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ASX RELEASE

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ARDENT LEISURE REPORTS 28 JUNE 2022 FULL YEAR RESULTS

- **FY22 Group operating results significantly outperformed prior year and FY19 pre-COVID levels despite the ongoing pandemic**
- **Group revenue grew 63.2% to $637.6 million in FY22 (FY21: $390.7 million, FY19 pre-COVID: $483.3 million), driven by:**
  - **59.7% uplift in Main Event (in USD), with FY22 constant centre revenue exceeding pre-COVID levels by 23.5[1]% and US$27.6 million incremental revenue from four newly opened and three acquired centres**
  - **37.3% increase in Theme Parks & Attractions, with strong performance in 2H22**
- **Group EBITDA excluding Specific Items[2] increased by 268.1% to $123.6 million in FY22 (FY21: $33.6 million, FY19 pre-COVID: $54.2 million), contributed by:**
  - **Main Event's EBITDA excluding Specific Items of US$106.5 million, up 174.7% from US$38.8 million in the prior year, partially offset by**
  - **Theme Parks and Attractions' EBITDA loss excluding Specific Items of $15.0 million (FY21: $10.3 million loss). Excluding $2.0 million (FY21: $10.5 million) net benefit from government grants and subsidies, EBITDA loss improved year on year**
- **Net loss after tax was $97.4 million (FY21: $86.9 million) with favourable trading results being impacted by significant one-off expenses, predominantly associated with the sale of Main Event**
- **The sale of Main Event completed in early FY23 at an attractive EBITDA multiple. Upon completion, $455.7 million was distributed to shareholders ($0.95/share)**
- **Well capitalised balance sheet following the sale of Main Event**

Ardent Leisure Group Limited (ASX: ALG) today announced its audited financial results for the full year ended 28 June 2022.

A$ million	**Reported FY22**	**Reported FY21**	**Variance %**	**Reported FY19**	**Variance %**
Operating Revenue[3]	637.6	390.7	63.2%	483.3	31.9%
EBITDA	45.5	67.3	(32.3%)	11.7	289.2%
EBIT	(25.4)	(18.4)	(37.2%)	(40.7)	37.7%
Net loss after tax	(97.4)	(86.9)	(12.1%)	(60.9)	(60.0%)
EBITDA excluding Specific Items	123.6	33.6	268.1%	54.2	128.1%

The Group reported total operating revenue[3] of $637.6 million compared to $390.7 million in the prior year, contributed by an uplift of $233.4 million from Main Event and $13.4 million from Theme Parks & Attractions. Both businesses performed strongly against the prior year despite the ongoing challenges of the pandemic.

[1] Constant centre revenue is benchmarked against pre-COVID period figures, defined as those between March 2019 and February 2020
[2] Refer to the accompanying results presentation for detailed information on Specific Items
[3] Excluding other income from government grants and subsidies and insurance recoveries

Group EBITDA of $45.5 million for the period (FY21: $67.3 million) has been impacted by several significant one-off Specific Items. These include Main Event LTI Plan and RedBird option valuation expenses, unrealised loss on foreign exchange contracts used to hedge Main Event USD sale proceeds, costs associated with the sale of Main Event, pre-opening expenses, Dreamworld incident costs, restructuring and other non-recurring items, reversal of asset impairments, as well as lease payments no longer recognised in EBITDA under AASB 16 *Leases*. Adjusting for these Specific Items, Group EBITDA was $123.6 million for the period, up $90.0 million compared to $33.6 million reported in the prior year.

Ardent Leisure Chairman, Dr Gary Weiss, said, "We are pleased to deliver a solid operating result that significantly outperformed FY19 pre-COVID levels despite the current year still being impacted by the pandemic. Whilst FY22 started as another challenging year, our businesses have proven to be resilient.

