



REGIONAL EXPRESS HOLDINGS LIMITED
APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 30 JUNE 2022)

RESULTS FOR ANNOUNCEMENT TO MARKET

			FY2023	FY2022
			\$'000	\$'000
Revenue	Up	101%	642,787	319,242
Profit / (Loss) before tax	Up	119%	12,815	(68,316)
Profit / (Loss) after tax	Up	145%	20,591	(46,141)
Profit / (Loss) after tax attributable to members	Up	131%	14,362	(46,141)

Dividends Paid Per Ordinary Share	\$ per security	\$ per security
Final / Interim dividend:		
Amount	-	-
Franked Amount	-	-

Earnings Per Ordinary Fully Paid Share (EPS)	cents per security	cents per security
Basic profit / (loss)	12.8	(41.5)
Diluted profit / (loss)	12.8	(41.5)

Net Tangible Asset (NTA)		
NTA Backing Per Ordinary Security	\$1.44	\$1.36

The Financial Year (FY) 2023 saw the Group report a statutory profit after tax of \$14.4M.

This included one off gains of \$44.5M due to a fair value uplift of the Group's investment into National Jet Express.

Excluding the one off gains of \$44.5M, the Group's operational losses before tax of \$31.7M were due to a reduction in passenger demand in the second half of the financial year. It was expected that passenger demand would improve in the months of May and June 2023, however, this was not realised until after the financial year had ended.

The Group did record strong revenue and passenger numbers on the Company's Domestic Boeing 737 operations from September 2022 to January 2023 which led to the Group releasing a positive profit guidance in February 2023.

Details of Associates and Joint Venture Entities	Ownership interest		Contribution to net profit/(loss) \$'000	
	June-23	June-22	June-23	June-22
<i>Joint Venture</i>				
National Jet Express Pty Ltd	50%	0%	(6,229)	-
<i>Associate</i>				
Dovetail Electric Aviation Holdings Pty Ltd	20%	0%	-	-

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	2023 \$'000	2022 \$'000
Passenger revenue	556,169	230,549
Freight revenue	1,788	1,565
Charter revenue	68,879	47,056
Other passenger services and amenities	1,573	348
Other revenue	12,409	7,653
Revenue from contracts with customers	640,818	287,171
Government grants and subsidies	1,969	32,071
Total revenue, government grants and subsidies	642,787	319,242
Finance income	1,640	354
Other gains	1,067	3,206
Flight and port operation costs	(148,285)	(78,020)
Fuel costs	(135,124)	(65,373)
Salaries and employee-related costs	(197,354)	(149,370)
Selling and marketing costs	(35,356)	(11,940)
Engineering and maintenance costs	(77,593)	(63,005)
General administration costs	(13,534)	(12,926)
Finance costs	(8,703)	(7,914)
Depreciation and amortisation	(53,233)	(35,319)
Imputed facility fee amortisation	(7,994)	(7,994)
Asset impairment reversal / (expense)	-	40,743
Fair value gain on joint venture	44,497	-
Total costs and expenses	(632,679)	(391,118)
Profit / (Loss) before tax	12,815	(68,316)
Tax benefit	7,776	22,175
Profit / (Loss) after tax	20,591	(46,141)
Share of results of joint venture	(6,229)	-
Profit / (Loss) attributable to Members of the parent	14,362	(46,141)
	14,362	(46,141)

Members of the Rex Group



**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	2023 \$'000	2022 \$'000
Income / (Loss) after tax	14,362	(46,141)
Other comprehensive income		
Revaluation of cash flow hedges	(6,494)	21,951
Revaluation of financial instruments	(1,613)	5,695
Income tax effect	1,948	(6,581)
Other comprehensive income / (loss), net of tax	(6,159)	21,065
Total comprehensive income / (loss) for the year	8,203	(25,076)

