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Event Hospitality &
Entertainment Limited
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ASX Announcement

21 October 2022

Chairman Address and CEO's Address to the Annual General Meeting

The Chairman's Address and Chief Executive Officer's Address to the Annual General Meeting of Shareholders to be held at 10:00am (Sydney time) today are attached to this announcement.

Authorised for release by the Board

Chairman's Address to the Annual General Meeting of Shareholders
Friday 21 October 2022

Welcome all shareholders, friends and colleagues to our Annual General Meeting.

The 2022 Annual Report, which includes the financial statements for the year ended 30 June 2022, was released to shareholders in September 2022. The Group's total net profit after tax for the year was $53.3 million, whilst the normalised profit after tax was $46.2 million.

Whilst the first half of the financial year was materially impacted by lockdowns and restrictions across much of Australia and New Zealand, as COVID-19 restrictions eased the second half result demonstrated the strength of demand for the Group's operating businesses.

We have also seen the benefits delivered by the transformation initiatives undertaken in the COVID-19 impacted period, with margin improvement in cinemas when compared to comparable pre-COVID trading months, the success of our new business model in Thredbo, and unprecedented growth in room rate in our hotels.

The Board continues to review, assess and monitor appropriate capital management initiatives and strategies, and desires to maintain a strong balance sheet that will support the further development of key assets and maximise sustainable and long-term total return to shareholders.

The Group's total cash balance at 30 June 2022 was $175 million with total debt outstanding of $386 million, which provides significant headroom in terms of available liquidity with the Group's core debt facility of $650 million. This facility will be maturing in July 2023 and a refinancing process is underway with the Group's lenders.

The Group has always prided itself on the strength of its balance sheet which is underpinned by property holdings. The Board is pleased with the results of the Group's non-core property divestment strategy, on which the targeted proceeds of $250 million has been exceeded at sales prices significantly above the most recent valuations for the relevant properties.

As foreshadowed last year, to assist liquidity the Group did not pay an interim or final dividend for the year ended 30 June 2022. Yesterday we announced that the Board had declared a fully franked special dividend of 12 cents per share in recognition of the success of the aforementioned property sales.

Future dividend payments remain subject to Board consideration having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance.

The Group has continued to make significant progress with the approvals process for major redevelopments of the properties located at 525 George Street and 458-472 George Street in Sydney, which our CEO will update you on further in her address. The Group is considering appropriate funding options and structures for these major property developments.

525 George Street, the property we are located in today, is expected to be the first of the major developments, incorporating retail, a cinema, a 292 room hotel, conference centre, and 115 residential apartments. We anticipate retaining 100% ownership of this development, with the success of the apartment sales providing sufficient funding to support this project.

In relation to the other major development at 458-472 George Street, Sydney, we are clear that our core expertise is not commercial property development, and in this regard, the commercial office tower component of this project will require a partner in some capacity.

For both major developments, the Board will assess and consider market conditions prior to commencement to ensure that appropriate value will be delivered for shareholders.

Today we announced that the Group has agreed a financial settlement with respect to its allegations of breaches by Vue International Bidco plc and Vue Nederland BV of the Sale and Purchase Agreement for the acquisition by Vue of the Group's German cinema operation, CineStar. In agreeing the settlement, the Group notes that Vue is currently implementing a significant balance sheet restructuring whereby the secured lenders will take over all the equity in the Vue Group in a debt for equity swap. Under the terms of the settlement, the Group will receive an amount of £6.5 million, equal to approximately A$11.6 million, with the parties agreeing a mutual release of all claims relating to the SPA and to discontinue the arbitration. The Board considers the settlement to be in the best interests of shareholders in the circumstances.

The Group has been guided by the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations during the year, and the Corporate Governance Statement has been published on the Group's website. This statement sets out the corporate governance practices and procedures and should assist shareholders in understanding and appreciating the importance placed by the Board upon good corporate governance.

The Board also focuses on maintaining an appropriate approach to remuneration, and details of this approach are dealt with in the Annual Report. In particular, the Group's policies are designed to, as far as possible, ensure that the remuneration package is reflective of an employee's duties and responsibilities and to enable the Group to attract, motivate and retain high calibre executives.

