Ardent Leisure Group Limited (ACN 628 881 603)

CONTACT DETAILS
Suite 601, Level 6, 83 Mount Street
North Sydney NSW 2060
PO Box 1927
North Sydney NSW 2059
Telephone +61 2 9168 4600
Fax +61 2 9168 4601
www.ardentleisure.com

REGISTRY
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
Telephone 1300 720 560
registrars@linkmarketservices.com.au

ASX RELEASE

25 February 2022

ARDENT LEISURE REPORTS 28 DECEMBER 2021 HALF YEAR RESULTS

- **1H22 statutory results improved significantly despite the ongoing pandemic; Net loss after tax was $36.8 million compared to $82.3 million in the prior period[1]**
- **Group operating revenue of $275.5 million increased 100.2% (1H21: $137.6 million) driven by an uplift of 109.1% in Main Event (in USD) and 41.0% in Theme Parks & Attractions**
- **Group EBITDA excluding Specific Items[2] of $41.8 million was up $61.6 million on 1H21, mainly driven by strong performance in the US business**
- **Main Event's 1H22 constant centre[2] revenues exceeded 1H20 pre-COVID levels by over 20%. Divisional EBITDA excluding Specific Items was US$42.6 million, up US$52.0 million on the prior period**
- **Theme Parks and Attractions EBITDA loss excluding Specific Items was $12.2 million (1H21: $3.7 million loss). The current period saw improved trading EBITDA margins but was impacted by a $6.0 million decrease in government grants and subsidies**
- **The new world class Steel Taipan rollercoaster was launched successfully in December 2021**
- **No interim dividend for 1H22**

Ardent Leisure Group Limited (ASX: ALG) today announced its financial results for the half year ended 28 December 2021.

A$ million	Reported 1H22	Restated[1] 1H21	Variance %
Revenue	275.5	137.6	100.2%
EBITDA	43.6	(4.9)	993.0%
EBIT	(0.5)	(48.1)	98.9%
Net loss after tax	(36.8)	(82.3)	55.3%
EBITDA excluding Specific Items	41.8	(19.8)	311.0%

Total operating revenue for the Group of $275.5 million (excluding other income from government grants and subsidies and insurance recoveries) increased by $137.9 million compared to the prior period, driven primarily by the ongoing strong trading performance of the Main Event business which yielded a US$98.4 million (109.1%) increase in revenues. Theme Parks & Attractions operating revenue increased by $5.4 million (41.0%) in the current period largely due to higher pass sales and improved attendances, combined with the lapping of the temporary closure of its sites in the prior period[3].

[1] The prior period results have been restated for a change in accounting policy, to measure Theme Parks & Attractions' land, buildings and major rides & attractions at cost (previously fair value) as disclosed in Note 9(a) to the Financial Statements.

[2] Refer to the accompanying results presentation for detailed information on Specific Items and Main Event constant centres.

[3] Both sites were closed in March 2020. SkyPoint reopened in July 2020 and Dreamworld/WhiteWater World reopened in September 2020.

Group EBITDA of $43.6 million for the period (1H21: EBITDA loss of $4.9 million) has been impacted by a number of Specific Items. These include lease payments no longer recognised in EBITDA under AASB 16 *Leases,* restructuring and other non-recurring items, Main Event LTI Plan expense, non-cash RedBird option valuation expense, pre-opening expenses and Dreamworld incident costs. Excluding Specific Items, the Group reported EBITDA for the period of $41.8 million, up $61.6 million compared to an EBITDA loss of $19.8 million reported in the prior period.

Ardent Leisure Chairman, Dr Gary Weiss, said, "We are pleased to deliver another solid result for Ardent Leisure Group despite the ongoing challenges of the pandemic.

"Main Event has continued to perform above pre-COVID levels and we are optimistic that this positive momentum will continue into second half of FY22.

"The recent reopening of Queensland borders, easing of restrictions and successful launch of the Steel Taipan rollercoaster in December 2021 has seen the Theme Parks & Attractions business pick up demand in both local and interstate markets during the latter part of the period, however this was somewhat dampened by a surge in Omicron cases and impediments to travel related with state government COVID-19 testing requirements.

"Strong trading performances in the Main Event business, and a disciplined approach to capital and operational expenditure in Theme Parks & Attractions have allowed the Group to maintain a solid financial position.

"We continue to focus on ensuring the health and safety of our guests and team members, with strong safety protocols and COVID Safe plans embedded in both businesses."

Main Event

Total US dollar revenue of US$188.6 million in 1H22 was 109.1% higher than prior period, driven by strong performances in both constant and non-constant centres, as well as incremental revenue from new centres. Total and walk-in constant centre revenue performance also exceeded 1H20 pre-COVID levels by 20.1% and 39.5%, respectively. In Australian dollar terms, Main Event revenue increased by 106.5% on prior period, reflecting the movement in foreign exchange rates.

The prior period was significantly impacted by the temporary closure of several sites due to COVID-19 (38 out of 44 centres were operational as at 29 December 2020). However, since March 2021, the business has recovered strongly, benefitting from strong consumer demand and successful execution of several strategic initiatives including an improved guest experience, new innovation and effective marketing.

During the current period, one new centre was opened in Chesterfield, MO and has performed above expectations. This opening brings the number of centres to 45 across 16 States as at 28 December 2021 (29 December 2020: 44 centres across 16 States).

