**

NOTE 5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

STRATEGIC REVIEW AND DIVESTMENT OF NON-CORE ASSETS

Discontinued operations

On 20 November 2019 the Group announced the outcome of a strategic review and the Board's decision to divest a number of non-core businesses. These included Great Barrier Reef Helicopters, canyoning, white water rafting and ballooning businesses, including those activities acquired as part of the 1 October 2016 acquisition of Raging Thunder.

In this financial report these non-core businesses have been recognised as discontinued operations.

The divestment of Great Barrier Reef Helicopters to the Morris Group was completed on 2 January 2020. The net proceeds from the sale of $16.25 million have been applied to the corporate debt facility.

The Group divested the Cairns Canyoning business in December 2019 for cash proceeds of $160,000.

The Group commenced a sale process for the divestment of the whitewater rafting and ballooning activities, inclusive of the Raging Thunder brand at the time of the emergence of the COVID-19 pandemic. As at the date of this report, these businesses remain held for sale. On 26 June 2020, the Group completed a transaction to sell the business and assets of Hunter Valley Ballooning and Byron Bay Ballooning for net proceeds of $330,000.

During the financial year ending 30 June 2020, the Group has also realised net proceeds of $5.1m attributable to the sale of surplus property, plant and equipment.

These discontinued operations are no longer included in the operating segment note disclosures. The results of these discontinued operations are presented below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONTINUED)

	30 June 2020 $000	30 June 2019 $000
Sales revenue	11,473	31,291
Expenses	(12,732)	(32,074)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(6,904)	(50,169)
Loss before tax from discontinued operations	**(8,163)**	**(50,952)**
Income tax expense	(3,590)	(2,668)
Loss after tax from discontinued operations	**(11,753)**	**(53,620)**

Assets held for sale

The assets and liabilities held for sale have been appropriately disclosed in the Consolidated Statement of Financial Position as follows:

	30 June 2020 $000
Assets	
Property, plant & equipment	8,290
Deferred tax assets	60
Assets held for sale	**8,350**
Liabilities	
Employee benefits - Current	27
Employee benefits - Non-Current	16
Provisions - Non-Current	857
Current tax liability	-
Contract liabilities	120
Liabilities directly associated with assets held for sale	**1,020**
Net assets directly associated with assets held for sale	**7,330**

NOTE 6 AUDITOR'S REMUNERATION

	30 June 2020 $	30 June 2019 $
Audit services	177,655	263,730
Taxation services	100,437	96,572
Transaction services	-	4,000
	278,092	**364,302**

NOTE 7 NET FINANCE COSTS

	30 June 2020 $000	30 June 2019 $000
Interest income	74	161
Amortisation borrowing costs	(47)	(35)
Interest expense - borrowings	(762)	(878)
Interest expense - asset finance leases	(718)	(862)
Interest expense - other leases	(432)	-
Other	(6)	-
Finance expense	**(1,965)**	**(1,775)**
Net finance costs	**(1,891)**	**(1,614)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 INCOME TAXES

COMPONENTS OF INCOME TAX EXPENSE/(BENEFIT)

	30 June 2020 $000	30 June 2019 $000
Current tax	1,505	2,506
Deferred tax	(1,065)	(11,964)
Underprovison/(overprovision) prior year	530	(1,117)
Income tax expense/(benefit)	**970**	**(10,575)**
Income tax expense/(benefit) is attributable to:		
Continuing operations	(2,620)	**13,243**
Discontinued operations	3,590	**(2,668)**
	970	**10,575**

RECONCILIATION OF EFFECTIVE TAX RATE

	30 June 2020 $000	30 June 2019 $000
Loss from continuing operations for the period	(42,280)	(7,881)
Loss from discontinued operations for the period	(8,162)	(50,952)
Loss before income tax	(50,442)	(58,833)
Income tax using the Company's tax rate of 30%	(15,133)	(16,977)
Non-allowable items	489	137
Non-deductible impairment	8,989	5,335
Abnormal items	279	1,253
Recognition of transferred tax losses	5,302	(139)
Recognition of other deferred tax balances	601	(132)
Deductible acquisition costs	-	-
Under and Over Provision	530	-
Effect of lower tax rate attributable to foreign controlled entities	(88)	(52)
Income tax expense/(benefit)	**970**	**(10,575)**

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

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	Assets		Liabilities	
	30 June 2020 $000	30 June 2019 $000	30 June 2020 $000	30 June 2019 $000
Property, Plant & Equipment	-	1,225	(2,873)	-
Intangible assets	2,926	5,112	-	-
Lease Liability	2,535	250	-	-
Provisions	468	1,165	-	-
Capital Raising Costs	1,408	833	-	-
Unutilised tax losses	5,924	-		
Other	761	950	-	-
Tax assets/(liabilities)	**14,022**	**9,535**	**(2,873)**	**-**
Set off	(2,873)	-		
Deferred tax asset	**11,149**	**9,535**		**-**

The Australian tax consolidated group has unutilised carried forward tax losses of $19,749,848 (30 June 2019: $2,076,314 30) which have been recognised as deferred tax assets which are expected to be utilised in years 3 to 5 in the projections used in the impairment disclosures set out in Note 14.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 INCOME TAXES (CONTINUED)

TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME

	2020 Before-tax amount	Tax (expense) benefit	Net-of-tax amount	2019 Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Consolidated Group	$000	$000	$000	$000	$000	$000
Revaluation of property, plant and equipment	(3,016)	905	(2,111)	5,127	(1,538)	3,589
Exchange differences on translating foreign operations	580	(174)	406	463	(139)	324
	(2,437)	**731**	**(1,705)**	**5,590**	**(1,677)**	**3,913**

NOTE 9 EARNINGS PER SHARE

	30 June 2020 $000	30 June 2019 $000
Weighted average of shares in year used in basic earnings per share	555,811,840	555,811,840
Weighted average of dilutive options and rights outstanding	14,241,338	11,247,324
Weighted average of ordinary shares in year used in calculating dilutive earnings per share	**570,053,178**	**567,059,164**
Continuing operations		
Earnings used in basic and diluted earnings per share	(39,660)	5,362
Basic earnings per share (cents)	(7.14)	0.96
Diluted earnings per share (cents)	(7.14)	0.95
Discontinued operations		
Earnings used in basic and diluted earnings per share	(11,753)	(53,620)
Basic earnings per share (cents)	(2.11)	(9.65)
Diluted earnings per share (cents)	(2.11)	(9.65)

