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ASX Market Announcements
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FY23 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 2022.

For the half-year period Ariadne reported a total comprehensive income attributable to members of \$1.3 million (HY22: \$34.7 million). This result comprises two elements:

- a net profit attributable to members of \$11.5 million (HY22: \$2.4 million); and
- a net loss attributable to members of \$10.2 million (HY22: \$32.3 million profit) reported through the Statement of Comprehensive Income.

The total comprehensive income per share was 0.68 cents compared to 17.70 cents for the previous corresponding period.

The net tangible assets per share fell slightly during the period from 87.09 cents per share to 87.05 cents per share at balance date, after taking account of the 0.75 cent FY22 final dividend paid during the period.

Investments

The Investment division recorded a net profit before tax of \$15.4 million (HY22: \$4.0 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 \$0.7 million (HY22: \$0.6 million).

Dividends received during the period were \$11.8 million (HY22: \$0.6 million), of which \$11.1 million related to the cash dividend received from Ardent Leisure Group Limited (“Ardent”).

The trading portfolio recorded a net profit for the period of \$3.0 million (HY22: \$1.5 million) and a portion of the strategic portfolio, revalued through profit or loss, recorded a net gain of \$0.8 million (HY22: \$1.5 million) due to mark-to-market revaluations.

The balance of the strategic portfolio recorded a net loss of \$12.6 million (HY22: \$31.5 million gain) during the period due to mark-to-market revaluations mainly arising from Ariadne’s investments in ClearView Wealth Ltd (\$5.2 million) and Ardent (\$7.6 million). The mark-to-

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market reduction in Ardent's value was partly attributable to and offset by the cash dividend paid and return-of-capital (\$10.4 million) in July 2022, a result of Ardent distributing proceeds from the sale of its Main Event business in June 2022, following the successful turnaround in Main Event's operating performance over the last few years.

During the period the Group sold its holding in MSL Solutions Ltd (MSL), which was the subject of a takeover offer, at a profit of \$3.1 million. This was a satisfactory outcome and followed Ariadne's involvement in supporting board and management changes at MSL in September 2019. Since that time, MSL has grown its business significantly, culminating in a takeover of the company at a price of 29.5 cents per share – a substantial premium over the price of 7.5 cents per share at which Ariadne participated in the recapitalisation of MSL in 2019.

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.

Property

The Group's property division recorded a net loss of \$2.0 million for the period (HY22: \$0.5 million profit).

The division's result is derived from the Group's 61% indirect debt and equity interest in Orams Residential Limited ("Residential") and Orams Group Limited ("Orams") - the owner of Orams Marine Village and Orams Marine Services ("Orams Marine"), New Zealand's premier marine facility and largest marine maintenance and refit services business respectively, and its investment in the Redfern Project – an option over land in Redfern, Sydney. During the period the Group entered into agreements to exit its investment in Kippax Property and restructure its investment in the Redfern Project from debt to equity. The Group continues to explore potential pathways to retrieve value.

The Group's share of loss from Orams and Residential during the period was \$0.2 million (HY22: \$0.9 million profit).

Orams has now substantially completed its new state of the art marine facility in downtown Auckland. The two new large refit and maintenance buildings now in use can accommodate superyachts up to 820-tonnes, together with the 85 tonne work building completed last year, have significantly expanded Orams Marine's ability to work on multiple vessels in a controlled environment and produce world leading results. Along with the new buildings, 13,000 sq metres of fully serviced hardstand and three 90 metre marina pontoons, Orams has the most comprehensive refit and boat maintenance infrastructure facilities in the Southern Hemisphere, cementing Orams' position as the super yacht hub of the South Pacific.

Further stages of the development will feature commercial buildings and a residential component.

A highlight of the last six months has been the significant level of bookings and enquiry from a wide range of superyachts, domestic vessels, and commercial craft, far exceeding expectations following the lifting of New Zealand's border restrictions in August 2022. The 820-tonne travel lift has hauled out more than double the number of vessels that were budgeted, contributing to

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an operating performance 30% above budget for the period. Orams Marine is continuing to build its staff numbers across all aspects of the business to be well-placed to service its large order book for the 2023 – 2025 period.

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 2022.

Assets	\$M	\$M	Liabilities	\$M
Cash		45.6	Trade Payables & Provisions	3.0
<u>Investments</u>			Other Payables	14.7
Orams	82.8		Minority Interests	15.6
Ardent	13.7		Debt	24.5
FinClear	13.2		Total Liabilities	57.8
Freshxtend	12.5			
ClearView	11.4		Shareholders' Funds	170.8
Hillgrove	9.6			
King River	9.4			
Cover Genius	8.3			
Foundation Life	5.7			
Other Strategic Assets	4.8			
Lark Technologies	4.6			
Trading Portfolio	3.8			
<u>Total Investments</u>		179.8		
Fixed Assets and Other				
Receivables		3.2	Total Liabilities &	
Total Assets		228.6	Shareholders' Funds	228.6

Tax

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. On 31 December 2022 these were estimated to be \$77.8 million (30 June 2022: \$89.6 million) and \$72.1 million (30 June 2022: \$72.4 million) respectively. As at balance date, Ariadne has a deferred tax asset of \$37.5 million which is not recognised in Ariadne's accounts.

Dividends and Capital Management

In light of the ongoing volatility in market conditions, the Board has determined to preserve cash reserves during this uncertain period. As a result, no interim dividend for FY23 will be paid. The FY22 final dividend of 0.75 cents per share declared in August 2022 was paid on 29 September 2022.

On 21 February 2023, Ariadne announced the extension of its on-market share buy-back facility as part of ongoing capital management initiatives.

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Board Composition and Renewal

Sadly, on 4 December 2022, Ariadne's Chairman, David Baffsky AO, passed away following a short illness.

David was a loved and much-admired and deeply respected colleague, who contributed so much to Ariadne both professionally and personally.

Ariadne has today announced the appointment of two new independent non-executive directors – David Hancock and Dean Smorgon – to its Board.

The Board has elected David Hancock as Chairman.

Both David and Dean bring considerable skills and experience which will greatly benefit the Group as we look to continue to build shareholder value for the future.

ENDS

Authorised for release by: The Board of Ariadne Australia Limited

For further information please contact:

Gary Weiss

Executive Director

+61 2 8227 5500