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ASX Market Announcements
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2024 REVIEW

The Directors present the Annual Report of Ariadne Australia Ltd (“Ariadne” or “the Group”) for the period ended 30 June 2024.

Results for the period (millions)	30 June 2024	30 June 2023
Net profit attributable to members	1.6	11.1
Other comprehensive income attributable to members	(1.7)	(16.5)
Total comprehensive income attributable to members	(0.1)	(5.4)
Total comprehensive income per share (cents)	(0.07)	(2.78)
Net tangible assets per share (cents)	83.28	83.65
Net operating cash (outflow) / inflow	(0.9)	13.1

Investments

The Investment division recorded a net profit before tax of \$5.2 million (FY23: \$16.6 million).

The result is derived from interest on cash reserves, share of profits and losses from the Group’s investments in associates, and dividend and trading income from the trading portfolio.

The division’s share of joint ventures and associates results for the period was a net profit of \$1.6 million (FY23: \$1.6 million).

Dividends received during the period were \$1.6 million (FY23: \$12.0 million). As previously reported, the substantial decrease from prior period was due to the large one-off \$11.1 million cash dividend received from Coast Entertainment Holdings Limited (previously Ardent Leisure Group Limited) following the sale of its US business, Main Event Entertainment in June 2022.

The trading portfolio recorded a net profit for the period of \$1.1 million (FY23: \$2.7 million) and a portion of the strategic portfolio, revalued through profit or loss, recorded a net loss of \$0.4 million (FY23: \$0.5 million gain) due to mark-to-market revaluations.

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The balance of the strategic portfolio recorded a net profit of \$0.1 million (FY23: \$15.2 million loss) during the period due to mark-to-market revaluations. These movements are recorded through other comprehensive income and not included in the reported net profit.

The Group results for FY24 were negatively impacted by the following write-downs in the book values of some of our unlisted investments and property assets:

- FinClear Holdings Ltd – (\$1.7 million)
- Lark Technologies Inc – (\$2.7 million)
- Orams Marine Village – (\$2.0 million) Ariadne's share
- Termination of the Redfern Project – (\$1.6 million)

Despite these negative adjustments, Ariadne has made good progress on a number of its significant investments.

Orams

The Group's investment in our associates, Orams Group Ltd and Orams Residential Ltd (together "Orams"), where Ariadne holds an indirect equity interest of 61%, contributed negatively to the overall result.

The Group's share of earnings associated with its Orams investment during the period was breakeven (FY23: \$4.0 million loss). The prior year's result included a revaluation loss, net of deferred tax, of \$2.3 million in relation to the residential site at Orams.

A \$1.8 million (FY23: \$2.7 million) gain was also recognised in reported net profit relating to the Contingent Consideration, attributable to the decrease in Orams NZ Unit Trust's ("ONZUT", our Orams holding trust) net assets during the period.

In addition, a revaluation loss, net of deferred tax, of \$2.0 million (FY23: \$3.6 million loss) was reported through the Statement of Comprehensive Income in relation to the Orams Marine Village property asset due to a small increase in the capitalisation rate used to value the property.

As previously reported, during the period the Group, via ONZUT, subscribed for a NZ\$10 million convertible note issued by Orams, the proceeds of which were applied in reduction of Orams' bank facility.

As a result of the rapid trajectory of interest rate rises by the Reserve Bank of New Zealand over the last two years, there has been an expansion in capitalisation rates for property assets, thereby reducing the value of properties generally, including Orams's property holdings. Pleasingly, however, interest rates in New Zealand now appear to have peaked, with a reduction in the Official Cash Rate earlier this month of 25 basis points, and market expectations of further rate cuts projected over coming months.

While Orams' overall reported contribution for the financial year was breakeven, it is important to note the strong underlying performance of the Orams businesses.