NOTE 10 CASH & CASH EQUIVALENTS

	30 June 2020 $000	30 June 2019 $000
Cash at bank and on hand	12,416	4,617
Short term cash deposits	53	186
Cash and cash equivalents	**12,469**	**4,803**

The effective interest rate on short-term deposits was 0.65% (30 June 2019: 2.3%), these have an average maturity of 365 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 TRADE AND OTHER RECEIVABLES

	30 June 2020 $000	30 June 2019 $000
Trade receivables	2,601	4,538
Allowance for expected credit loss	(1,348)	(139)
	1,253	4,399
Refer to Note 20 for details on the expected credit loss calculation.		
Loan receivable from related party	100	300
Other receivables	1,582	946
Current trade and other receivables	**2,935**	**5,645**
Loan receivable from related party	164	977
Non current trade and other receivables	**164**	**977**

Refer to Note 25 for details of the loan receivable from related party.

NOTE 12 OTHER ASSETS

	30 June 2020 $000	30 June 2019 $000
Prepayments	1,031	1,459
Other current assets	519	1,711
Other assets	**1,550**	**3,170**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 PROPERTY PLANT & EQUIPMENT

	Land & Buildings	Plant & Equipment	Leasehold Improv.	Aircraft	Motor Vehicles	Office Equipment	Vessels	Total
	$000	$000	$000	$000	$000	$000	$000	$000
Cost 1 July 2018	9,096	11,342	4,434	64,628	6,403	1,463	36,344	**133,710**
Accumulated depreciation	(181)	(3,621)	(890)	(2,713)	(1,571)	(920)	(2,275)	**(12,171)**
Carrying amount 1 July 2018	8,915	7,721	3,544	61,915	4,832	543	34,069	**121,539**
Additions	80	1,145	624	9,980	625	287	2,545	**15,286**
Depreciation expense	(72)	(1,357)	(271)	(4,632)	(716)	(218)	(3,124)	**(10,390)**
Disposals	-	(268)	(447)	(2,700)	(129)	(8)	(2,031)	**(5,583)**
Revaluations	-	-	-	3,411		-	-	**3,411**
Impairment	(758)	-	-	(3,440)		-	(1,202)	**(5,400)**
Movement in foreign exchange	(1)	11	-	-	(5)	-	-	**5**
Transfer between asset classes	-	(72)	-	1,489	72	-	(1,489)	-
Carrying amount 30 June 2019	**8,164**	**7,180**	**3,450**	**66,023**	**4,679**	**604**	**28,768**	**118,868**
Cost 1 July 2019	8,345	12,486	4,608	66,023	7,061	1,754	34,107	**134,384**
Accumulated depreciation	(181)	(5,306)	(1,158)	-	(2,382)	(1,150)	(5,339)	**(15,516)**
Carrying amount 1 July 2019	8,164	7,180	3,450	66,023	4,679	604	28,768	**118,868**
Additions	225	805	149	3,752	316	156	1,977	**7,380**
Depreciation expense	(80)	(1,373)	(167)	(2,404)	(680)	(228)	(3,426)	**(8,359)**
Disposals	(2,334)	(412)	(373)	(16,717)	(1,080)	(97)	(2,388)	**(23,402)**
Revaluations	-	-	-	(3,016)	-	-	-	**(3,016)**
Impairment	(2,409)	-	-	(10,294)	(300)	-	(1,261)	**(14,263)**
Movement in foreign exchange	(18)	(8)	(59)	130	(8)	(9)	(21)	**7**
Transfer between asset classes		18		(18)				-
Assets held for sale	(2,075)	(617)	-	(5,001)	(456)	-	(141)	**(8,290)**
Cost 30 June 2020	**1,735**	**12,272**	**4,325**	**32,456**	**5,533**	**1,804**	**32,273**	**92,801**
Accumulated depreciation	(261)	(6,679)	(1,325)	-	(3,062)	(1,378)	(8,765)	(23,875)
Carrying amount 30 June 2020	**1,474**	**5,593**	**2,999**	**32,456**	**2,471**	**426**	**23,508**	**68,926**

At the date of revaluation, the carrying amount of aircraft is adjusted to the revalued amount. Accumulated depreciation is eliminated against the gross carrying amount of the asset.

The Group's fixed wing aircraft were revalued at 30 June 2019 by independent valuers and the Directors. Valuations were based on the price that would be received to sell the asset in an orderly transaction between market participants. Due to the COVID-19 event there was no an active and liquid market in place to support an orderly transaction as at 30 June 2020 and as such the reliability of independent valuations at this point in time is inherently limited by market events. As a consequence, directors valuations were adopted for the 30 June 2020 balance date.

The directors valuations were determined on a aircraft by aircraft basis, taking into consideration the condition of the aircraft, including airframe and engine hours and discussion with independent valuers and desktop research on information available in the public domain. The valuation of aircraft is subject to a degree of judgement and factors such as the nature, condition and location of the aircraft.

Where an aircraft is taken out of regular service and held for sale, the item is reclassified to non current assets held for resale and the carrying amount stated at the net realisable value based on indicative offers, market valuations and other available information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 INTANGIBLE ASSETS

	Goodwill	Trademarks	Computer Software	Customer relationships and other	Leases & Licences	Total
	$000	$000	$000	$000	$000	$000
Cost 1 July 2018	36,301	14,370	502	26,282	10,861	**83,751**
Accumulated amortisation	-	-	(184)	(1,858)	(1,306)	**1,217**
Carrying amount 1 July 2018	36,301	14,370	318	24,424	9,555	**84,968**
Additions	186	123	591	694		**1,594**
Amortisation expense	-		(127)	(1,632)	(1,713)	**(3,472)**
Disposals			(20)	(365)	(57)	**(442)**
Impairment	(23,483)	(5,351)		(15,953)	(7,783)	**(52,570)**
Movement in foreign exchange	(110)	36		24	(42)	**(92)**
Transfers to other asset classes	283	60		(2,109)	1,766	-
Carrying amount 30 June 2019	**13,177**	**9,238**	**762**	**5,083**	**1,726**	**29,986**
Cost 1 July 2019	36,660	14,589	909	23,033	11,279	**86,470**
Accumulated amortisation and impairment	(23,483)	(5,351)	(147)	(17,950)	(9,553)	**(56,484)**
Carrying amount 1 July 2019	13,177	9,238	762	5,083	1,726	**29,986**
Additions	-	40	494	38	-	**572**
Amortisation expense	-	-	(353)	(600)	(21)	**(974)**
Disposals	-	(13)	(12)	(12)	-	**(37)**
Impairment	(12,980)	(9,140)	-	(4,480)	(1,631)	**(28,231)**
Movement in foreign exchange	(197)	(125)	-	(73)	(32)	**(427)**
Transfers to other asset classes	-	-	4	44	(42)	
Cost 30 June 2020	**23,483**	**5,351**	**1,395**	**18,550**	**9,574**	**58,347**
Accumulated amortisation and impairment	(23,483)	(5,351)	(500)	(18,550)	(9,574)	(57,458)
Carrying amount 30 June 2020	-	-	**895**	-	-	**895**

