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ASX RELEASE

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FY24 First Half Preliminary Update

1H24 Preliminary Unaudited Results

Following the recent severe storms in Southeast Queensland, Coast Entertainment Holdings Limited (ASX: CEH) provides a preliminary update on the impact of the storms, as well as the Group's trading performance for the half year ended 26 December 2023 and its capital management during the period.

Christmas and New Year's Day storms

As reported in recent press, Southeast Queensland suffered a devastating cyclonic storm on Christmas Day, followed by a second severe storm on New Year's Day. Along with several other theme parks and leisure-based businesses on the Gold Coast, the Group's theme parks were heavily impacted by both storms, resulting in significant damage, prolonged power outages and the temporary closure of both Dreamworld (for a total of three days) and WhiteWater World (for a total of five days).

Both weather events occurred during peak trading periods for the business and significant cancellations of travel and accommodation bookings into the Gold Coast have been reported. As a result, the adverse impact on the trading performance of the business has been felt beyond the days of closure, with most of this falling into the second half of FY24.

Management is currently working with its insurers to assess the total financial impact and progress associated insurance claims.

The Board and management wish to acknowledge the tireless efforts of team members and contractors to minimise the impact of the damage and to enable the parks to safely reopen for guests.

Preliminary unaudited trading performance

1H24 has seen more challenged economic conditions in the Australian economy, with further interest rate rises and continuing high inflation weighing on consumer discretionary spending. In the prior period, the Gold Coast benefitted from some pent-up demand and uncertainty over international travel, with many Australians electing to holiday in Australia rather than internationally. 1H24 has seen a moderation in interstate travel to the Gold Coast due to a combination of unfavourable economic conditions and substitution towards international destinations.

Against this backdrop, the Group has remained focussed on delivering a differentiated and compelling guest experience for both Dreamworld/WhiteWater World and SkyPoint and has continued to achieve category leading guest review scores, which have again outperformed its Gold Coast theme park peers.

Notwithstanding the adverse weather events, macroeconomic headwinds, and the business cycling a strong 1H23, the Theme Parks & Attractions business has reported continued attendance growth, up 6.5% compared to the prior period. This was driven by increased promotional activity throughout the period and the opening of new attractions in the new Kenny and Belinda's Dreamland kid's world. New major attractions, the Dreamworld Flyer and Wiggles Big Red Boat coaster, opened in late December 2023, hence have not provided significant economic benefit to the 1H24 results. Prior to the first storm, the parks recorded a 22.9% uplift in visitation for the peak month of December 2023.

International visitation has continued to gradually recover, however remained well below historical levels during the period. It is important to note that despite the ongoing recovery, the mix of international visitation is substantially different from pre-pandemic performance, with Asia visitation still representing a small fraction of prior business. Further recovery in international visitation in the coming periods, particularly from Asian markets, presents upside for the business.

During 1H24, the aggregate value of ticket sales¹ was once again the highest recorded since FY16, up 11.8% on the prior period and 23.2% above 1H20 pre-COVID levels. This was predominantly driven by an increase in annual pass sales, for which revenue is recognised over a 12-month period. As a result of the change in sales mix and its impact on revenue recognition, the Group's 1H24 unaudited revenue was \$43.5 million, broadly in line with the prior period and 12.5% above 1H20 pre-COVID levels. This was achieved despite the prior period benefitting from \$2.4 million of annual pass revenue which was funded by guests utilising vouchers provided under the Queensland Government 'Play Money' and 'Queensland Getaway' COVID stimulus promotions.

SkyPoint continued to trade well throughout the period, in line with the performance outlined at the November 2023 AGM.

The Theme Parks & Attractions business anticipates delivering a positive EBITDA result (excluding Specific Items), albeit that this is expected to be lower than the prior period, due to ongoing cost pressures driven by the high inflationary environment, particularly in labour and utilities. Nevertheless, management continues to focus on managing costs closely, with the increase in total operating expenses² in 1H24 being contained below CPI growth³.

As foreshadowed in the FY23 results announcement, the Group's Corporate Costs for 1H24 are expected to be lower than the prior period, despite some emerging cost pressures, driven by head office restructuring, insurance cost savings and a reduction in Directors' fees.

Queensland Government stimulus package

Following the recent storms, a \$2.5m stimulus package funded by the Queensland Government and developed by Experience Gold Coast and Tourism and Events Queensland has been announced. More than 50,000 vouchers will be available for tourists and locals to use for Gold Coast attractions including Dreamworld, WhiteWater World and SkyPoint.

Land development application

As disclosed at the November 2023 AGM, the Group lodged a Preliminary Development Application with Gold Coast City Council which, if approved, would allow a broader range of land uses. This Application is currently ongoing, with a decision from Council anticipated in mid-2024.

Capital Management

As at 26 December 2023, the Group had cash balances of \$106.4 million. Subsequently, the Group has received a payment of US\$8.03 million from Dave & Buster's Entertainment Inc, being the majority of its share of contingent consideration arising from the sale of Main Event. The remaining portion of contingent consideration amounting to approximately US\$0.55 million is expected to be received in 2024.

On 18 September 2023, the Group commenced an on-market buyback program which aims to purchase up to 10% of the Group's issued capital over a 12-month period. As at 26 December 2023, the Group had purchased 20.0 million shares totalling \$8.9 million. This represents 41.7% of the maximum shares to be bought back under the program. Purchases by the Company under the buyback program were temporarily suspended at half year end on 26 December 2023 whilst the Company reviewed performance for the period. The Company intends to recommence the buyback shortly.

¹ 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.

² Excluding cost of sales.

³ The Australian Bureau of Statistics reported a 5.4% increase in national CPI (Brisbane: 5.2%) for the 12 months to September 2023.

The Board will continue to review options for further capital management initiatives for remaining cash, having regard to the ongoing performance of the Group, its capital position and future funding requirements, and market conditions.

Authorised for release by the Board of Coast Entertainment Holdings Limited

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