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The second half of the financial year saw continued strong growth at Orams Marine Services, the largest marine maintenance and refit services business in New Zealand, wholly owned by Orams Group Ltd. Refit turnover was 61% above budget for the half year period, giving a full year uplift over budget of 34%. Likewise, the Marina operations, off the back of busier refit facilities were 78% over budget for the half year and 42% ahead of budget for the full year. The forward order book remains strong, now stretching beyond 2025.

Underlying EBITDA for Orams Group Ltd for the period was NZ\$11.8 million (FY23 NZ\$9.5 million), with a cash conversion rate of over 90%.

The pressure on available work areas, as a result of expanding the workforce to service the growing turnover, continues to be addressed with an additional mezzanine level being constructed during the year, providing some relief in the short term. The longer term solution remains the construction of the final component of the overall Stage 1 site development, incorporating a four storey building with additional workspace alongside office accommodation.

FY25 has seen a strong start at Orams, with July 2024 results being above budget and substantially ahead of the July 2023 result.

On 28 August 2024, Ariadne announced that Orams had entered into a conditional agreement with Precinct Properties Holdings Limited, a wholly owned subsidiary of the New Zealand Stock Exchange-listed Precinct Properties New Zealand Limited (“Precinct Properties”). The agreement involves Precinct Properties acquiring a 24.9% interest in the ground lease and buildings of Orams Marine Village and a 50% interest in the adjoining residential site. The agreement is conditional upon finalising and agreeing definitive transition documentation, finalising financing agreements and approval from Auckland Council.

The Partnership will facilitate construction of the approved commercial buildings within the Marine Village and also progress the development of the residential site.

Coast Entertainment Holdings Limited (“Coast”)

Coast recently reported improved visitation growth and ticket sales, despite macroeconomic headwinds and the business cycling a strong prior period, and the first positive consolidated EBITDA (excluding specific items) for the group’s continuing operations since FY16.

Coast has a solid balance sheet, no debt, with cash of \$89.2 million as at 25 June 2024, and available tax losses of \$138.7 million at balance date.

Following the substantial capital spend to date to improve Dreamworld’s rides and attractions, and with construction of the new Rivertown precinct due for opening by the end of this calendar year, it is anticipated that visitation should continue to improve.

Coast has reported a positive start to FY25, with July 2024 visitation, revenue and EBITDA showing strong growth compared to July 2023.

Coast is also progressing seeking a Preliminary Development Approval across its 55 hectare site at Coomera in South East Queensland and is hopeful of being able to provide a further update before, or at, its Annual General Meeting later this calendar year.

Hillgrove Resources Limited (“Hillgrove”)

During the period Hillgrove commissioned its processing facility in anticipation of returning to copper production. Pleasingly first copper production was achieved in February 2024 ahead of the targeted timeframe.

Mine output and copper production has ramped up over the last few months as the work areas expanded underground, with 2,584 tonnes of copper produced in the June 2024 quarter.

HGO is one of the few pure-play copper producers on the ASX. The company is debt-free, has substantial available carry-forward tax losses, a franking credit balance of \$17.6 million and is well-positioned to leverage the anticipated growth in copper demand as the world continues to de-carbonise through electrification.

ClearView Wealth Limited (“ClearView”)

ClearView has successfully transformed into a focused retail life insurance company, delivering strong financial results in FY24, reporting a 25% increase in profitability.

This simplified business model appears to be resonating with both financial advisers and customers, reflected in the company's impressive market share gains in both new business and in-force premium.

CVW is well-positioned to continue its growth trajectory as it capitalises on a rebounding life insurance market. The market continues to be underappreciating CVW's improved growth trajectory and profitability given the company's double-digit earnings growth and expanding margins.

CVW's share price is 62 cents, trading at a 32% discount to the company's embedded value of 91.4 cents as per their latest results. This discount has disappointingly continued for many years and the share price has been a material drag on Ariadne's performance for an extended time.

