Merlin Group Announces Publication of 2019 Annual Report and Accounts and Release of Certain Other Information

Poole, United Kingdom, 24 April 2020. Merlin Entertainments Limited (“Merlin Entertainments” and, together with its subsidiaries, the “Merlin Group”) announced today the publication of its 2019 annual report and accounts. The 2019 annual report and accounts provide an overview of the performance of the Merlin Group and include the financial statements of Merlin Entertainments and its consolidated subsidiaries (including the notes thereto) as at and for the 52 weeks ended December 28, 2019. The 2019 annual report and accounts can now be downloaded from Merlin Entertainment’s website at: https://www.merlinentertainments.biz/investor-relations/results-reports-and-presentations/.

The Merlin Group is also providing certain updates on the financial performance of the Merlin Group and certain other information, as set forth in Exhibit A hereto (the “Information Release”).

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This Information Release or any part of it is for informational purposes only and does not constitute, and should not be construed as, part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for, any securities in the Merlin Group, and it is not intended to provide the basis of any investment decision nor does it nor is it intended to form the basis of any investment in the Merlin Group, financial promotion, or any offer or invitation in relation to any investment in the Merlin Group in any jurisdiction, nor should it be considered as legal, financial or tax advice in relation to the same.

The distribution of this Information Release into certain jurisdictions may be restricted by law. Persons into whose possession this Information Release comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The information contained in this Information Release has not been independently verified and this Information Release contains various forward-looking statements that reflect Merlin Group management’s current views with respect to future events and financial and operational performance. The words “expect”, “plan”, “anticipate”, “target”, “estimate”, “intend”, “goal”, “believe” and similar expressions or variations on such expressions, or statements that certain actions, events or results “will”, “may”, “could”, “should”, “would” or “might” be taken, occur or be achieved, identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond Merlin Group’s control and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect the knowledge and information available as of the date of preparation of this Information Release and Merlin Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this Information Release should be construed as a profit forecast.

Merlin Group is providing this information voluntarily, and the material contained in this Information Release is presented solely for information purposes and is not to be construed as providing investment advice. As such, it has no regard to the specific investment objectives, financial situation or particular needs of any recipient. No representation or warranty, either express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, correctness or reliability of the information contained herein. It should not be regarded by recipients as a substitute for the exercise of their own judgment. None of Merlin Group, or any of its directors, officers, employees, affiliates, direct or indirect shareholders, advisors or agents, accepts
any liability for any direct, indirect, consequential or other loss or damage suffered by any person as a result of relying on all or any part of this information, and any liability is expressly disclaimed.

This Information Release may constitute a public disclosure of inside information by Merlin Entertainments under Regulation (EU) 596/2014 (16 April 2014).
SUMMARY

Capitalized terms used but not defined in this summary are defined elsewhere in this Information Release.

Overview

We are a global leader in branded, location-based family entertainment. As at 28 December 2019, we operated 130 Attractions in 25 countries across four continents, and in the 52 weeks ended 28 December 2019, we welcomed approximately 67 million visitors to our Attractions. We are the largest operator of visitor attractions and theme parks in Europe and the second largest operator globally, in each case, by number of visitors in 2018. We are also a market leader in the United Kingdom, Germany and Italy by total visitor numbers, with an already significant and growing presence in the United States and the Asia-Pacific region. We believe we own and/or operate a unique portfolio of chainable iconic assets and brands, each possessing a strong heritage within its original markets, as well as being globally scalable and supported by our extensive technical and creative expertise.

In response to the COVID-19 pandemic, governments globally (including within the markets in which we operate) have implemented strict social distancing measures, including varying degrees of lockdowns and closures of non-essential businesses, including ours. The COVID-19 pandemic presents an unprecedented disruption to our business, and the wide variations in potential outcomes present a material challenge to our business and our industry. We took action early in response to the crisis as COVID-19 was emerging in Asia and we continue to take every step that we believe is prudent to protect and manage the business, reduce our cost base and protect our operating cash flows. See “—Recent Developments—Impact of Coronavirus (COVID-19).” As of the date of this Information Release, it is not possible to accurately predict the medium- or long-term impact of COVID-19 on our business and our industry.