Main Event reported EBITDA of US$43.7 million, up US$42.7 million on prior period, reflecting the increased revenue and the high operating leverage nature of the business. EBITDA in the current and prior periods were impacted by non-recurring restructuring expenses, pre-opening costs, loss on disposal of assets and lease payments no longer recognised in EBITDA under AASB 16 *Leases*. In addition, the current period was impacted by increased expenses for the Main Event LTI Plan and non-cash valuation of the RedBird option due to the improved performance of the business. Excluding these Specific Items, EBITDA was US$42.6 million in 1H22, up US$52.0 million on the prior period.

The ongoing positive momentum in trading performance during the period has continued to strengthen Main Event's liquidity and has positioned the business well for future growth, with three new centre openings anticipated in the second half of FY22.

Mr Chris Morris, President and Chief Executive Officer of Main Event, said, "We are pleased with our performance in the first half of FY22 and very proud of the work being done by our teams all throughout the company. We have generated record-breaking sales and profitability performance since March 2021, which highlights the remarkable strength and unit economics of our business. This performance reflects not only the robust post-recovery consumer demand for out-of-home entertainment in the US, but also reflects the success of our strategic initiatives and the pre-COVID sales momentum we have built upon over the last 18 months.

"We remain very optimistic about where we have positioned ourselves in this category and are confident in our ability to continue to grow moving forward. We are well-positioned from a liquidity and capital perspective and will leverage this capital position to drive our new centre growth strategy during FY22 and beyond."

Theme Parks & Attractions

The Theme Parks & Attractions business, consisting of Dreamworld, WhiteWater World and SkyPoint, reported operating revenue of $18.5 million in 1H22, up 41.0% on the prior period largely due to increased pass sales and attendances, combined with the business lapping the temporary closure of SkyPoint and Dreamworld/ WhiteWater World in the prior period[3].

The prolonged international and domestic border restrictions, as well as snap lockdowns, continued to impact attendances to the theme parks during the period. However, since the Queensland borders reopened in early December 2021, recovery momentum has started to build, albeit this was slower than anticipated in December 2021 due to the impact of certain state government requirements regarding COVID testing, isolation and mask wearing and consumer hesitancy related to the fast-spreading Omicron variant. Total attendances for the division were up 17.0% on prior period and the value of annual passes[4] sold in the current period has exceeded prior period by approximately 40.0%, despite borders remaining closed for most of the period.

The division recorded an EBITDA loss of $11.8 million, compared to a loss of $3.6 million in the prior period. The business received a $2.0 million Major Tourism Experience Hardship grant during 1H22, a decrease compared to $8.0 million of net benefits from government subsidies and grants in the prior period. Excluding these grants and subsidies, EBITDA margin for 1H22 improved against the prior period.

The business remains focused on employee and guest safety, cash preservation, managing its cost base and developing local recurring revenue streams which are supplemented by domestic tourist admissions. The annual Winterfest and Happy Halloween events saw record attendance levels and the successful execution of the new Spring County Fair event resulted in excellent guest feedback scores.

The much-anticipated Steel Taipan multi-launch rollercoaster was also successfully opened in December 2021 and has been well received by guests. The business outlook remains optimistic, with further easing of government restrictions and improvement in COVID-19 sentiment expected to unlock pent-up demand in local and interstate markets.

Theme Parks & Attractions Chief Executive Officer, Mr Greg Yong, said, "This has been one of the most challenging periods for the Australian tourism sector. While it was pleasing to see our businesses operational for most of the half, demand was significantly impacted due to the Delta wave and associated border and public health restrictions. Although the businesses continued to incur significant costs while trading, this was not supported to the same extent seen in the earlier stages of the pandemic, when the Australian Government subsidised businesses through the JobKeeper scheme.

"The reopening of the borders and lifting of some restrictions in late December was warmly welcomed however this coincided with the Omicron wave and difficulties related to state government COVID testing and isolation requirements. Despite this, the business has seen increased ticket sales and attendances for the period, with January and February results suggesting demand is improving for leisure experiences.

"Throughout the half, the team has executed exceptionally well and delivered on its strategic initiatives, including bringing new events to market and successfully opening the much anticipated Steel Taipan triple launch rollercoaster. We believe the building blocks are in place for the business to grow steadily post pandemic, supported by positive guest sentiment and record NPS scores."

---

[4] Sales value of tickets represents the upfront value of tickets sold. For annual/multi day passes, this differs from revenue reported under accounting standards which is recognised on a straight-line basis over the period that the passes provide access to the parks.

Capital Management

Net debt for the Group was $119.4 million as at 28 December 2021 (29 June 2021: $81.6 million). As at 28 December 2021, the Australian and US businesses have undrawn capacity of $24.1 million and US$25.0 million, respectively.

Additionally, the Group has $110.4 million of cash balances as at 28 December 2021 (29 June 2021: $115.0 million). This includes $17.9 million cash available to the Australian business and $92.5 million (US$66.9 million) cash available to the US business.

As a result of improved liquidity due to the strong performance of the business, Main Event's net leverage ratio is significantly below its required lender covenant.

Under the terms of the Group's financing facilities, cash and debt held by the Australian and US businesses are subject to separate 'ring fencing' provisions whereby each business cannot access cash or facilities held by the other.

The Board has decided not to declare an interim dividend for FY22 in view of ongoing uncertainty in the current environment and the Board's previously stated intention to continue to invest in the Main Event and Theme Parks & Attractions businesses.

Investor briefing

The Group will host an investor briefing at 10:00am (AEDT) today. To access the briefing, please register your details through the following webcast or teleconference links:

Webcast
https://webcast1.boardroom.media/watch_broadcast.php?id=61e4da394771b

Teleconference
https://s1.c-conf.com/diamondpass/10019058-ah395r.html

Authorised for release by the Board of Ardent Leisure Group Limited

Chris Todd
Group General Counsel and Company Secretary
Ph: +61 2 9168 4604