"Main Event continued its strong trajectory since March 2021, with FY22 performance exceeding pre-COVID levels. We believe the sale of Main Event to Dave & Buster's for US$835 million on a cash-free debt-free basis reflects the significant value creation by Ardent Leisure and the Main Event management team, particularly over the last few years.

"Whilst the Theme Parks & Attractions business continued to be impacted by the prolonged border closures due to the pandemic during the first half of FY22, the successful launch of the Steel Taipan rollercoaster in December 2021 and pick-up in demand in both local and interstate markets during the second half of FY22 have seen the business achieve some of its best trading results in recent years. We believe the business is well positioned to benefit from further potential upside in the tourism sector, particularly from international visitors, and therefore the positive momentum experienced recently should continue into FY23.

"Following the completion of the Main Event sale, the Group is in a solid financial position, with all debt being repaid and significant cash being retained to recover, grow and develop the Theme Parks & Attractions business. The Group now has the financial ability and capacity to ensure that the recovery program that we have overseen in our Australian business is given every opportunity to succeed.

"We will continue to focus on the health and safety of our guests and team members by ensuring safety protocols and COVID Safe plans continue to develop and remain relevant and effective."

Main Event

Total US dollar revenue of US$426.2 million in FY22 was 59.7% higher than prior year, driven by ongoing strong performances in both constant and non-constant centres, as well as incremental revenue from four newly opened and three acquired centres. In Australian dollar terms, Main Event revenue increased by 65.8% on prior year, reflecting the movement in foreign exchange rates.

The prior year was significantly impacted by soft trading performances during the first eight months of the year which included a second wave of the pandemic in the US in November/December 2020, and winter storms in February 2021 which resulted in the closure of several centres. However, the business recovered strongly from March 2021, benefitting from strong consumer demand and successful execution of several strategic initiatives including an improved guest experience, technology and entertainment innovation, and effective marketing. As a result, total and walk-in constant centre revenue performance in the current year have exceeded pre-COVID levels by 23.5%[1] and 36.9%[1], respectively.

During the current year, four new Main Event centres were opened and performed above expectations. In addition, the business also acquired three stand-alone Summit family entertainment centres located within the Denver and Colorado Springs markets in March 2022 for approximately US$75.4 million, funded with existing available liquidity at Main Event and the sale and leaseback of associated real estate assets for proceeds of US$50.2 million. These openings brought the number of centres to 51 across 17 States as at 28 June 2022 (29 June 2021: 44 centres across 16 States).

On 6 April 2022, the Group announced that, together with RedBird Capital Partners, it had entered into a binding sale agreement and plan of merger with Dave & Buster's Entertainment Inc for the sale of Main Event on a cash-free debt-free basis for total gross cash consideration of US$835 million (excluding purchase price adjustments and selling costs) plus up to US$14.8 million deferred and contingent consideration. This valuation represented an attractive multiple of 8.9x LTM December 2021 Adjusted EBITDA. Completion of the transaction occurred in early FY23.

As a consequence of the transaction, the Main Event result for FY22 was impacted by US$69.0 million (A$131.1 million) of one-off costs associated with the sale of Main Event, including transaction costs, foreign exchange derivative losses and valuation expenses relating to the Main Event LTI plan and RedBird option.

Main Event reported a statutory EBITDA of US$75.2 million (2021: US$64.3 million). In addition to the one-off sale-related expenses noted above, the current and prior year EBITDA results were also impacted by a number of other Specific Items including pre-opening costs, loss on disposal of assets, non-recurring restructuring expenses, Summit acquisition costs, lease termination costs, impairment/reversal of impairment of assets and lease payments no longer recognised in EBITDA under AASB 16 *Leases*.

Excluding these Specific Items, FY22 EBITDA was US$106.5 million, up US$67.7 million on the prior year, reflecting the strong trading performance of the business.