It is worth noting in this regard, that the CVW share price is virtually unchanged from 10 years ago when in-force premia were approximately 90% less.

During the period Ariadne took the opportunity to reduce its holding when CVW's major shareholder sold down a portion of its shareholding.

Future Group Australia Holdings Pty Ltd (“Future Group”)

During the period, Ariadne made a new investment in Future Group, a pioneering force in the Australian superannuation sector focusing on ethical and sustainable investments. Since its founding 10 years ago, Future Group has grown to become one of Australia's largest superannuation groups with over 390,000 members and over \$15 billion in funds under management and advice. They operate several brands, including Future Super, GuildSuper and Verve Super.

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Future Group has carved a niche in the superannuation market with its strict adherence to ethical investment criteria, with a focus on investing in renewable energy and other sustainable initiatives. This differentiation strategy has not only garnered a loyal member base but has also positioned Future Group as a leader in the ethical investment space.

Its impressive growth has been propelled by a combination of strategic acquisitions, compelling product offerings, and a high member acquisition rate, positioning Future Group as a top-tier performer within the superannuation industry.

We believe Future Group represents a compelling investment opportunity, uniquely positioned to capitalise on the surging demand for ethical investment solutions and underpinned by the inflows of compulsory superannuation contributions and we will look to potentially further increase our investment as circumstances permit.

King River Capital (“King River”)

At balance date, the aggregate carrying value of Ariadne’s King River-related investments was \$20.4 million, representing an overall unrealised gain of \$8.9 million over cost.

A review of each investment, to determine fair value, was undertaken at balance date.

Overall, our investments with King River continue to perform well, in aggregate being valued at multiples of Ariadne’s cost.

During the period Ariadne invested in The Inevitable Games Fund, formed by King River in partnership with Immutable and Polygon Labs. The fund will invest in the best Web3 game studios and gaming infrastructure projects globally providing an opportunity to gain unique access to the best web3 gaming projects and benefiting from the multi-hundred billion dollar shift in spending to this disruptive new technology.

Simplified Balance Sheet

Ariadne is in a sound financial position as shown in the following presentation of the Group's assets and liabilities as at 30 June 2024.

Assets	\$M	\$M	Liabilities	\$M
Cash		22.9	Payables and Provisions	2.5
<u>Investments</u>			Other Payables	10.1
Orams	83.3		Minority Interests	14.1
Hillgrove	14.4		Debt	16.4
Freshxtend	12.2		Total Liabilities	43.1
FinClear	11.4			
ClearView	10.8		Shareholders' Funds	162.7
Coast	10.4			
King River	10.3			
Other Strategic Assets	7.8			
Cover Genius	7.5			
Foundation Life	6.2			
Trading Portfolio	3.6			
<u>Total Investments</u>		177.9		
Fixed Assets and Other Receivables		5.0	Total Liabilities &	
Total Assets		205.8	Shareholders' Funds	205.8

Tax

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. At 30 June 2024 these are estimated to be \$72.7 million (30 June 2023: \$75.9 million) and \$83.9 million (30 June 2023: \$72.1 million) respectively. As at balance date, Ariadne had a deferred tax asset of \$46.7 million which is not recognised in Ariadne's accounts.

Board Composition

During the period, Chris Barter retired from the Board. Chris has been a significant contributor to Ariadne since his appointment in 2018. Ariadne has benefited considerably from his deep insight and experience and we wish him well in the future.

Dividends and Capital Management

The Board has determined that it is appropriate to continue to retain a conservative financial position as the Group looks to recycle capital as opportunities arise.

A final fully franked dividend of 0.50 cents per share has been declared by the directors, bringing the total dividends for FY24 to 0.75 cents per share (FY23: 0.25 cents per share).

On 1 March 2024, Ariadne announced the extension of its on-market share buy-back facility as part of ongoing capital management initiatives.

ENDS

Authorised for release by: The Board of Ariadne Australia Limited

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