Since our establishment in 1999, our strategic vision continues to be the creation of a high growth, high return, family entertainment business, naturally balanced against the pressures of the macroeconomic environment in which we operate. Our portfolio of assets and brands is highly diversified across geography, attraction type, brand and customer demographic and our globally diversified portfolio is well-balanced between indoor and outdoor Attractions and international and domestic visitation (with international and domestic visitation measured relative to the relevant Attraction). We believe our footprint across 25 countries provides us with a favourable platform to benefit from the normalised global growth trend in spending on travel and tourism, by allowing us to attract both international tourists and domestic visitors, and providing us with a buffer in the event of macroeconomic and currency risks. Our operating groups offer our visitors diverse entertainment options, including both indoor Attractions within city centres as well as outdoor theme parks offering multi-day visits. We estimate that in 2018, 72 per cent. of visitors to our Attractions were domestic visitors and 28 per cent. were international tourists, based on a survey of a sample of our visitors. In the 2019 financial year, 39 per cent. of our revenue was derived from our LEGOLAND Parks and 22 per cent. of our revenue was derived from our Resort Theme Parks operations, which are primarily organised around outdoor activities, and 39 per cent. of our revenue was derived from our Midway Attractions operating group, which is primarily organised around indoor activities, providing a natural hedge against weather disruptions.

We have established a diverse portfolio of nationally and internationally recognised premium brands focused on delivering memorable experiences to millions of visitors around the world.

Recent Developments

Impact of Coronavirus (COVID-19)

In the last three months, the global COVID-19 pandemic has surfaced in nearly all regions around the world, resulting in governments in affected areas taking unprecedented steps to put restrictions on international, national and local travel and social gatherings, in each case leading to business slowdowns and shutdowns. The spread of COVID-19 has had a material negative impact on our business, resulting in the current temporary closure of substantially all of our Attractions.

At the foundation of all business decisions we are making in response to the COVID-19 pandemic is the health, safety, and well-being of our employees and visitors around the globe. As such, we have followed government advice or, in some cases, gone beyond those requirements to ensure our response to the pandemic is socially responsible. We took action early in response to the crisis as COVID-19 was emerging in Asia by closing our Attractions in China in late January 2020, and we continue to take every step that we believe is prudent to protect and manage the business, reduce our cost base and protect our liquidity.
Merlin has 130 Attractions in four continents. Out of this total, all but nine of our Attractions remain closed as at 21 April 2020, including all Attractions in the United Kingdom, the rest of Europe and North America and most of our Attractions in the Asia-Pacific region.

Since the global COVID-19 crisis began, we have adopted swift measures to significantly reduce cash outflows in the form of operating cost and cash control measures, with the aim of maximising our liquidity position. Specifically, we have adopted the following measures:

- furloughed approximately 80 per cent. of staff globally and implemented a freeze on hiring seasonal staff;
- implemented voluntary salary reductions;
- marketing and advertisement spend has been cut to near zero in the current period; and
- significantly reduced variable costs including variable staffing and variable rent.

These actions have resulted in an approximately 45 per cent. reduction of operating expenses against our budget. In addition, we have:

- actively engaged to access government benefits, including in relation to the costs of furloughed staff in qualifying jurisdictions (approximately £10 million per month at current levels), and on U.K. business rates recovery (approximately £2 million per month);
- implemented a programme to extend customers’ annual and season passes, and to enable customers with advanced bookings to easily re-book;
- reduced our planned capital expenditure programme by 40 per cent. (excluding LEGOLAND New York and LEGOLAND Korea, as detailed below). This has resulted in a reduced scope of work that is focused on concluding current projects, essential maintenance and infrastructure work in our existing estate portfolio; and
- actively engaged with our landlords to seek deferrals and/or rent-free periods whilst our Attractions, and the developments that they are within are closed.

As a result of the cost-cutting and cash-savings measures outlined above, and under a scenario where our Attractions remain largely closed but in a state of readiness to reopen during 2020, we estimate that our net average operational cash outflow (including non-deferred rent) will be approximately £50 million per month after interest, mandated debt amortisation, tax and capital expenditure on our Existing Estate. This is broken down as follows:

- operating cost outflow including rent net of deferrals averaging approximately £30 million per month assuming all our Attractions are closed;
- capital expenditure on the Existing Estate portfolio averaging approximately £6 million per month;
- debt service payments averaging approximately £12 million per month; and
- cash tax averaging approximately £1 million per month.

In addition to the above, we continue to monitor the situation with regards to our current and planned investments in New Business Development, such as LEGOLAND New York and LEGOLAND Korea. As a result of the COVID-19 outbreak, we have decided to delay the opening of LEGOLAND New York to 2021, enabling us to conserve liquidity in the near term. There is no site work currently ongoing for LEGOLAND New York. However, we estimate the total spend required to finish the project is approximately £150 million, out of a total budget of approximately £340 million. LEGOLAND Korea is of the total budget of approximately £190 million, we estimate the total spend required to finish the project is approximately £160 million. As at the date of this Information Release, we have approximately £24 million remaining of the local government grants received in connection with the funding of LEGOLAND Korea, which we intend to utilise on the next phase of the project spend. With respect to these two major projects and other investments in New Business Development, we expect to manage our commitments prudently to ensure we maintain adequate operational liquidity.
**Liquidity Update**

As at 28 March 2020, MAL and its consolidated subsidiaries had a cash position of £520 million. An additional £30 million committed under the Revolving Credit Facility is available to be drawn by way of establishing certain ancillary facilities, including letters of credit that are typically utilised from time to time in the ordinary course of business. We are currently complying with and expect to be able to continue to comply with the covenants contained within our debt facilities and are monitoring these on a regular basis. We are also in regular contact with the governments in our key markets to determine the availability of and our eligibility for government support. Our shareholders remain highly supportive of our business and optimistic about its long-term prospects.

