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ASX Market Announcements
Australian Stock Exchange Limited
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FY24 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 2023.

Results for the period (millions)	31 Dec 2023	31 Dec 2022
Net profit / (loss) attributable to members	(0.3)	11.5
Other comprehensive income attributable to members	10.2	(10.2)
Total comprehensive income attributable to members	9.9	1.3
Total comprehensive income per share (cents)	5.05	0.68
Net tangible assets per share (cents)	88.56	87.05
Net operating cash inflow	1.2	15.0

Investments

The Investment division recorded a net profit before tax of \$3.0 million (HY23: \$15.4 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 division’s share of joint ventures and associates results for the period was a net profit of \$0.8 million (HY23: \$0.7 million).

Dividends received during the period were \$1.1 million (HY23: \$11.8 million). 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.

Dividends received during the period included \$0.3 million from Shriro Holdings Ltd (“Shiro”). Subsequent to balance date, the Group also received a capital return from Shriro of \$0.9 million. The Group acquired its holding in Shriro at a cost of \$5.8 million and has to date received a total of \$3.5 million through income and capital distributions.

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The trading portfolio recorded a net profit for the period of \$0.6 million (HY23: \$3.0 million) and a portion of the strategic portfolio, revalued through profit or loss, recorded a net loss of \$0.6 million (HY23: \$0.8 million gain) due to mark-to-market revaluations.

The balance of the strategic portfolio recorded a net gain of \$9.8 million (HY23: \$12.6 million loss) during the period due to mark-to-market revaluations mainly arising from the Group's investments in Hillgrove Resources Limited and ClearView Wealth Limited, being \$7.8 million and \$2.3 million respectively.

Ariadne's 53% interest in Freshxtend International Pty Ltd, with its 17% investment in the NatureSeal group, again contributed positively during the period, with its US business performing materially above prior period.

During the period the Group entered into agreements to terminate the Redfern project. The Group's loss associated with its investment in the Redfern project during the period was \$1.4 million (HY23: \$1.0 million loss).

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 a loss of \$0.2 million (HY23: \$1.1 million) during the period.

During the period the Group, via its controlled entity the Orams NZ Unit Trust, subscribed for a NZ\$10 million convertible note issued by Orams, the proceeds of which were applied in reduction of Orams' bank facility.

During the last six months the level of forward bookings and enquiries from a wide range of superyachts, domestic vessels, and commercial craft, has continued to grow, giving Orams Marine a solid pipeline of work through to 2025 and beyond. The impact of this increased activity is reflected in the number of hauls in the half year being 17% above the same period last year, with maintenance and marina revenue also experiencing a 28% and 73% respective uplift over the prior comparable period. Focus is now on continuing to expand labour and workshop resources to service this significant increase in work. With its current commercial tenancies at full capacity, strong rental growth prospects in the Wynyard Quarter and an improving operational contribution from Orams Marine, Orams is well-placed to increase earnings.

Coast Entertainment Holdings Ltd ("Coast Entertainment")

Coast Entertainment recently reported improved visitation growth and ticket sales, despite macroeconomic headwinds and the business cycling a strong prior period.

Coast has a solid balance sheet, with cash of \$106.4 million as at 26 December 2023, and is debt-free.

Following the substantial capital spend to date to improve Dreamworld's rides and attractions, and with construction of the new Rivertown precinct well underway, it is anticipated that visitation should continue to improve.

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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 this month ahead of the targeted timeframe of Q1 2024.

Hillgrove has completed a \$10.0 million capital raising, with the funds earmarked for mine extension drilling and exploration of new deposits within the mining lease, as well as general working capital needs.

Mine output and copper production is expected to ramp up over the next few months as the work areas expand underground. Following recent drilling successes, the fund raising is set to accelerate exploration and mining efforts, with the aim to expand mine life and annual copper production through resource expansion.

HGO is now one of the few pure play copper producers on the ASX. The company is debt-free, has substantial available carry-forward tax losses and 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”)

For quite some time ClearView’s shares have traded substantially below Embedded Value (93.6cps as at 31 December 2023).

Notwithstanding this disappointing share price performance, ClearView is performing well in its core life insurance business, gaining significant new business market share in a growing market.

The company has also announced its first interim dividend (1.50 cents per share fully-franked).

It is anticipated that as the business continues to perform, and now that the company has transitioned to a pure life insurance business, the market value should trend towards the Embedded Value.

King River Capital (“King River”)

A significant proportion of the Group’s investment portfolio is managed by King River. At balance date, the aggregate carrying value of Ariadne’s King River-related investments was \$35.0 million, representing an overall unrealised gain of \$22.4 million over cost.

A rigorous review of each investment, to determine fair value, was undertaken at balance date. This review resulted in Ariadne’s investments in Cover Genuis Holdings Pty Ltd, FinClear Holdings Limited, Lark Technologies Inc and Immutable Pty Ltd all maintaining their June 2023 valuations as they continue to perform in line with budget.

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

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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 2023.

Assets	\$M	\$M	Liabilities	\$M
Cash		28.9	Trade Payables & Provisions	2.6
<u>Investments</u>			Other Payables	11.2
Orams	85.2		Minority Interests	15.3
Hillgrove	20.3		Debt	20.0
ClearView	14.1		Total Liabilities	49.1
FinClear	13.2			
Freshxtend	11.6		Shareholders' Funds	173.4
Coast Entertainment	10.4			
King River	9.3			
Cover Genius	7.3			
Foundation Life	6.2			
Other Strategic Assets	4.2			
Trading Portfolio	4.0			
Lark Technologies	3.9			
<u>Total Investments</u>		189.7		
Fixed Assets and Other				
Receivables		3.9	Total Liabilities &	
Total Assets		222.5	Shareholders' Funds	222.5

Tax

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. On 31 December 2023 these were estimated to be \$73.8 million (30 June 2023: \$75.9 million) and \$72.1 million (30 June 2023: \$72.1 million) respectively. As at balance date, Ariadne has a deferred tax asset of \$43.8 million which is not recognised in Ariadne's accounts.

Dividends and Capital Management

The Board has determined that it is appropriate to continue to retain a conservative financial position in light of the ongoing uncertainties in markets, as the Group looks to recycle capital as opportunities arise.

A fully-franked interim dividend of 0.25 cents per share (\$0.5 million in total) has been declared by the directors in relation to the first half of the 2024 financial year. The FY23 final dividend of 0.25 cents per share declared in August 2023 was paid on 28 September 2023.

ENDS

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Authorised for release by: The Board of Ariadne Australia Limited

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