IMPAIRMENT DISCLOSURES

Intangible assets, other than goodwill and trademarks, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill and trademarks have an indefinite useful life.

The Group's financial performance has been significantly impacted by the events arising from the COVID-19 pandemic, with each CGU impacted by the suspension of operations, the impact of international and domestic border restrictions and social distancing requirements.

The recoverable amount of each of the Group's CGUs has been determined based on value in use calculations. The future cash flow projections for the Group are subject to a significant level of pandemic uncertainty and are highly sensitive to the following key assumptions:

- Continuing closure of international borders well into 2021 with a return to FY19 inbound visitation not expected until 2023.
- Domestic travel restrictions which the Group expects to materially impact operations until at least early 2021.
- Social distancing requirements that impact operations may lead to changes in operating capacity and efficiency of operations.
- Government assistance available to the Group
- Emerging macroeconomic trends, in particular the impact on consumer discretionary spending by our target markets.

The recoverable amount of each CGU was assessed to be significantly less than the carrying value, and the previous corresponding balance date, and as a result the following impairments of goodwill and other intangibles has been recognised:

In each case, the Group notes that as at the date of this report, that cash flow projections are subject to a significant level of uncertainty, and accordingly actual future cash flows may be significantly more or less favourable than that determined as at balance date, in terms of both timing and amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14 INTANGIBLE ASSETS (CONTINUED)

IMPAIRMENT DISCLOSURES (CONTINUED)

The impairment charges recognised in the period to 30 June 2020 balance date are set out below.

- **Australia Skydive $9,233,282: based on** five year management projections and a terminal growth rate of 2.0% (30 June 2019: 3.0%) and a pre-tax discount rate of 19.9% (30 June 2019: 15.4%).
- **New Zealand Skydive $17,037,036: based on** five year management projections and a terminal growth rate of 2.0% (30 June 2019 3.0%) and a pre-tax discount rate of 22.4% (30 June 2019: 16.6%)
- **GBR Experiences $1,960,657: based on** five year management projections and a terminal growth rate of 2.0% (30 June 2019: 3.0%) and a pre-tax discount rate of 19.9% (30 June 2019: 15.4%).

Goodwill is allocated to cash-generating units based on the Group's reporting segments.

	2020 GOODWILL $0	2020 TRADEMARKS $0	2019 GOODWILL $0	2019 TRADEMARKS $0
Australia Skydiving operations	-	-	4,969	2,122
New Zealand Skydiving operations	-	-	8,207	5,156
GBR Experiences operations	-	-	-	1,960
Total	-	-	13,176	9,238

NOTE 15 TRADE AND OTHER PAYABLES

	30 June 2020 $0	30 June 2019 $0
Trade payables	548	2,657
Sundry payables and accrued expenses	4,023	6,996
Trade and other payables	**4,571**	**9,653**

NOTE 16 BORROWINGS

	30 June 2020 $000	30 June 2019 $000
Non-current		
Bank loans	9,760	20,000
Total non-current borrowings	**9,760**	**20,000**
Total borrowings	**9,760**	**20,000**

During the period the Group extended the maturity on its Multi Option Facility Agreement with the National Australia Bank (NAB) to 20 October 2021.

NAB has made available to the Group the following facilities:

- $25,000,000 Cash Advance Facility
- $15,000,000 Master Asset Finance Facility (MAFF)
- $500,000 Bank Guarantee Facility
- $3,000,000 Foreign Exchange & Commodity Hedging Facility

As at 30 June 2020 $9,760,000 of the Cash Advance Facility is drawn.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 BORROWINGS (CONTINUED)

To secure the facilities with NAB, the Group and NAB have entered into a General Security Deed for both the Australian and New Zealand operations. NAB holds a security interest in and over all the secured property of the Group. The NAB Finance leases are generally 3 to 5 year maturity and are repayable on a monthly basis. Interest rates on these leases currently range from 4% to 6%. Interest on the Cash Advance Facility is payable quarterly and interest rates on this facility currently range from 3% to 4%.

At the end of each December and June reporting period, the Group is required to calculate and submit to NAB a (i) Fixed Cover Charge Ratio and (ii) a Gross Senior Leverage Ratio.

During the period, the Group and NAB agreed to a Conditional Waiver Agreement providing covenant testing relief for the 30 June 2020 testing period and deferral of monthly instalments under the MAFF until 30 September 2020. Under the Conditional Waiver Agreement both parties have agreed to an amendment to be agreed prior to 30 September 2020.

NOTE 17 SHARE BASED PAYMENTS

	30 June 2020 $000	30 June 2019 $000
Expenses arising from equity-settled share-based payment transactions	478	232
Other	(132)	
Share-based payment expense	**346**	**232**

Options

In 2015, a total of 10,300,000 share options were granted to KMP under the STB Share Option Plan to take up ordinary shares at an exercise price of $0.25 each. These share options expire 9 February 2025. No share options were exercised during the period.

Performance rights and service rights

Set out below is a summary of performance rights and service rights granted.