The Board is mindful of the tenure of Directors and earlier this year commenced a Board renewal process. Richard Newton has advised the Board of his intention to step down as a Director at the conclusion of today's meeting. I would like to take this opportunity to thank Richard for his contribution to the Board over the last 14 years. A Director search process is at an advanced stage, and I anticipate making an announcement regarding a new appointment to the Board in the coming weeks.

Shareholders will be aware that a resolution to change the Company name will be considered later in the meeting. The proposed new name, EVT Limited, better reflects what we do, and how we do it, following the transformation initiatives undertaken by the CEO and her team. This new name positions the Group well for the future. Jane will comment further on this matter in her address.

Management have focused on optimising the Group's position through the pandemic and the Board considers that the Group is positioned well to be able to take advantage of appropriate opportunities as they arise in the recovery period.

I and the Board acknowledge the outstanding efforts of the CEO, especially in the leadership shown in responding to the impact of COVID-19 on our operating businesses. I am confident the actions of Jane and her team have provided a strong platform for the future. To the rest of the executive team and all Group employees I extend our thanks for their collective and personal efforts. We are proud to have such a depth of experience and recognise the contribution you have made which has been, and will continue to be, invaluable as we embrace the opportunities that will arise in the future.

As I stated last year, difficult decisions have seen many of our valued employees leave us and to them and their families I express my appreciation for their past support. I also acknowledge the difficutlies many have faced due to stay-at-home orders, and I thank you for your perserverence in these times.

I would also like to thank my co-Directors for their efforts during the year and particularly thank our 6,500 shareholders for your on-going support.

I will now ask Jane to present her address. Thank you.

Alan Rydge (Chairman)

Thanks Alan and good morning everyone.

The result for the year ended 30 June 2022 represented a significant improvement on the prior year, despite the first half impact of materially greater government lockdowns and restrictions in Australia and New Zealand, and the end of JobKeeper in Australia in June 2021.

Normalised revenue was $953.8 million, up $300.6 million or 46.0%, and normalised EBITDA was $138.3 million, up $111.1 million.

Excluding the benefit of the German government's Bridging Aid programs, which principally related to losses in the prior year period and associated with mandated COVID restrictions, Group revenue was $890.8 million, up $237.6 million or 36.4%, and EBITDA was $75.3 million, up $48.1 million.

As lockdowns and restrictions eased, the second half result demonstrated the strong demand for each of our brands.

The Entertainment businesses benefited from strong pent-up demand for the cinema experience, a growing preference for premium experiences, and our new initiatives resulting in customers spending more on food and beverage. This was underpinned by the release and performance of key blockbuster titles including *Top Gun: Maverick* and *Spider-Man: No Way Home*, which are now two of the top five highest grossing titles of all time in the Australian market.

The Hotels result was a tale of two halves, with the first half materially impacted by lockdowns and restrictions, followed by a strong second half recovery. Record rate growth was achieved, with the average room rate for the Group's owned hotels up 5% on FY19, and the fourth quarter of the year up 23.3% on the comparable period in FY19.

Whilst Thredbo was materially impacted by the forced closure of the resort during the 2021 winter season, this was followed by a strong second half result with normalised EBITDA of $6.3 million, up 6.0% on the prior year. The second half result reflects the success of the Thredbo growth strategy including the expansion of the mountain biking experience and the new business model which maximised the strong June 2022 pre-season snowfall.

Unallocated corporate costs increased $7.5 million to $20.2 million due to an increase in insurance premiums and the end of JobKeeper. Underlying unallocated costs were 3.7% below FY19 unallocated costs.

As a Group we have transformed, from new business models delivering margin improvements, insights-led design and decisions, smarter procurement and greater adoption of customer and business technology.

We have overcome many of the industry people challenges with our focus on ELEVATE – our people programme focussed on building our culture.

Moving forward, we are now an agile Group with a strong foundation for future growth.

The Group's property portfolio at 30 June 2022 has been independently valued at approximately $2.0 billion.

The Group exceeded its target to realise total gross proceeds of $250 million from the sale of non-core property assets following the sale of Rydges North Sydney which settled in July 2022. The hotel has been rebranded as The Miller Hotel and retained under a management agreement within the Independent Collection by EVT.