Theme Parks & Attractions

The Theme Parks & Attractions business, consisting of Dreamworld, WhiteWater World and SkyPoint, reported operating revenue of $49.5 million in FY22, up 37.3% on the prior year, largely due to higher pass sales and attendances in the current period, combined with the cycling of the COVID-led temporary closure of SkyPoint and Dreamworld/ WhiteWater World in the prior year[4].

Continuing international and domestic border restrictions, as well as snap lockdowns, adversely impacted attendances to the theme parks during the first half of the year. Following the reopening of the Queensland border in early December 2021, interstate travel became possible but continued to be disrupted by the fast-spreading Omicron variant and Queensland government travel and COVID-19 testing restrictions which led to some consumer hesitancy to travel.

Since these restrictions eased, the business has shown positive signs of recovery, with stronger visitation during the peak school holiday periods in January and April 2022. The second half of the year saw a solid performance with attendances being 19% above the prior corresponding period, exceeding the half yearly attendance growth of 17% in 1H22. This has led to FY22 total visitation being 18.4% up on the prior year and the value of tickets[5] sold in the current year exceeding the prior year by approximately 51%.

In addition to the annual Winterfest and Happy Halloween events which saw record attendance levels, the business executed several new activations to drive repeat visitation, including the Spring County Fair, Dreamworld Street Food Festival and Moonlight Night Markets. The business also recorded the best Easter holiday trading performance in recent years.

The division recorded an EBITDA loss of $14.5 million, compared to a loss of $11.1 million in the prior year. However, it should be noted that the business received a $2.0 million Major Tourism Experiences Hardship Grant during FY22, a decrease compared to $10.5 million of net benefits from government subsidies and grants in the prior year (mostly JobKeeper). Excluding these one-off grants and subsidies, EBITDA improved by $5.2 million against the prior year.

The Steel Taipan multi-launch rollercoaster which was successfully opened in December 2021 continues to be one of the main attractions for Dreamworld and has been well received by the guests.

Theme Parks & Attractions Chief Executive Officer, Mr Greg Yong, said, "Whilst the first half of this year was challenged by nationwide lockdowns with borders effectively closed to Queensland for the period, we have seen a significant change in trajectory since the easing of restrictions at the end of December 2021.

"We are particularly pleased with the execution progress on our strategic pillars. The culmination of our focus on safety and a quality guest experience has led to record guest sentiment scores, with Ardent parks being the highest reviewed theme park experience on the Gold Coast for each of the school holiday periods since borders reopened.

"These efforts, combined with rigorous financial discipline, have led to strong performance in the second half in comparison to previous years. Excluding the impact of COVID-19 associated cost reductions and government support, Dreamworld ticket sales, in park revenues, and per capita spend were the highest seen

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

[5] 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

since FY17 while the underlying EBITDA loss was the lowest for the same period. These trends have continued into FY23 with unaudited July results showing the highest EBITDA since July 2018.

"We note that international visitation is still well below pre-pandemic levels, and this is having a material impact on non-holiday periods whilst the macro-economic outlook remains uncertain. Despite these factors, the business is well positioned with a strong, unencumbered balance sheet, fully owned land holdings and a pipeline of exciting new attractions set to be announced over the next six months."

Capital Management

Net debt for the Group was $152.7 million as at 28 June 2022 (29 June 2021: $81.6 million).

Following the completion of the Main Event sale in early FY23, all USD and AUD debt facilities were fully extinguished, along with a deferred settlement amount payable to the ATO of $11.0 million. $455.7 million was distributed to shareholders, representing $0.95 per share. This comprised a $221.0 million return of capital and a $234.7 million unfranked special dividend. Approximately $153.3 million of the sale proceeds were retained to fund the ongoing recovery, growth and development of the Theme Park & Attractions business.

Investor briefing

The Group will host an investor briefing at 11:30am (AEST) 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=62abcecae721e

Teleconference
https://s1.c-conf.com/diamondpass/10022897-asmfs33.html

Authorised for release by the Board of Ardent Leisure Group Limited

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