Grant date	Expiry date	Exercise price $	Opening balance	Granted	Exercised /vested	Expired/ forfeited /other	Ending balance	Share price at grant date $	Expected volatility	Risk free rate	Fair value at grant date $
30 Nov 2018	30 Nov 2021	-	373,343	-	(373,343)	-	-	$0.35	30.00%	1.36%	130,670
30 Nov 2018	30 Nov 2021	-	373,343	-	-	(172,190)	201,153	$0.35	30.00%	1.36%	130,670
30 Nov 2018	30 Nov 2021	-	373,343	-	-	(172,190)	201,153	$0.35	30.00%	1.36%	130,670
04 Mar 2019	30 Mar 2020	-	540,540	-	(540,540)	-	-	$0.36	30.00%	1.36%	194,594
04 Mar 2019	30 Mar 2020	-	360,360	-	(360,360)	-	-	$0.36	30.00%	1.36%	129,730
29 Nov 2019	15 Sep 2022	-	-	2,736,668	-	-	2,736,668	$0.17	62.73%	0.62%	418,026
29 Nov 2019	29 Jul 2022	-	-	439,560	-	-	439,560	$0.27	62.73%	0.62%	116,483

The weighted average share price during the financial year was $0.181 (2019: $0.303).

Vesting conditions other than market conditions are not taken into account when estimating the fair value and any service requirement to be rendered is presumed to be received.

The fair value at grant is based on the market price of the shares reduced by the present value of dividends expected to be paid during the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18 CAPITAL

	2020 $000	2019 $000	2020 No.	2019 No.
Ordinary share capital (no par value)	**168,645**	168,860	**554,537,596**	555,811,840

CAPITAL MANAGEMENT

The Group aims to meet their strategic objectives and operational needs through the appropriate use of debt and equity, while taking account of the additional financial risks of higher debt levels. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In determining the optimal capital structure, the Group takes into account a number of factors, including the views of investors and the market in general, the capital needs of the portfolio, the relative cost of debt versus equity, the execution risk of raising equity or debt, and the additional financial risks of debt including increased volatility of earnings due to exposure to external factors and the liquidity risk of maturing debt facilities.

	30 June 2020 $000	30 June 2019 $000
Borrowings	9,760	20,000
Amounts outstanding under asset finance	11,728	14,153
Cash and cash equivalents	12,469	4,803
Net debt	**9,019**	**29,350**
Equity	**77,787**	**132,399**
Total	**86,806**	**161,749**
Gearing ratio	**12%**	**22%**
Underlying EBITDA	7,275	24,407
Net Debt to Underlying EBITDA	**1.2x**	**1.2x**

DIVIDENDS AND FRANKING ACCOUNT

No dividend paid or declared during the period (30 June 2019 a fully franked dividend of $0.01 per share was paid out of retained profits at 30 June 2018, amounting to $5,558,118).

30% franking credits available to shareholders for subsequent periods were $7,953,000 at 30 June 2020 (30 June 2019: $13,389,000).

NOTE 19 RESERVES

NATURE AND PURPOSE OF RESERVES

- **Asset Revaluation Reserve:** records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.
- **Option Reserve:** records items recognised as expenses on valuation of employee share options.
- **Common Control Reserve:** represents the excess purchase consideration over the carrying value of assets and liabilities acquired in the group reorganisation which occurred on 1 July 2014.
- **Foreign Currency Translation Reserve:** records exchange differences arising on translation of a foreign controlled subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 RESERVES (CONTINUED)

MOVEMENTS IN RESERVES

The movement in each class of reserves during the current and previous year is set out below.

	30 June 2020 $000	30 June 2019 $000
Asset revaluation reserve		
Opening balance	6,051	1,382
Revaluation gain/(loss) on property, plant & equipment	(4,704)	4,669
	1,347	**6,051**
Share options reserve		
Opening balance	250	18
Amount recognised in income statement during period	346	232
	596	**250**
Common control reserve		
Opening balance	(4,171)	(4,171)
Amounts acquired during period	-	-
	(4,171)	**(4,171)**
Foreign currency translation reserve		
Opening balance	122	(341)
Translation differences from foreign operations during period	(314)	463
	(192)	**122**
Reserves	**(2,420)**	**2,252**

NOTE 20 FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, liquidity risk and market risk arising from the use of financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit Risk Exposures

The carrying amount of the Group's financial assets represents the maximum credit exposure.

	Notes	30 June 2020 $000	30 June 2019 $000
Cash and cash equivalents		12,469	4,803
Trade and other receivables		3,099	6,622
Loans		264	1,276
Other financial assets		-	-
Financial assets		**15,832**	**12,701**

Cash and cash equivalents

Cash at bank and short-term deposits are held with Australian and New Zealand banks with acceptable credit ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade and other receivables

Credit risk is managed through regular monitoring of customer accounts and payments. Such monitoring is used in assessing receivables for impairment. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Credit risk is principally attributable to local and international travel agents and inbound tour operators, including online and traditional high street travel agents.

The Group does not normally require or hold collateral for the purposes of securing receivables.

Impairment of trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure expected credit losses trade receivables have been grouped based on shared credit risk characteristics and historical credit loss.

	Category 1 $000	Category 2 $000	Category 3 $000	Category 4 $000	Category 5 $000	Total $000
30 June 2020						
Expected credit loss rate	0%	>0% to 25%	>25% to 50%	>50% to 75%	>75% to 100%	
Gross balance outstanding ($000)	292	339	57	1,217	695	2,601
Expected credit loss	-	44	24	729	551	1,348

Given the impact of the pandemic for the 30 June 2020 period, the Group has sought to determine risk on characteristics of certain groups and their respective risk categories.

30 June 2019	Current $000	More than 30 days $000	More than 60 days $000	More than 90 days $000	Total $000
Expected credit loss rate	0.60%	2.00%	10%	25%	
Gross balance outstanding ($000)	3,548	442	151	427	4,538
Expected credit loss	9	9	15	106	139

Loans

Loans comprise unsecured related party loans to Anthony Boucaut (Director).

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or reputational risk.

The Group maintains a general corporate facility of $25 million (drawn to $9.76 million at 30 June 2020) and cash reserves to mitigate this exposure.

The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has 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.

Financial liability maturity analysis

	Carrying amount $000	Contracted cash flow $000	6 months or less $000	6 to 12 months $000	1 to 2 years $000	More than 2 years $000
30 June 2020						
Bank loans	9,760	9,760	-	-	9,760	-
Trade and other payables	4,571	4,571	4,571	-	-	-
Lease liabilities	24,145	24,145	3,107	1,834	5,601	13,603
Financial liabilities	**38,476**	**38,476**	**7,678**	**1,834**	**15,361**	**13,603**
30 June 2019						
Bank loans	20,132	20,132	-	-	20,132	-
Trade and other payables	9,521	9,521	9,521	-	-	-
Finance lease liabilities	14,153	14,153	1,822	1,130	2,734	8,468
Financial liabilities	**43,806**	**43,806**	**11,343**	**1,130**	**22,866**	**8,468**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents.

