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ASX RELEASE

REX ANNOUNCES 1H FY2021 RESULTS

Regional Express (Rex) Group today announced an underlying operating loss of \$0.9 million (M) for the First Half Financial Year 2021 (1H FY 21).

Rex's passenger numbers fell by 71.2% against the prior period translating into a passenger revenue reduction by 70.5% from \$145M to \$42.8M.

Commenting on the Group's results, Rex Executive Chairman Lim Kim Hai said, "The COVID pandemic has completely devastated every passenger airline and has been the most significant set-back the global airline industry has ever experienced in its history. Rex would have been obliged to shut down over 90% of its network if not for various Federal and State governments assistance programmes."

"This assistance has allowed all regional carriers to continue operations albeit on a greatly reduced scale. On behalf of all regional carriers and the regional and rural communities they service, we offer our grateful thanks to the Federal Government."

"Fortunately, parts of the Group's activities, aeromedical work and charter operations in particular, were relatively insulated from the effects of the pandemic and have performed strongly. This has contributed to enabling the Group to achieve a statutory Profit after Tax (PAT) of \$9.9 million. Another factor that accounted for this outcome is the \$3 million reduction in depreciation expenses in this period which is an accounting effect from the \$60 million impairment the Group made in the last FY."

"Rex's regional operations in 2H FY21 are only expected to be marginally improved compared to the first half as the roll out of vaccination from March is not expected to make a significant difference until the new financial year. Should this eventuate, then the expected cessation of all government assistance packages in the final quarter of this FY will mean that the Group is expected to incur significant losses in that period."

"Rex's domestic operations, commencing 1 March 2021, is not expected to be profitable in this financial year but could break even in the next financial year if the domestic recovery is strong in that period."

"The Board has decided against paying out any interim dividends and is not able to provide any guidance on profitability for the full FY in the light of the extreme volatility we face."

This announcement is authorised by the Board of Directors, Regional Express Holdings Limited.

Rex is Australia's largest independent regional and domestic airline operating a fleet of 60 Saab340 aircraft (pre-COVID) on 1,500 weekly flights to 59 destinations throughout all states in Australia. Rex will begin its domestic services with six 737-800NGs in March 2021. In addition to the airline Rex, the Rex Group comprises wholly owned subsidiaries Pel-Air Aviation (air freight, aeromedical and charter operator) and the two pilot academies, Australian Airline Pilot Academy in Wagga Wagga and Ballarat.

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