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ASX Market Announcements  
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## **FY22 HALF-YEAR REVIEW**

The Directors present the Half-Year Financial Report of Ariadne Australia Ltd (“Ariadne” or “the Group”) for the period ended 31 December 2021.

For the half-year period Ariadne reported a net profit after tax attributable to members of \$2.4 million (HY21: \$0.1 million loss).

In addition, a positive contribution attributable to members of \$32.3 million (HY21: \$10.6 million) was reported through the Statement of Comprehensive Income, resulting in a total comprehensive income attributable to members of \$34.7 million (HY21: \$10.5 million).

The total comprehensive income per share was 17.70 cents compared to 5.37 cents for the previous corresponding period.

The net tangible assets per share increased during the period from 75.90 cents per share to 93.15 cents per share at balance date.

The Group’s performance for the period builds on the positive results for FY21, with net tangible assets per share now above pre-pandemic levels.

### **Investments**

The Investment division recorded a net profit before tax of \$4.0 million (HY21: \$1.4 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 strategic portfolio recorded a net gain of \$31.5 million (HY21: \$11.1 million) during the period due to mark-to-market revaluations mainly arising from Ariadne’s investments in ClearView Wealth Ltd and Ardent Leisure Group Ltd, being \$8.2 million and \$8.4 million respectively. This gain is recorded through other comprehensive income and not included in the reported net profit.

Ariadne’s 53% interest in Freshxtend International Pty Ltd, with its 17% investment in the NatureSeal group, again contributed positively during the period, albeit at lower levels than previously due to difficult operating environments in Europe and North America arising from the COVID-19 pandemic.

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## **King River Capital (“King River”)**

A significant proportion of the half-year gains arose out of Ariadne’s investments with King River, a venture capital fund co-founded by Ariadne director, Chris Barter, which invests in Australian and US technology companies.

These private investments include investments into King River’s funds and co-investments in a number of their portfolio companies.

Three of Ariadne’s co-investments contributed a combined uplift in value of \$15.4 million during the period, following revaluations based upon material capital raisings for each of the following companies:

- FinClear Holdings Limited: a gain of \$7.7 million as a result of a pre-IPO round;
- CoverGenius Holdings Pty Ltd: a gain of \$4.3 million as a result of a Series C round;
- Lark Technologies, Inc.: a gain of \$3.4 million as a result of a Series D round.

At balance date, the carrying value of Ariadne’s King River-related investments was \$31.9 million in aggregate, representing an overall unrealised gain of \$20.7 million over cost.

Ariadne’s involvement with King River to date has been rewarding and we look forward to further growth in the value of our investments over coming periods.

## **Property**

The Group’s property division recorded a net profit of \$0.5 million for the period (HY21: \$0.3 million).

The division’s result is derived from the Group’s 61% indirect debt and equity interest in Orams Group Limited (“Orams”) – the owner of Orams Marine Village and Orams Marine Services, New Zealand’s premier marine facility and largest marine maintenance and refit services business respectively – and its 50% interest in the Kippax Property Trust.

## **Orams**

The Group’s share of profit and interest from Orams during the period was \$0.9 million.

During the period, Orams continued to profitably service the domestic market during a difficult period of border closures and Covid lockdowns. Orams also completed the initial stage of its new state-of-the-art marine refit facility. The new 12,000 square metre yard, and three new 90 metre marinas, have more than doubled the capacity for Orams Marine Services’ marine maintenance and refit business.

The Orams facilities now offer the most comprehensive refit and boat maintenance infrastructure in the Southern Hemisphere. With three travel lifts (820, 85 and 75 tonnes), as well as the existing 600 tonne slipway, Orams can haul out vessels from superyachts to domestic vessels, and a wide range of commercial boats including the regional ferry fleet. The next stage of works, already under way and scheduled for completion during 2023, consists of three marine works sheds – one marine shed to accommodate the 85 tonne travel lift and two superyacht sheds to accommodate the 820 tonne travel lift. The new superyacht sheds will expand Orams’ ability to provide specialised superyacht services within a controlled environment, cementing Orams’ position as the superyacht hub of the South Pacific.

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With the announced easing of New Zealand's border restrictions from the middle of this year, the level of inquiries from overseas superyacht owners to service boats at Orams has been encouraging.

Further stages of the development will feature commercial buildings and a residential component on the northern end of the site.

## **Kippax Property ("Kippax")**

Kippax continues to progress planning for the redevelopment of an innovative and sustainable office scheme on its Redfern site in Sydney.

In July 2021, the City of Sydney released their review of the corridor and has reported an increase in planning controls (height and floorspace) which is aligned with Kippax's aspirations for the site. In December 2021, the City of Sydney placed the reported planning controls on public exhibition and are working through submissions received with a view to endorsing the Botany Rd Corridor precinct at a Council meeting mid-year. A competitive architectural design competition will follow, and Kippax are well progressed with the competition brief and preferred architects.

Kippax is looking to build on the momentum of Redfern and has identified further pipeline opportunities and progressed discussions with target landowners with a goal of securing another opportunity through the course of 2022.

## **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 31 December 2021.

| <b>Assets</b>            | <b>\$M</b> | <b>\$M</b>   | <b>Liabilities</b>             | <b>\$M</b>   |
|--------------------------|------------|--------------|--------------------------------|--------------|
| Cash                     |            | 26.0         | Trade Payables & Provisions    | 2.6          |
| <u>Investments</u>       |            |              | Other Payables                 | 14.6         |
| Orams                    | 79.4       |              | Minority Interests             | 15.2         |
| Ardent                   | 30.6       |              | Debt                           | 27.7         |
| ClearView                | 21.1       |              | <b>Total Liabilities</b>       | <b>60.1</b>  |
| FinClear                 | 13.2       |              |                                |              |
| Freshxtend               | 11.6       |              | <b>Shareholders' Funds</b>     | <b>182.8</b> |
| Other Strategic Assets   | 10.6       |              |                                |              |
| Trading Portfolio        | 9.9        |              |                                |              |
| Hillgrove                | 9.6        |              |                                |              |
| Kippax                   | 8.9        |              |                                |              |
| Cover Genius             | 6.6        |              |                                |              |
| King River               | 6.5        |              |                                |              |
| Lark Technologies        | 5.3        |              |                                |              |
| <u>Total Investments</u> |            | 213.3        |                                |              |
| Fixed Assets and Other   |            |              |                                |              |
| Receivables              |            | 3.6          | <b>Total Liabilities &amp;</b> |              |
| <b>Total Assets</b>      |            | <b>242.9</b> | <b>Shareholders' Funds</b>     | <b>242.9</b> |

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## **Tax**

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. On 31 December 2021 these were estimated to be \$84.7 million (30 June 2021: \$80.4 million) and \$71.9 million (30 June 2021: \$72.3 million) respectively. As at balance date, Ariadne has a deferred tax asset of \$40.7 million which is not recognised in Ariadne's accounts.

## **Dividends and Capital Management**

A fully-franked interim dividend of 0.25 cents per share (\$0.5 million in total) has been declared in relation to the first half of the 2022 financial year.

On 21 February 2022, 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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