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2020 approximately 55% (2019: 42%) of group debt is fixed.

ii. Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies other than the AUD functional currency of the Group.

With instruments being held by overseas operations, fluctuations in the NZ Dollar may impact on the Group's financial results.

There are currently no hedging arrangements in place to manage foreign currency risk.

Sensitivities

The Group does not account for any financial assets or liabilities at fair value through the profit and loss, and has no derivatives designated as hedging instruments under fair value hedge accounting model. As such, a change in interest rates at reporting date would not impact profit and loss.

In relation to variable interest rate instruments, principally being bank borrowings under the general purpose corporate facility, the impact of a 100 basis point change in interest rates at the reporting date is immaterial.

Fair values

The fair values of financial assets and financial liabilities approximate their carrying amounts in the statement of financial position.

NOTE 21 FAIR VALUE MEASUREMENT

FAIR VALUE HIERARCHY

The following tables detail the assets and liabilities of the Group, measured or disclosed 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;
- **Level 3**: Unobservable inputs for the asset or liability

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
30 June 2020				
Non-current assets held for sale			8,350	8,350
Aircraft			32,456	32,456
Total assets	-	-	**40,806**	**40,806**
30 June 2019				
Aircraft			66,023	66,023
Total assets	-	-	**66,023**	**66,023**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21 FAIR VALUE MEASUREMENT (CONTINUED)

Non-current assets held for sale

Non-current assets held for sale are carried at their market value assessed at the time where the assets were designated as held for sale. The fair value of assets held for sale is designated within level 2 of the fair value hierarchy when contracts have been exchanged for the subject assets. Level 3 assets are those being actively marketed but no contracts have been exchanged at year end.

Aircraft

The fair value of aircraft equipment and helicopter equipment is expected to be determined at least every two years based on valuations by an independent valuer, with the last revaluation being 30 June 2019. At the end of each intervening period, the directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data.

	Level 3			
	Aircraft	Non-current assets held for sale	Unlisted Investments	Total
	$000	$000	$000	$000
Balance at 1 July 2018	61,915	-	1,533	63,448
Additions	9,980	-	-	9,980
Disposals	(2,701)	-	-	(2,701)
Revaluations	3,411	-	-	3,411
Loss recognised in profit and loss	(3,440)	-	(1,532)	(4,972)
Depreciation	(4,632)	-	-	(4,632)
Transfer from non-fair value asset class	1,489	-	-	1,489
Balance at 30 June 2019	**66,023**	-	**1**	**66,023**
Balance at 1 July 2019	66,022	-	1	66,023
Additions	3,752	3,349	-	7,101
Disposals	(16,717)	-	-	(16,717)
Revaluations	(3,016)	-	-	(3,016)
Loss recognised in profit and loss	(10,294)	-	(1)	(10,295)
Depreciation	(2,404)	-	-	(2,404)
Other	113	-	-	113
Transfer between asset class	(5,001)	5,001	-	-
Balance at 30 June 2020	**32,456**	**8,350**	-	**40,806**

Due to the COVID-19 event there was no an active and liquid market in place to support an orderly transaction as at 30 June 2020 and as such the reliability of independent valuations at this point in time is inherently limited by market events. As a consequence, directors valuations were adopted for the 30 June 2020 balance date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22 PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

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	30 June 2020 $000	30 June 2019 $000
Loss for the period	(14,173)	(10,012)
Other comprehensive income	0	-
Total comprehensive loss for the period after tax	(14,173)	(10,012)
Current assets	9,058	7,745
Non-current assets	144,628	140,876
Total assets	153,686	148,621
Current liabilities	2,289	2,110
Non-current liabilities	15,664	25,145
Total liabilities	17,953	27,255
Issued capital	167,580	167,828
Retained earnings	(32,830)	(47,003)
Reserves	(983)	342
Total Equity	**133,767**	**121,167**

Significant accounting policies are consistent with those applied by the Group.

The parent entity had no guarantees, contingent liabilities or commitments as at balance date.

NOTE 23 CONTROLLED ENTITIES

The subsidiaries listed have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation. Other than banking covenants there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST 2020	2019
Aircraft Maintenance Centre Pty Ltd	Australia	**100%**	100%
Australia Skydive Pty Ltd	Australia	**100%**	100%
B & B No 2 Pty Ltd	Australia	**100%**	100%
Bill & Ben Investments Pty Ltd	Australia	**100%**	100%
Skydive Holdings Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Airlie Beach Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond BB Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Central Coast Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Great Ocean Road Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Hunter Valley Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Melbourne Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Newcastle Pty Ltd	Australia	**100%**	100%
SBB Trading Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Sydney Wollongong Pty Ltd	Australia	**100%**	100%
Skydive the Beach and Beyond Yarra Valley Pty Ltd	Australia	**100%**	100%
Skydive.com.au Pty Ltd	Australia	**100%**	100%
STBAUS Pty Ltd	Australia	**100%**	100%
Skydive International Holdings Pty Ltd	Australia	**100%**	100%
Skydive Investments Pty Ltd	Australia	**100%**	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST	
		2020	2019
Raging Thunder Pty Ltd	Australia	**100%**	100%
Fitzroy Island Ferries Pty Ltd	Australia	**100%**	100%
Fitzroy Island Pty Ltd	Australia	**100%**	100%
Martheno Pty Ltd	Australia	**100%**	100%
Raging Thunder Retail Pty Ltd	Australia	**100%**	100%
White Water Rafting Qld Pty Ltd	Australia	**100%**	100%
Raging Thunder Balloon Adventures Pty Ltd	Australia	**100%**	100%
Rescue Training Group Pty Ltd	Australia	**-**	100%
ILB Pty Ltd	Australia	**100%**	100%
Reef Magic Cruises Pty Ltd	Australia	**100%**	100%
ACN 123 520 874 Pty Ltd [1]	Australia	**100%**	100%
Air Vistas Pty Ltd	Australia	**100%**	100%
GBR Helicopters Pty Ltd	Australia	**-**	100%
GBRH Holdings Pty Ltd	Australia	**-**	100%
Calypso Reef Charters Pty Ltd	Australia	**100%**	100%
Fish for Fish Investments Pty Ltd	Australia	**100%**	100%
Experience Daintree Pty Ltd	Australia	**100%**	100%
J & J Wallace (Holdings) Pty. Ltd.	Australia	**100%**	100%
J & J Wallace (Projects) Pty Ltd	Australia	**100%**	100%
J & J Wallace (Tours) Pty Ltd	Australia	**100%**	100%
J & J Wallace (Permits) Pty. Ltd.	Australia	**100%**	100%
Performance Helicopters Pty Ltd	Australia	**100%**	100%
Experience Marine Pty Ltd	Australia	**100%**	100%
Experience Co Admin Pty Ltd	Australia	**100%**	-
Experience Co Admin QLD Pty Ltd	Australia	**100%**	-
Skydive Australia Collections Pty Ltd	Australia	**100%**	-
Experience Co NZ Holdings Limited	New Zealand	**100%**	100%
Skydive Queenstown Limited	New Zealand	**100%**	100%
Ultimate Adventure Group Ltd	New Zealand	**100%**	100%
Parachute Adventure Queenstown Limited	New Zealand	**100%**	100%
Skydive Wanaka Limited	New Zealand	**100%**	100%
Performance Aviation (New Zealand) Limited	New Zealand	**100%**	100%