Members of the Rex Group



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	2023 \$'000	2022 \$'000
Current assets		
Cash and bank balances	49,252	42,224
Receivables	30,525	25,252
Inventories	24,730	9,468
Income tax receivable	-	11,197
Other financial assets	9,138	15,318
Total current assets	113,645	103,459
Non-current assets		
Receivables	9,646	8,138
Inventories	2,318	2,235
Investments – fair value through equity	9	9
Investments accounted for using the equity method	66,875	-
Deferred tax assets	31,443	21,785
Other financial assets	11,744	19,295
Property, plant and equipment		
Aircraft	233,268	165,639
Other property, plant and equipment	108,350	113,680
Right-of-use assets	74,500	60,438
Other intangible assets	875	906
Total non-current assets	539,028	392,125
Total assets	652,673	495,584
Current liabilities		
Payables	75,176	52,704
Unearned revenue	61,883	45,029
Interest bearing liabilities	12,136	18,867
Lease liabilities	16,398	12,742
Provisions	15,202	14,277
Other financial liabilities	757	-
Total current liabilities	181,552	143,619
Non-current liabilities		
Interest bearing liabilities	223,172	125,154
Lease liabilities	74,222	60,954
Provisions	3,100	2,889
Other financial liabilities	9,173	10,819
Total non-current liabilities	309,667	199,816
Total liabilities	491,219	343,435
Net assets	161,454	152,149
Equity		
Issued capital	75,619	73,689
Reserved shares	(457)	(57)
Retained earnings	67,022	52,660
Share-based payments reserve	2,778	3,206
Other reserves	16,492	22,651
Total equity	161,454	152,149

Members of the Rex Group



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	2023 \$'000	2022 \$'000
Receipts from customers	716,998	322,010
Proceeds from government grants and subsidies	1,102	34,910
Payments to suppliers, employees and others	(663,699)	(369,867)
Interest paid	(4,615)	(4,942)
Income tax received	11,197	10,420
Net cash flows from / (used in) operating activities, government grants and subsidies	60,983	(7,469)
Interest received	1,640	354
Proceeds from disposal of property, plant and equipment	1,870	-
Payments for acquisition of business	(16,326)	(646)
Payments for aircraft under construction	(86,152)	(18,628)
Payments for property, plant and equipment - aircraft and other	(23,525)	(21,823)
Payments for other intangible assets – software	(313)	(358)
Net cash flows used in investing activities	(122,806)	(41,101)
Lease liabilities paid	(18,945)	(12,398)
Proceeds from interest bearing liabilities - non-related parties	107,949	83,245
Repayment of interest bearing liabilities - non-related parties	(20,152)	(10,164)
Net cash flows from financing activities	68,851	60,682
Net increase in cash held	7,028	12,112
Cash at the beginning of the year	42,224	30,112
Cash at the end of the year	49,252	42,224

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	Attributable to equity holders of the Company						Total equity \$'000
	Issued capital \$'000	Reserved shares \$'000	Retained earnings \$'000	Share-based payments reserve \$'000	Revaluation reserve \$'000	General reserve \$'000	
At 1 July 2021	72,024	188	98,801	1,809	(4)	1,590	174,408
Loss for the year	-	-	(46,141)	-	-	-	(46,141)
Other comprehensive gain, net of tax	-	-	-	-	21,065	-	21,065
Total comprehensive income / (loss) for the year	-	-	(46,141)	-	21,065	-	(25,076)
 New shares issued	1,665	-	-	-	-	-	1,665
Transfers from new shares issued	-	(1,665)	-	-	-	-	(1,665)
Share gift issued - gift	-	1,420	-	(1,420)	-	-	-
Share gift plan provision	-	-	-	1,639	-	-	1,639
Performance rights provision	-	-	-	1,178	-	-	1,178
At 30 June 2022	73,689	(57)	52,660	3,206	21,061	1,590	152,149
 At 1 July 2022	73,689	(57)	52,660	3,206	21,061	1,590	152,149
Profit for the year	-	-	14,362	-	-	-	14,362
Other comprehensive loss, net of tax	-	-	-	-	(6,159)	-	(6,159)
Total comprehensive income / (loss) for the year	-	-	14,362	-	(6,159)	-	8,203
 New shares issued	1,930	-	-	-	-	-	1,930
Transfers from new shares issued	-	(1,930)	-	-	-	-	(1,930)
Share gift issued - gift	-	1,530	-	(1,530)	-	-	-
Share gift plan provision	-	-	-	1,600	-	-	1,600
Performance rights provision	-	-	-	(498)	-	-	(498)
At 30 June 2023	75,619	(457)	67,022	2,778	14,902	1,590	161,454

Members of the Rex Group



SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (CODM) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's Executive Chairman ('CODM') for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of service.

