

26 February 2021

ASX Market Announcements
Australian Stock Exchange Limited
via ASX Online

FY21 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 2020.

For the half-year period Ariadne reported a net loss after tax attributable to members of \$0.1 million (HY20: \$5.1 million loss).

In addition, a positive contribution attributable to members of \$10.6 million (HY20: \$2.1 million positive contribution) was reported through the Statement of Comprehensive Income, resulting in a total comprehensive income attributable to members of \$10.5 million (HY20: \$3.0 million loss).

The net tangible assets per share increased during the period from 58.80 cents per share to 64.17 cents per share at balance date.

The total comprehensive income per share was 5.37 cents compared to a loss of 1.54 cents for the previous corresponding period.

The operating cash outflow during the period was \$0.7 million (HY20: \$4.0 million inflow).

As announced to the ASX on 14 July 2020, Ariadne acquired an additional 30% equity interest in Orams NZ Unit Trust (“ONZUT”) from an existing unitholder, increasing Ariadne’s indirect equity interest in Orams Group Limited (“OGL”) from 38% to 61%. ONZUT became a controlled entity and subsidiary of Ariadne, with its results consolidated by the Group from this date.

Investments

The Investment division recorded a net profit before tax of \$1.4 million (HY20: \$2.7 million loss).

The division’s 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.

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The strategic portfolio recorded a net gain of \$11.1 million (HY20: \$0.7 million net loss) during the period due to mark-to-market revaluations mainly arising from Ariadne's investments in ClearView Wealth Ltd ("ClearView") and Ardent Leisure Group Ltd ("Ardent"). This gain is recorded through other comprehensive income and not included in the reported net profit.

Ariadne's investment in Foundation Life NZ Ltd continues to perform in line with expectations.

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.

Ardent

Our investment in Ardent (22.6 million shares - representing 4.73% of Ardent's issued capital) increased in value by \$6.8 million during the period.

The pandemic has had a very significant impact on Ardent's businesses. For a period last year all operations were closed which placed substantial pressure on the Ardent in terms of ongoing liquidity. Ardent took swift action to address this by implementing a variety of initiatives to ensure a strong foundation for future growth once market conditions improve.

Positive signs of market recovery are starting to appear. However this will be subject to the course of the pandemic in each of the geographic areas of operations. With both businesses (in Australia and the United States of America) now open Ardent is well positioned to recommence the restoration of value for its shareholders.

ClearView

Ariadne's ClearView holding increased in value by \$3.7 million during the period.

While market conditions continue to be challenging, ClearView expects to grow profitability through price increases and arising from industry reforms. Following the recent capital raising, ClearView has a strong balance sheet, and is well positioned with its diversified business model and recurring revenue streams. ClearView has reported an Embedded Value (including franking credits) of \$635.7 million (\$0.94 per share). ClearView's share price is currently trading at a significant discount to Embedded Value and does not, in our view, reflect the underlying value of ClearView's business.

Hillgrove Resources Limited ("Hillgrove")

Ariadne invested \$0.5 million prior to balance date and a further \$0.6 million after balance date in Hillgrove's recently completed \$10.9 million placement and entitlement offer, overall reducing Ariadne's interest in the company from 24.7% to 19.5%. The capital raise enables Hillgrove to continue their drilling program at Kanmantoo and advance their mine design, optimisation and feasibility studies to commence underground mining. There is the potential to restore value for shareholders if the current drilling program generates positive results as Hillgrove has the ability to resume production in the near-term for relatively low capital investment due to the infrastructure already in place at Kanmantoo.

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King River Capital (“King River”)

As previously reported, Ariadne is a Limited Partner of King River, a venture capital fund investing in Australian and US technology companies. In addition to its fund commitment, Ariadne has co-invested in several of King River’s portfolio companies.

Three investments, in particular, are performing well in the current environment:

FinClear:

Australia's only full-stack technology platform that provides settlement, execution, and managed account capabilities to brokers, platforms and wealth managers, based in Sydney, Australia. Increased trading volumes resulting from unprecedented market volatility during the COVID-19 crisis have been a positive for FinClear. The company services more than 50% of all retail and equity transactions every day and hosts in excess of \$7 billion direct HIN investments for investors. FinClear is tracking well ahead of its projections and more than half of its net revenue is recurring under enterprise “software as a service” contracts and expected to grow. Magellan Financial Group recently made a principal investment of \$20 million which was a strong endorsement of FinClear’s technology capabilities and the evolving opportunities in financial services.

Lark Technologies:

A digital healthcare company based in California that has built a fully-AI driven platform for chronic disease management. Lark’s ability to treat patients remotely and at low cost through an AI nurse / chatbot has put the company in a unique position to support the U.S. healthcare system in a time of desperate need for remote engagement and treatment. The coronavirus crisis has accelerated the adoption of Lark’s technology and early signs of this are already showing: new federal laws are opening large new markets of the US patient population to telemedicine, and Lark has seen significant inbound interest in partnering with the company. King River led Lark’s US\$55 million Series C financing and the funds will allow Lark to accelerate its hiring (particularly in sales and marketing) and integrate its product into more insurers’ and employers’ care offerings.