[1] Entity changed name on 29 June 2020, having previously been named Byron Bay Ballooning Pty Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 24 CASH FLOW INFORMATION

RECONCILIATION OF LOSS AFTER INCOME TAX TO OPERATING CASH FLOWS

	30 June 2020	30 June 2019
	$000	$000
(Loss) / Profit after income tax	(51,413)	(48,258)
Non-cash items in profit		
Depreciation and amortisation	11,031	13,950
Impairment	42,568	62,534
One off items - Non Cash	(880)	4,892
Net loss on sale of assets	961	(284)
Unrealised foreign currency exchange gains/(losses)	-	20
	2,267	32,854
Changes in assets and liabilities:		
Decrease / (Increase) in trade and other receivables	2,190	3,367
Decrease / (Increase) in other current assets	1,192	(608)
Decrease / (Increase) in inventories	1,954	(253)
Increase in trade and other payables	(3,539)	(1,271)
Decrease / (increase) in income taxes payable	5,579	(3,800)
Increase in deferred taxes payable	(1,674)	(11,964)
(Increase) / decrease in provisions	(1,436)	198
Cash flows from operating activities	**6,533**	**18,523**

NOTE 25 RELATED PARTY DISCLOSURES

RELATED PARTIES

The Group's related parties are as follows:

- **Entities exercising control over the Group**: the ultimate parent entity that exercises control over the Group is Experience Co Limited, which is incorporated in Australia.
- **Key Management Personnel**: persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including directors (executive and non-executive) of that entity.
- **Other Related Parties**: other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

KEY MANAGEMENT PERSONNEL REMUNERATION

	30 June 2020	30 June 2019
	$	$
Short-term employee benefits	1,651,710	1,331,696
Post-employment benefits	108,439	98,263
Share based payments	441,858	223,080
Total KMP remuneration	**2,202,007**	**1,653,038**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 25 RELATED PARTY DISCLOSURES (CONTINUED)

RELATED PARTY TRANSACTIONS AND BALANCES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	30 June 2020 $	30 June 2019 $
Property leases and outgoings	692,404	692,458
Other non remuneration services	113,072	76,199
Related party expenses	**805,476**	**768,657**

Property lease transactions

During the period, property lease and outgoing costs were incurred in relation to entities controlled by Anthony Boucaut (Director):

- **York Drop Zone:** IGMAITB Pty Ltd, as trustee for ('atf') IGMAITB Discretionary Trust, for the property located at 3453 Spencers Brook Rd, York WA. This lease has been terminated effective 30 June 2020.
- **Jasper Brush land:** Mornington Waters atf Jaspers Brush Property Trust for the property located at Lot 1, DP813335, Swamp Rd, Jaspers Brush, NSW. This lease has been terminated effective 30 June 2020.
- **Airlie Beach Drop Zone:** IGMAITB Pty Ltd atf IGMAITB Discretionary Trust for the property located at 12 Air Whitsunday Rd, Flametree QLD. This lease has been terminated effective 30 June 2020.
- **Newcastle Drop Zone:** IGMAITB Pty Ltd atf IGMAITB Discretionary Trust for the property located at Belmont Airport, NSW.
- **Shellharbour Airport Hangar facilities:** Illawarra Hangar Pty Ltd atf Illawarra Hangar Unit Trust for the property located at Hangar 5, 32 Airport Rd, Albion Park Rail NSW.

Other services

During the year, Companies associated with Director Anthony Boucaut charged the Group a fee for historical guarantees provided on behalf of Experience Co Limited. The fee was 1.5% of total debt funding that the company had in place for which Anthony Boucaut stood as guarantor.

RELATED PARTY LOANS

The Group has unsecured loans to Boucaut Enterprises Pty Limited, a related entity associated with Anthony Boucaut for loans totaling $263,831 (30 June 2019: $1,275,694).

NOTE 26 SUBSEQUENT EVENTS

Subsequent to balance date the Group has completed the divestment of an additional $1.1 million in surplus assets.

On 21 July 2020, the Australia Government announced the extension of the Jobkeeper program, along with modifications to the amounts and eligibility criteria. The Group anticipates that it will continue to be an eligible employer to participate in the program. As at the date of this report, the financial impact is not able to be quantified.

The adventure tourism sector in Australia and New Zealand continues to be impacted by the effective closure of international borders into both counties. Since balance date, domestic border restrictions have continued to impact operations, in particular the closure of the Queensland border to NSW and Victoria.

NOTE 27 CONTINGENT ASSETS AND LIABILITIES

The Group has no contingent assets or contingent liabilities at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 28 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

AASB 16 Leases

The Group applies, for the first time, AASB 16 Leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under the balance sheet model.

The Group has elected to apply the modified retrospective (simplified) approach. This resulted in the right-of-use assets being recognised at the same value as the corresponding lease liability. As such, there was no impact to retained earnings.

