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27 November 2023

Update for the six-months ended 30 September 2023

Greetings Shareholders,

We are pleased to inform you that the mid-year results, whilst mixed across the various sites, reflect a positive position. Revenue performance for the six months to 30 September 2023 is \$106M. This is 16% ahead of last year and slightly better than the budget.

The unaudited underlying Trading Earnings before interest and tax over the same period were \$29.6M, a 13% increase on last year.

We are seeing rising pressure from inflation and in particular wage costs but thus far we have managed to retain earnings as projected.

Business Performance

We have seen a resurgence in travel which has delivered very good numbers to our properties.

In New Zealand, Skyline Queenstown is tracking extremely well, and the business has even recovered the two months of lost earnings due to the gondola changeover.

Blue Peaks Lodge and Apartments has also benefited from the return of international visitors and is producing numbers that rival 2019 levels.

The property portfolio is in good shape, and we see good gains in rent levels and a healthy tenant mix across the group. Specifically, the upgraded O'Connell's complex is gaining momentum as the DFS Retail group build their customer base and the Eatspace dining hall finds it's niche in the Queenstown hospitality market.

We have added a new property to the group this year. Coronet View Apartments will provide much needed accommodation for Skyline Queenstown staff and ease the pressure when attracting and retaining the best people.

Skyline Rotorua is also delivering tremendous results ahead of expectation this year. The bulk of this is from domestic visitation, and the new tracks and upgraded experience are proving immensely popular.

Christchurch Casino has had a challenging trading period. Visitation has been strong but spend per customer is down, reflecting the general economic pressure customers are feeling. Christchurchcasino.com online casino is now operational.

Unfortunately, the trading environment in South Korea continues to be challenging, and we are behind target in Busan and Tongyeong. We are confident that a combination of increased international visitation to South Korea

and the quality and innovation Skyline brings to the luge product means we will ultimately outperform our competitors, but we will endure lower returns in the short-term.

In Singapore, our luge operation on Sentosa Island continues to benefit from renewed international travel and visitation and financial performance is well ahead of budget this year.

Our two seasonal operations in Canada experienced an excellent summer season and produced record trading results.

Skyline Queenstown Development

The Skyline Queenstown gondola changeover which occurred at the outset of the financial year was a successful milestone for the project. The installation and commissioning took place in time for the critical July school holiday period. This upgraded facility was noted by the judges in Skyline Queenstown's recent New Zealand Tourism award win.

Development work has now entered the next phase with the bottom gondola terminal completed in late October, and the new car park due to open in April 2024. Work has commenced on the restaurant extension, and this phase of construction will take us through to early 2026.

As this significant project advances, we have a better view of the total cost profile. Construction costs on completion in late 2027 are currently projected to be close to \$295M. Other costs, including the new luge chairlift constructed in 2017, and forestry works bring the total closer to \$310M.

The multi-year tree removal programme on Bob's Peak adjacent to the gondola is an important risk mitigation activity aimed at removing trees which could fall on the gondola line, and at reducing the risk of fire. Most of the planned tree felling has been completed, but there is still a complex program of work required to complete the remaining felling and removal of logs and debris.

You may be aware that during a significant weather event in the Queenstown region in late September, several slips occurred on the Bob's Peak Reserve. Regrettably, one slip took soil and logs from our forestry access roads down into the town cemetery. We are currently working with the Queenstown Lakes District Council to complete the clean-up and remediation of this and an adjacent area.

International Developments

We are delighted to report that construction of our new development in Malaysia is very close to completion. Construction has been underway for the past 12 months and now Skyline staff are onsite making final preparations to open Skyline Luge Kuala Lumpur in early December 2023.

This is an exciting milestone for us. We see immense potential in this new luge park which is located adjacent to the central north-south freeway some 15 minutes outside Kuala Lumpur.

Across the globe we are making further progress on our first site in the United Kingdom. Plans for a site on Kilvey Hill in Swansea, Wales include a gondola, luge, zipline, mountain biking facilities as well as a food and beverage venue. We hope to receive feedback from planning authorities on this in Q1 2024.

Also in Europe, we have recently completed an initial concession application and preliminary designs for an exciting new opportunity in Spain. We anticipate receiving initial comments from local officials later this financial year.

The Skyline business development team continues to proactively identify and evaluate new opportunities to expand and diversify our product mix to deliver future growth.

Looking ahead

We acknowledge that there are signs of stress across the global economy, and all of us can see the impact of inflation and rising costs on our daily lives. At Skyline we continue to focus and work hard on delivering an outstanding customer experience whilst generating the best possible shareholder return.

This year the Dividend will revert to an annual payment as per the pre-pandemic approach.

We remain confident that Skyline continues to be in a strong position to navigate the potential economic challenges ahead and this is backed up by an experienced and capable team, and a strong balance sheet.

On behalf of the Board and management I wish to thank the global Skyline team for their passion, dedication, and hard work. I would also like to wish you and your families the very best for the festive season and a prosperous and happy 2024.

Kind regards,



Peter Treacy

Chairman, Skyline Enterprises Limited

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