The Group's reportable segments under AASB 8 are as follows:

- Regular Public transport
- Charter and other
- Training

The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following is an analysis of the Group's revenue and results by reportable operating segment for the year under review (all revenue is earned within Australia):

	Regular Public transport \$'000	Charter \$'000	Training \$'000	Central administration \$'000	Intersegment eliminations \$'000	Consolidated \$'000
2023						
Revenue from contracts with customers	573,960	83,917	8,283	-	(25,342)	640,818
Government grants and subsidies	1,969	-	-	-	-	1,969
Total revenue, government grants and subsidies	575,929	83,917	8,283	-	(25,342)	642,787
Other gains / (losses)	(1,847)	3,129	16	-	-	1,298
Fair value gain on convertible notes, warrants	(232)	-	-	-	-	(232)
Central administration costs	-	-	-	(13,646)	112	(13,534)
EBITDA	22,451	28,268	(465)	(13,646)	-	36,608
Finance income	2,835	(186)	(1,009)	-	-	1,640
Finance costs	(7,134)	(1,569)	-	-	-	(8,703)
Depreciation and amortisation	(39,602)	(12,224)	(1,407)	-	-	(53,233)
Fair value gain on joint venture	-	44,497	-	-	-	44,497
Facility fee amortisation	(7,994)	-	-	-	-	(7,994)
Profit / (loss) before tax	(29,444)	58,786	(2,881)	(13,646)	-	12,815

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	Regular Public transport \$'000	Charter \$'000	Training \$'000	Central administration \$'000	Intersegment eliminations \$'000	Consolidated \$'000
2022						
Revenue from contracts with customers	250,086	56,101	3,648	-	(22,664)	287,171
Government grants and subsidies	31,792	-	279	-	-	32,071
Total revenue, government grants and subsidies	281,878	56,101	3,927	-	(22,664)	319,242
Other gains / (losses)	(7,286)	(81)	(14)	-	-	(7,381)
Fair value gain on convertible notes, warrants	10,587	-	-	-	-	10,587
Central administration costs	-	-	-	(13,000)	74	(12,926)
EBITDA	(56,195)	13,813	(2,804)	(13,000)		(58,186)
Finance income	633	(46)	(233)	-	-	354
Finance costs	(5,838)	(2,076)	-	-	-	(7,914)
Depreciation and amortisation	(25,612)	(8,263)	(1,444)	-	-	(35,319)
Asset impairment	37,342	-	3,401	-	-	40,743
Facility fee amortisation	(7,994)	-	-	-	-	(7,994)
Profit / (loss) before tax	(57,664)	3,428	(1,080)	(13,000)	-	(68,316)

Segment result represents the profit earned by each segment without allocation of central administration costs.

The following is an analysis of the Group's assets and liabilities by reportable operating segment as at the end of the year:

	Assets		Liabilities	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Continuing operations				
Regular Public transport	393,354	357,581	234,511	201,392
Charter and other	244,426	121,353	226,343	112,531
Training	14,893	16,650	30,365	29,512
Total assets and liabilities	652,673	495,584	491,219	343,435

Members of the Rex Group



**REVENUES AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

	2023 \$'000	2022 \$'000
Other revenue		
Training income	7,587	3,366
Rental income (equipment)	1,192	2,110
Rental income (premises)	468	340
Insurance claim	765	844
Training subsidy	245	207
Engineering services	833	260
Sales of engineering parts	(324)	71
Other income	1,643	455
	12,409	7,653
Finance income		
Interest	1,640	354
	1,640	354
Other gains / (losses)		
Fair value gain on convertible notes, warrants	(232)	10,587
Unrealised foreign currency loss	(2,282)	(5,815)
Realised foreign currency loss	(966)	(1,548)
Gain / (loss) on disposal of property, plant and equipment	4,547	(18)
	1,067	3,206
Salaries and employee-related costs		
Wages and salaries	(181,277)	(135,071)
Superannuation costs - defined contribution plan	(13,570)	(10,537)
Expense of share-based payments	(1,102)	(2,817)
Workers' compensation costs	(1,405)	(945)
	(197,354)	(149,370)
General administrative costs		
Bad debts written-off	-	(11)
	-	(11)
Finance costs		
Interest on bank borrowings	(4,615)	(4,942)
Interest on AASB16 leases	(4,088)	(2,972)
	(8,703)	(7,914)
Depreciation and amortisation		
Depreciation and amortisation of property, plant and equipment	(37,800)	(23,331)
Depreciation of right-of-use assets	(15,089)	(11,744)
Amortisation of software	(344)	(244)
	(53,233)	(35,319)
Amortisation of imputed facility fee	(7,994)	(7,994)
	(61,227)	(43,313)
Impairment		
Asset impairment reversal / (expense)		
Property, plant and equipment – aircraft	-	18,996
Property, plant and equipment – other	-	21,460
Right-of-use assets	-	286
	-	40,743