Cover Genius:

A global multi-line insurance platform that partners with e-commerce businesses worldwide, based in Sydney, Australia. Whilst Cover Genius was heavily exposed to the travel sector, the company acted swiftly at the outset of the pandemic, raised new capital and accelerated new partnerships given the boom in e-commerce. Cover Genius has expanded into Asia and already signed Shopee which is the largest e-commerce platform in south east Asia. The company is experiencing huge demand from global e-commerce groups as they look for point of sale insurance to support their customers. Customers include Booking Holdings, Intuit, eBay, Skyscanner and Wayfair. The Financial Times recently ranked Cover Genius number 1 on their list of the fastest growing Asia-Pacific companies.

Property

The Group’s property division recorded a net profit of \$0.3 million for the period (FY20: \$0.2 million loss).

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As mentioned above, ONZUT became a controlled entity of the Group during the period with its results consolidated by Ariadne from 14 July 2020. ONZUT holds a debt and equity interest in OGL and is partially funded by an external loan facility which are now reflected in the Group's consolidated Balance Sheet.

The division's result is derived from the Group's 50% interest in the Kippax Property Trust and, from 14 July 2020, its 61% indirect debt and equity interest in OGL - the owner of Orams Marine Village ("Orams") and Orams Marine Services ("OMS"), New Zealand's premier marine facility and largest marine maintenance and refit services business respectively.

OGL

The Group's share of profit and interest from OGL during the period was \$0.7 million. In addition, a positive contribution of \$0.1 million, representing the Group's share of the uplift in valuation of Orams, was reported through other comprehensive income.

OGL is developing a new state-of-the-art marine refit facility on its existing site and an adjoining property known as Site 18 in Auckland's Wynyard quarter. This will treble OMS's current capacity for marine maintenance and refit business. The marine works are near completion. So far, remediation of the new marine area including a groundwater cut-off wall, strengthening of the seawall, a concrete fibre reinforced hardstand area providing marine haul out space and installation of new travel lift piers have all been completed on Site 18 – on time and within budget to date. New 820 and 85 tonne travel lifts were commissioned and have been operational since January 2021.

In addition to the works completed, the three-stage development will feature a refit facility, commercial buildings and a residential component on the northern end of Site 18. The facility will target marine vessels (including superyachts) up to 800 tonnes. The development has the capacity to provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels, which it has already begun to do.

Kippax Property ("Kippax")

In December 2019, Ariadne established the Kippax joint venture, with an emphasis on pursuing real estate opportunities around evolving infrastructure investment and urban renewal precincts. The partnership brings together a mix of investment and development expertise, long term landowner relationships, capital solutions and a proven technical and delivery track record of commercial, residential, and mixed-use projects.

Kippax secured its first site in Redfern, Sydney in May 2020. Kippax has a 50% interest in this property which has been secured by a call option and Kippax is the Development Manager for the project.

Kippax is pursuing planning for redevelopment of an innovative and sustainable commercial office scheme on the site. This project plays directly to Kippax's strategy and is set to benefit from the NSW State Government's infrastructure and stimulus investment through the upgrade of the nearby Redfern Station which has now commenced, the new Waterloo Metro Station, the confirmation and commencement of The Sydney Innovation and Technology Precinct and the City of Sydney's ambitions for the area.

Kippax has made significant progress with relevant authorities to obtain site specific planning.

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Kippax is looking to build on the momentum of Redfern and secure further pipeline opportunities with a goal of securing another opportunity through the course of 2021.

Car Parking

The Group's car parking operations ceased in June 2020 on the termination of its last remaining car park lease (FY20: break even).

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 2020.

Assets	\$M	\$M	Liabilities	\$M
Cash		31.2	Trade Payables & Provisions	1.3
<u>Investments</u>			Other Payables	11.9
Orams	67.5		Minority Interests	13.7
Ardent	15.6		Debt	22.3
ClearView	11.5		Total Liabilities	49.2
Freshxtend	11.3			
Other Strategic Assets	7.2		Shareholders' Funds	125.9
Trading Portfolio	6.3			
Hillgrove	5.8			
Foundation Life	4.9			
FinClear	4.0			
Kippax	3.1			
Cover Genius	2.3			
King River	2.2			
<u>Total Investments</u>		141.7		
Fixed Assets and Other Receivables		2.2	Total Liabilities &	
Total Assets		175.1	Shareholders' Funds	175.1

Tax

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. At 31 December 2020 these are estimated to be \$82.9 million (30 June 2020: \$83.9 million) and \$70.6 million (30 June 2020: \$70.6 million) respectively. As at balance date, Ariadne has a deferred tax asset of \$42.2 million which is not recognised in Ariadne's accounts.

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Dividends and Capital Management

In light of the ongoing volatility in market conditions, the Board has determined to preserve cash reserves during this highly uncertain period. As a result, no interim dividend for FY21 will be paid. Payment of the 0.7 cents per share interim dividend, declared in February 2020 and deferred in March 2020, was paid on 24 September 2020.

On 19 February 2021, 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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