Total proceeds from the non-core property sales to date are $275.3 million, which represents a premium of approximately 28% over the most recent valuations of the properties sold.

The Group's net debt at 30 June 2022, before the settlement of the sale of the North Sydney property, was $210.4 million, below pre-COVID net debt levels and significantly below net debt of $355.5 million at 30 June 2021.

The combination of our strategic initiatives, improved trading and the sale of our non-core assets has placed us in the best position to invest for growth and capitalise on opportunities that may arise in the future.

We are very pleased with the progress on our hotel growth strategies. We continue to invest in our key hotel assets, including an upgrade of QT Gold Coast, which is nearing completion, and an upgrade of Rydges Melbourne, which is currently closed and due to reopen later in this financial year.

Upgrades of Rydges Queenstown, including seismic strengthening of the wings that are currently closed, and QT Canberra are at the preliminary planning stage.

The Group's hotel strategy has evolved to ensure we can best leverage our capabilities and provide a solution for all segments of the market from luxury to budget accommodation.

This evolution is enabled through acquisition of key city assets, new management agreements for existing brands, acquisition of the innovative budget brand Jucy Snooze, now rebranded as Lylo, and the creation of the Independent Collection to better leverage the Group's expertise by introducing new and innovative hotel management and service models.

The Independent Collection offers solutions to independently branded luxury to budget hotel owners, and has grown to 12 hotels with the addition in the year of Hotel Motel Adelaide, The Terrace Adelaide, and The Kennigo Hotel Brisbane, and the more recent addition post year end of The Miller Hotel, formerly Rydges North Sydney, Arawa Park Hotel Rotorua, formerly Rydges Rotorua, and Hotel Totto, located in Wollongong. In addition, a new flagship Lylo property will also open in late November in Auckland.

Our strategy to right-size the cinema portfolio, with 'fewer and best' locations and a targeted investment in proven 'premiumisation' concepts is delivering double digit growth in key performance metrics.

During the year, we exited the leases of underperforming cinemas in Coolangatta and Morayfield. The BCC Toombul complex was flood damaged in February and the lease was terminated in June. In addition, the cinema at Lismore is currently closed after being flood damaged in February and the Wollongong cinema is also closed after sustaining significant storm damage in February.

In terms of investment in premiumisation, we completed the upgrade of the Shellharbour complex, and key locations at Chermside in Brisbane and Innaloo in Perth are currently underway. In New Zealand, the Queensgate site will reopen later this year, with premium cinema options, after closing in 2016 following the Kaikoura earthquake.

In relation to Thredbo developments, major upgrades to the snowmaking system including the installation of 10 new snowmaking fan guns on Friday Flat were completed in time for the 2022 winter season.

As part of our property development strategy, we unlocked value from unutilised bed rights at Thredbo, realising revenue of $7.0 million in the year. Further initiatives are in progress to unlock more development opportunities.

Construction of a further three new beginner mountain bike trails in the Cruiser area has commenced with completion scheduled for the coming summer.

Looking further ahead, the proposed Alpine Coaster installation is expected to add a further year-round attraction to the resort and is scheduled, subject to the required approvals, to be completed for the 2024 winter season.

We have also started preparatory work for the replacement of the two-seater Snowgums chairlift with a new six-seater chairlift with construction scheduled for completion, subject to approvals, for the 2025 winter season.

As part of our strategic goal to maximise our assets, we continued to make progress on our major property developments.

We expect the first of our major property developments to be 525 George Street in Sydney, which currently forms part of the Event Cinemas George Street complex. This is a mixed-use development and we lodged the Stage Two Development Application in May, and detailed interior design work is now in progress. We expect the Stage Two Development Application to take between 8-12 months for approval, following which we will commence the marketing of the apartments for pre-sale, subject to market conditions. The intention is to partially fund this development via the sale of the apartments and the Group will retain the hotel, cinema and retail areas. Subject to successful residential pre-sales, construction is targeted to commence at the end of FY24 or early FY25.

We also submitted a Stage One Development Application for the commercial office tower component of the 458-472 George Street property which we expect to take up to 12 months for approval. The intention remains to introduce a partner into the 458-472 project at the right time.