CASH AND CASH EQUIVALENTS

	2023 \$'000	2022 \$'000
Cash and bank balances	13,683	14,404
Term deposits	35,569	27,820
	49,252	42,224

INVESTMENT IN JOINT VENTURE BUSINESS AND ASSOCIATES

On 30 September 2022, Rex acquired 100% of the issued share capital of National Jet Express (NJE) formerly known as Cobham Aviation Services Australia - Regional Services, for the total base consideration of \$48.18M. As part of this transaction, 50% of the NJE common shares were immediately sold on the same day to Joint Venture and related parties Lim Kim Hai (Chairman of the Rex Board of Directors and Shareholder) and Thian Song (Shareholder) for \$24.09M. Lim Kim Hai acquired 30% of the common shares of NJE for \$14.45M and Thian Song acquired 20% of the common shares of NJE for \$9.64M. As at 30 June 2023, Rex has paid \$35.69M as a result of working capital adjustments to the base consideration. The difference of \$12.48M, between the base consideration of \$48.15M and the \$35.69M paid, will be contributed by Rex by means of a capital contribution into NJE of which \$4.3M has been paid as at 30 June 2023. Taking into account the \$24.09M paid by the Joint Venture parties this represents a net cash out flow to Rex of \$15.90M excluding legal and consultancy fees. As at 30 June 2023 the final consideration increased by \$5.5M to \$53.68M, which relates to a cash repayment to the vendor to be made post 30 June 2023 by Rex (50%) and the Joint Venture parties (50%).

Rex has joint control and has accounted for its investment in the joint venture under the equity method. Rex has applied provisional accounting to assess the fair value of NJE's identifiable assets and liabilities upon acquisition. The Fair Value (FV) of net assets acquired include the FV uplifts of PPE, favourable lease terms and customer relationships.

Rex plans to grow and transform NJE into Australia's premier Fly-In-Fly-Out (FIFO) operator.

National Jet Express Pty Ltd

	\$'000
Purchase price / capital contribution	48,180
Additional liability - cash repayment to vendor	5,500
Total consideration (Rex & Other subscribers)	53,680
Net assets acquired	77,645
Capital contribution	12,488
Fair value uplifts [*]	52,540
Net asset acquired plus FV uplifts	142,673
Fair value gain of net assets acquired	88,993
Rex's Investment (50%)	26,840
Rex's share of fair value gain (50%)	44,497
Rex's share of amortisation /depreciation of fair value gain (50%) [*]	(4,092)
Rex's share of NJE results (50%)	(2,137)
REX share of NJE total results	(6,229)
Legal and consultancy fee capitalised	425
Investment accounted for using the equity method	65,533

[*] Fair value uplifts relate to Customer Relationships, Favourable Lease terms and PPE, which are subsequently amortised and depreciated over their lifetime.

Members of the Rex Group



Dovetail Electric Aviation Holdings Pty Ltd

Rex entered into a joint venture agreement in February 2023 to take up a 20% stake in Dovetail Electric Aviation Holdings Pty Ltd (Dovetail). In exchange for the shares in Dovetail, Rex provided Beech King Air C90 aircraft value of AUD 1,342 thousand on 27 March 2023 to be used as a test bed for the project along with a raft of support facilities including engineering expertise, technical assistance, maintenance, repair and overhaul (MRO) support as well as storage facilities and workforce accommodation.

DIVIDENDS

The directors have recommended no dividends to be paid for the financial year ended 30 June 2023.

SUBSEQUENT EVENTS

On 18th July 2023, the Group announced that it has signed leases for an additional two Boeing 737-800NGs that would bring the Group's 737 fleet to nine by September 2023.

On 8th August 2023, the Group announced that wholly owned subsidiary AAPAV had restarted training Chinese cadets at its campus in Ballarat, Victoria.

On 15th August 2023, the Group announced that it had been re-awarded three regulated routes in Western Australia through a competitive tender process. The three regulated routes are: • Perth – Albany; • Perth – Esperance; and • Perth – Carnarvon – Monkey Mia.

AUDIT STATUS

This report is based on financial statements which are in the process of being audited.

REPORT DATE: 30 August 2023

END OF REPORT

Members of the Rex Group