Consistent with the modified retrospective approach comparatives have not been restated. The Group has also elected to use the recognition exemptions for lease contracts that, at the commencement date being 1 July 2019, have a remaining lease term of 12 months or less and do not contain a purchase option and lease contracts for which the underlying asset is of low value.

COVID-19

In May 2020, the International Accounting Standards Board (Board) issued *Covid-19-Related Rent Concessions*, which amended IFRS 16 *Leases* such that rent concessions are not accounted for as lease modifications.

The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

Under this concession, a lessee could adopt this concession on the basis it would meet all of the following conditions;

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments in 2020 and first half of 2021, and subsequently have increased lease payments for periods on or beyond July 1, 2021); and
- There is no substantive change to other terms and conditions of the lease.

The Group has adopted this COVID-19 concession as it meets the above criteria.

On transition to AASB 16, at 1 July 2019 the Group has recognised right of use assets of approximately $11.0 million and additional lease liabilities of approximately $11.0 million.

Lease liabilities presented in the Statement of Financial Position as at 30 June 2020 includes lease liabilities of $11.7 million for leases previously classified as finance leases under AASB 117.

The weighted average of the lessee's incremental borrowing rate at the date of initial application of AASB 16 is 4.11%.

Amounts recognised in the profit and loss statement

	30 June 2020 $000
Depreciation charge on ROUA	(1,694)
Interest expense	(432)
Expense related to short-term leases	(908)
Gain relating to rent concessions where COVID-19 practical expedient applied	304

Right-of-use assets

	Land & buildings $000	Marine Leases $000	Office Suppliers $000	Total $000
Right-of-use at transition - 1 July 2019	8,717	2,078	170	10,965
Additions: New Leases and In-Scope Leases	1,701	1,179	-	2,880
Modifications and Re-assessments of leases	(756)	986	-	230
Less: Accumulated depreciation	(1,322)	(319)	(53)	(1,694)
Carrying amount at 30 June 2020	**8,340**	**3,924**	**117**	**12,381**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 28 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

The consolidated entity leases land and buildings for its offices and berths for its vessels between 1 to 5 years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. In addition there are minor office supply leases.

For a number of land and buildings leases as well as vessel's berth leases which are rolling on a month to month basis, the Group has made assumptions around the likelihood of re-signing these leases and estimated terms of agreement.

Reconciliation of operating lease commitments to AASB 16 Leases disclosures

	$000
Operating lease commitment reported at 30 June 2019	6,765
Less: short-term leases not recognised under AASB 16	(113)
Plus: effect of extension options reasonably certain to be exercised	7,667
Undiscounted lease payments	**14,319**
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(3,359)
Plus: leases previously classified as finance type under AASB 117	14,153
Lease liability as at 1 July 2019 as reported under AASB 16	**25,113**

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The financial statements and notes thereto:

   (a) comply with the Corporations Act 2001, Australian Account Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

   (b) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and

   (c) give a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the period ended on that date.

2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporate Act 2001.

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

On behalf of the directors.

John O'Sullivan
Chief Executive Officer

Kerry Robert (Bob) East
Chairman

Dated: **27 August 2020**

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Experience Co Limited and controlled entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 27 August 2020

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
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INDEPENDENT AUDITOR'S REPORT
To the Members of Experience Co Limited

Opinion

We have audited the financial report of Experience Co Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) 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 (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.*

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Goodwill and Other Intangible Assets Refer to Note 14 in the financial statements	
The group had significant amount of goodwill and other intangible assets before carrying out impairment assessment as at 30 June 2020. Goodwill and Trade Names have an indefinite useful economic life. Therefore, they are not amortised, but are subject to annual testing for impairment in accordance with AASB 136 *Impairment.* We determined this area to be a key audit matter due to the size of the goodwill and other intangible assets balance, and apparent existence of impairment indicators. In addition, the directors' assessment of the recoverable amount of the cash generating unit ("CGU") to which the goodwill and intangibles relate involves judgements about the future underlying cashflows of the business and discount rates applied to them. For the year ended 30 June 2020 management have performed an impairment assessment over the goodwill and other intangible balance by: • Determining that the entity has 3 CGUs, and allocating goodwill across the three CGUs • calculating the value in use for each CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Company's weighted average cost of capital (WACC); and • comparing the resulting receivables amount of each CGU to their respective carrying amount.	Our audit procedures in relation to the valuation of goodwill included the following: • Assessing management's allocation of the goodwill across the three CGUs, based on the nature of the Group's business and the manner in which results are monitored and reported • Evaluating the assumptions and methodologies used by the Company in preparing the value in use calculation, in particular those relating to the sales growth rate, projected future expenditure, and pre-tax discount rate. • The cash flow projections for each cash-generating unit have been assessed and challenged by us and includes an assessment of the historical accuracy of management's estimates and evaluation of business plans. • Assessing the adequacy of the disclosures in financial statement for Goodwill assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Revenue Refer to the financial statements	
The recognition of revenue and associated unearned revenue liabilities is significant to the audit and is considered to be a key audit matter due to the nature of the revenue, which is often paid in advance of the services being rendered. The group is therefore required to recognize such receipts as deferred revenue until such time as the services are rendered. There are potential risks in relation to the following: • Sales may be deliberately overstated as a result of management override of internal controls. The management of the Group considers sales as a key performance measure which could create an incentive for sales to be recognized before the services been provided. • In accordance with AASB118 Revenue, Skydive the Beach Group is entitled to recognize revenue from variable consideration, being the probabilities applied to gift card sales and advance bookings in respect of management's assessment of the likelihood that the advance bookings and gift vouchers will result in a tandem jump occurring. This increases the risk that sales could be misstated due to errors in judgement or estimation uncertainty around the assumptions used in making these judgments.	We obtained a detailed understanding of each of the sources of revenue and the related systems processes for quantifying and recording revenue and deferred revenue. Our audit procedures in relation to revenue recognition and deferral included the following: • Considering the adequacy of the Group's revenue recognition policies, and assessing them for compliance with Australian Accounting Standards • Where applicable, testing the operating effectiveness of key controls in relation to bookings • Performing predictive analytical techniques with regards to revenue and jump numbers in relation to the various drop zones. • Selecting a sample of entries in the sales ledger accounts and testing that the amounts recognized are consistent with cash banked. • Inspecting a sample of the monthly journals to verify that monthly revenue is appropriately adjusted to take into consideration the deferred revenue in respect payments received in advance of the services being rendered. • Selecting a sample of transactions in relation to cash receipts and testing that the service has in fact been provided by verifying that the booking had been discharged as per the customer booking systems or that the revenue was correctly recorded in the deferred revenue balance Inspecting that the balances reflected in the deferred revenue accounts were properly reconciled to the deferred revenue reports as per the customer booking systems.