As you know, we are seeking shareholder approval at today's meeting to change the name of the Company to EVT Limited. I wanted to take a moment to explain the reason for the change of name and what it means for the Group going forward.

Event Hospitality and Entertainment has been a bit of a best kept secret. When we say 'Event' people immediately think we are 'Event Cinemas'. What some don't know is that Event stands for more than cinemas and is behind some of the best brands across a range of industries. Our name was the most obvious part of the problem.

It hasn't quite told our full story like the strength of our property portfolio and development plans, Thredbo, that we operate more than 150 restaurants and bars, and that we have an extensive conference and events network with over 1,500 indoor and outdoor venues.

Greater recognition of our Company brand is an important part of attracting talent, especially in a highly competitive market that we are facing today. We need a better 'sell' of what we do.

So, we had to solve this and move forward in a way that amplifies our inherent strengths and sets us up for the future. It turns out the answer was right in front of us. Most people were calling us 'E – V – T' simply because it was our domain name evt.com and our ASX code. So we have embraced it and amplified it.

E is Entertainment – we have an extensive portfolio of experiences. In the eyes of our customers this includes indoor and outdoor cinemas, restaurants, bars – any of our businesses seeking customer discretionary time and spend.

V is for Ventures – from hotel management opportunities, media partnerships to property developments.

T is travel – covering our Luxury to budget accommodation options and Thredbo.

In launching EVT we are demonstrating what we do with more impact.

Our customers are at the centre of everything we do.

An example of a change that is more customer focused is the new way we are presenting our food and beverage experiences under Entertainment.

To date, we have included our restaurants and bars under Hotels. By repositioning our restaurants and bars under Entertainment we can better showcase the food and beverage experiences we offer, in a way a customer thinks about a dining experience.

When you decide to go out for dinner you do not naturally think you should search hotels because dining out is an entertainment experience. So this is where it should be found on EVT.com.

Under Ventures, we now have a way to showcase our extensive property portfolio and developments like never before.

Under Travel, we now have a way to show our luxury to budget hotel experiences alongside Thredbo catering for year-round travel and recreation activities.

Entertainment, Ventures, Travel. It's in our name, it's WHAT we do - through the eyes of our customers.

But HOW we do it is what makes us unique. It starts with responding to what our customers want and our vision is to be leaders in creating experiences that escape the ordinary.

That means changing the game, making an impact. Being bold, never cookie-cutter. How we bring this to life is through our three strategic goals: Grow Revenue above Market; Maximise our Assets; and Business Transformation to Improve Margins. Each of these three goals is only successful if our customer satisfaction is growing at the same time.

This is why we have invested in listening to what our customers think via our Net Promoter Scores and eSentiment tracking and aligning our actions and capital improvements. However, our success is not measured on profit alone.

At the same time, we are responsible for constantly improving our workplace and employee engagement, our give-back to the communities we operate in and taking a responsibility for our part in creating a better tomorrow for the environment. This is what we define as our ELEVATE programme; elevating our people, communities and environment. Every pillar has a clear set of goals that are relevant across every part of our business.

We have come out of one of the most difficult periods in our trading history as a stronger Company and there is no better time than now to position ourselves in the best way for the future as EVT.

I will now comment on the current year and performance over the first quarter of the financial year ending 30 June 2023 ("Q1").

On a normalised basis, excluding the impact of AASB 16 *Leases*, the Group's EBITDA was $70.6 million, a turnaround on the loss of $15.5 million for the prior comparable quarter, and up 32.5% on the $53.3 million profit for the first quarter of the pre-COVID FY19 year. This result was achieved despite Q1 Group Revenue being relatively flat, down 0.3% on the pre-COVID FY19 year.

This strong result was a direct outcome of the effort invested over the COVID impacted period in transforming our business.

Our Thredbo business model was completely redesigned and refocussed. To summarise, we are better maximising our inventory and delivering a more premium experience for customers. As a result, despite variable snow conditions, Q1 revenue was $74.3 million, up 27.7% on pre-COVID and normalised EBITDA was $42.3 million, $12.4 million or 41.7% above the first quarter of FY19. This was achieved on fewer skier days and customer feedback reinforces that the Thredbo experience has never been better.

For the Entertainment division, the film release schedule is still experiencing the impact of COVID disruption on film production. However, we have confidence in our new business initiatives.

In July we benefited from key blockbuster titles such as *Thor: Love and Thunder*, *Minions: The Rise of Gru*, *Elvis*, and *Top Gun: Maverick*. August and September were quiet months with no major films released. Despite this, normalised EBITDA for the Entertainment

Group, including CineStar Germany, was $10.0 million, up $5.3 million on the first quarter of FY19.

This is a good result in a disrupted period with our key metrics continuing to maintain growth with average admission price up 22.3% in Australia, 39.7% in New Zealand, whilst spend per head was up 53.4% in Australia, 50.4% in New Zealand and 30.2% in Germany on pre-COVID.

The Hotel division is recovering well, and our hotels continue to outperform their competitive sets. In Q1, the Hotels division generated positive EBITDA of $21.3 million, up 5.7% on the first quarter of FY19, a particularly pleasing result given the current closure of Rydges Melbourne for upgrade works and our recent divestments. Once again, this is a strong result due to the positive impact of our transformation initiatives and hotels expansions strategy.

These results have been delivered in a market with increasing wage costs, other inflationary cost pressures and continued rises in insurance premiums, amongst other cost challenges.

Looking ahead, the Group's performance will continue to be subject to the release and appeal of blockbuster films, weather conditions at Thredbo and airlines returning to pre-COVID capacity to normalise customer behaviour for hotels.

For the Entertainment divisions, this year will have more films on our screens than the prior year, but not at pre-COVID release levels due to the COVID disruption impacting the studios' ability to create and complete films.

The key blockbuster for the first half is *AVATAR The Way of Water* in December, and this title will determine the strength of the second quarter.

In the second half, since the full year results, *Aquaman and the Lost Kingdom* has moved out of the financial year, and *Shazam! Fury of the Gods* has moved from January to March. At this stage, we only have partial visibility on the second half release slate and anticipate the more titles may be confirmed in the coming months.

What we do know is that when blockbuster titles are released, the Group expects to continue to benefit from its new operating model with improved margins as we have seen to date.

Demand for the Group's Hotels is expected to continue to grow and a continued recovery in corporate travel is expected to assist recovery in the balance of FY23.

We have seen continued promising trends in hotel occupancy and further growth in rate in the first quarter. We expect occupancy to continue to improve incrementally over the course of the year, whilst rate growth may moderate as lower yielding segments of the market recover. The upgraded Rydges Melbourne is expected to reopen partially in Q3 and fully by the end of Q4.

However, it is anticipated that a full recovery of all segments of the hotels market will be dependent on the recovery of the international market, and we expect, subject to airline capacity, that the hotel industry will recover to pre-COVID levels in FY24.

In Thredbo, summer performance is expected to be relatively in line with FY22, subject to weather conditions.

The property segment result will continue to track below prior year following the successful divestment of non-core property sales.

We continue to face headwinds, including energy cost increases, particularly in Germany, and other inflationary cost pressures. We will continue to work on finding ways to try and mitigate some of the impact.

From a corporate perspective, the investment required in compliance and risk management continues to grow, whilst we are also investing in sustainability initiatives.

Our maximise assets plan will see capital expenditure for the full year return to pre-COVID levels, at around $120 to $150 million.

Overall, we can see a pathway to getting back on track to re-establishing 2019 revenue levels and we are pleased with our progress.

I would now like to take the opportunity to thank the EVT team who have dedicated themselves through the most challenging period in the Company's history.

We have emerged as a stronger business. The positive results we are experiencing from our growth strategies and transformation initiatives is a credit to you all. Your commitment to ensuring the best possible outcomes for shareholders and customers, whilst making EVT a great place to work, is second to none.

I know that this has at times taken more hours than usual and I would like to recognise and thank your families, partners and friends for their understanding of the time you have committed to EVT.

Times like these demonstrate how important a strong culture is. One that is prepared to challenge conventions and innovate, always looking for ways to be better than yesterday, everyday. We call our people Daymakers and you have all certainly risen to the challenge.

I would also like to thank you all for your support and interest in attending and participating online in this morning's meeting.

Thank you.

Jane Hastings (Chief Executive Officer)