Property, Plant and Equipment Refer to Note 13 in the financial statements	
Skydive the Beach Group currently owns aircraft and other operating equipment with a carrying value of $68,626,000 The more significant classes of property, plant and equipment include following: Aircraft with carrying values of $32,238,000 Vessels with carrying values of $23,229,000 Plant and equipment with carrying values of $5,610,000. The accounting in respect of the property, plant and equipment for Skydive the Beach is complex and non-routine due to the nature of the equipment and the judgement required in determining useful lives, residual values, and the valuation of the major components of the assets. The company has revalued its entire class of aircraft due to material impact of COVID-19 on the fair value by using director assessment.	Our audit procedure in relation to property, plant and equipment included following: *Residual Values, asset components and useful lives* • Obtaining management accounting memorandum of aircraft and vessels depreciation estimates under AASB 116 and evaluate the appropriateness of the assessment. • Assessing the reasonableness of internal evidence provided by management to support the residual value, asset components and useful lives by comparing it to external evidence and verified past practices and other industry data. • Reviewing fixed assets register to ensure the applied residual values, asset components and useful lives are in line with accounting memorandum. • Assessing the adequacy of the disclosures in financial statements for the critical accounting estimates and judgements in the accounting policy notes and ensure the disclosures are consistent with the applied practices. *Fair Values* • Obtaining revaluation calculation schedule to review and ensure the revaluation journal was quantified and recorded according to Accounting Standards. • Where valuations have been prepared by using director assessment, we have performed the following ➢ Obtain accounting memoranda prepared by management outline the method of the valuation and evaluate the appropriateness. ➢ Obtain supportable evidences from external expert and related market data to critically assess the reasonableness of the director’s assessment. ➢ Assess the adequacy of the disclosures in financial statement for fair value measurements

RSM

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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 has no realistic alternative but to do so.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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, 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.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 19 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Experience Co Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

INDEPENDENT AUDITORS REVIEW REPORT

RSM

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.

RSM

RSM Australia Partners

C J Hume
Partner

Sydney, 27 August 2020

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 3 August 2020.

1. Shareholding

a) Distribution of Shareholders

CATEGORY (SIZE OF HOLDING)	NUMBER OF HOLDERS	NUMBER ORDINARY SHARES	% HELD BY CATEGORY
1-1,000	175	79,425	0.01%
1,001-5,000	459	1,313,982	0.24%
5,001-10,000	260	1,999,441	0.36%
10,001-100,000	499	16,853,259	3.03%
100,000 - and over	82	535,565,733	96.36%
	1,475	**555,811,840**	**100.00%**

b) Shareholdings in less than marketable parcels

The number of shareholdings held in less than marketable parcels is 85.

c) Substantial shareholders

The names of the substantial shareholders listed in the holding company's register are:

SHAREHOLDER	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
BOUCAUT ENTERPRISES PTY LTD	181,836,613	32.72%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	160,858,297	28.94%
NATIONAL NOMINEES LIMITED	104,603,418	18.82%
UBS NOMINEES PTY LTD	28,302,214	5.09%
CITICORP NOMINEES PTY LIMITED	17,295,062	3.11%

d) Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Shareholding (continued)

e) 20 Largest Shareholders – Ordinary Shares

NAME	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
BOUCAUT ENTERPRISES PTY LTD	181,836,613	32.72%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	160,858,297	28.94%
NATIONAL NOMINEES LIMITED	104,603,418	18.82%
UBS NOMINEES PTY LTD	28,302,214	5.09%
CITICORP NOMINEES PTY LIMITED	17,295,062	3.11%
MS ARIANE RADFORD	6,227,940	1.12%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,570,590	1.00%
MRS JOSEPHINE MARY WALLACE	3,040,541	0.55%
MR JAMES DARROCH WALLACE	3,040,540	0.55%
BNP PARIBAS NOMS (NZ) LTD	2,155,271	0.39%
SANDHURST TRUSTEES LTD	2,054,090	0.37%
BNP PARIBAS NOMINEES PTY LTD	1,465,280	0.26%
EQUITY TRUSTEES LIMITED (EXPERIENCE CO EMPLOYEE SHARE TRUST)	1,102,053	0.20%
MS CELESTE LINDA RITTER	800,000	0.14%
MR WARWICK IAN PROWSE	800,000	0.14%
MR GEOFFREY JAMES WOODS	762,403	0.14%
GEMINI PTY LTD	700,000	0.13%
MR KERRY ROBERT EAST	700,000	0.13%
RADROB PTY LTD	696,086	0.13%
ROMNEY LODGE PTY LTD	685,891	0.12%
Total Shares of Top 20 Holdings	**522,696,289**	**94.04%**

2. Company Secretary

Fiona Van Wyk

3. The address of the principle office in Australia is:

Level 1, 17 Castlereagh Street Sydney 2000
Telephone 1300 663 634

4. Registers of securities are held at the following addresses:

Boardroom Pty Ltd Level 12, 225 George Street, Sydney NSW 2000

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

CORPORATE DIRECTORY

Directors:	Kerry (Bob) East Neil Cathie Michelle Cox Anthony Boucaut John O'Sullivan
Company Secretary:	Fiona van Wyk
Registered Office:	Level 1, 17 Castlereagh Street, Sydney, NSW 2000
Principal Place of Business:	Level 1, 17 Castlereagh Street, Sydney, NSW 2000
Lawyers:	Bird & Bird Level 22, MLC Centre, 19 Martin Place, Sydney NSW 2000
Auditors:	RSM Australia Partners Level 13, 60 Castlereagh Street Sydney NSW 2000
Share Registry:	Boardroom Pty Ltd Level 12, 225 George Street Sydney NSW 2000
Bankers:	National Australia Bank Limited Level 22, 255 George Street Sydney NSW 2000
Stock Exchange Listing Code:	**ASX**: EXP
Website:	www.experienceco.com