**Emphasis of Matter Paragraph in Audit Report**

The audit report covering the consolidated financial statements for the 2019 financial year contains an explanatory paragraph that states that the challenges posed by the COVID-19 pandemic, along with the other matters explained in note 1.1. to such audited consolidated financial statements, constitute a material uncertainty that may cast significant doubt on the Group and the Company’s ability to continue as a going concern.

See ‘—Recent Trading’ and ‘Risk Factors—Risks Related to our Market and Our Business—The current and uncertain future impact of the COVID-19 outbreak, including its effect on the ability or desire of people to gather (including within the attractions industry), will continue to impact our business, financial condition and results of operations.’

**Recent Trading**

Trading in 2020 during the seasonally quiet period until the end of February was strong, excluding Midway Asia, which was already impacted by COVID-19. We had like-for-like revenue growth of 6 per cent. in the period to 29 February 2020, excluding Midway Asia.

The preliminary results and estimates presented above have not been audited, are derived from internal management accounts, are the responsibility of management and are subject to our financial closing procedures. These procedures have not been completed. While we believe these preliminary results and estimates to be reasonable, our actual results could vary from these estimates and these differences could be material. As such, you should not place undue reliance on this information. This information may not be indicative of any future period.
SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our summary consolidated financial and other data for the periods ended and as at the dates indicated below.

Except as otherwise noted, we have extracted our summary historical financial information (i) as at and for the 2019 financial year from our audited consolidated financial statements as at and for the 52 weeks ended 28 December 2019, (ii) as at and for the 2018 financial year (a) as originally reported from our audited consolidated financial statements as at and for the 52 weeks ended 29 December 2018 and (b) on a restated basis from our audited consolidated financial statements as at and for the 52 weeks ended 28 December 2019 and (iii) as at and for the 2017 financial year from our audited consolidated financial statements as at and for the 52 weeks ended 30 December 2017.

In order to facilitate a comparison of our results of operations and financial condition for the 2018 and 2019 financial years, we include, for the key performance measures in this Information Release, a restatement of the audited consolidated financial statements of MEL and its subsidiaries as at and for the 52 weeks ended 29 December 2018 to give effect to the application of IFRS 16 and to separately present the results from discontinued operations from those from continuing operations, as described in, and extracted from, the audited consolidated financial statements of MEL and its subsidiaries as at and for the 52 weeks ended 28 December 2019. Accordingly, our results of operations and financial condition for the 2018 financial year, as presented in this Information Release on a restated basis, are limited in comparability to our results of operations and financial condition for the 2017 financial year, which were prepared before the first application of IFRS 16 and before the sale of our Australian ski resorts and which have not been restated in this Information Release to give effect to the application of IFRS 16 and the impact of the sales of our Australian ski resorts as discontinued operations. We refer to our results of operations for the 2018 financial year, as restated to give effect to the impact of IFRS 16 and to separately present the results from discontinued operations from those from continuing operations, as information presented “on a restated basis” and have included such financial information in certain financial tables in this Information Release under the columns titled “Restated.” Unless otherwise indicated, the financial information presented in this Information Release for the 2018 financial year is presented on a restated basis.

In addition, we have included certain operating and financial information in this Information Release as at and for the 2017, 2018 and 2019 financial years, which has been prepared solely for the purpose of this Information Release, are for illustrative purposes only, have not been audited or reviewed and are not necessarily indicative of our results of operations for any future period or our financial condition at any future date.

The following summary financial information set forth below should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, our financial statements and notes thereto.

Certain Key Performance Measures

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<tr>
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<th>For the 52 weeks ended</th>
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<td>29 December</td>
<td>Restated</td>
<td>28 December</td>
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<td></td>
<td></td>
<td>2018</td>
<td>(unless</td>
<td>2019</td>
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<td>otherwise</td>
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<td></td>
<td></td>
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<td>indicated)</td>
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<tr>
<td>Revenue per capita ((\text{(£)}))</td>
<td></td>
<td>30 December</td>
<td></td>
<td></td>
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<tr>
<td>Midway Attractions</td>
<td></td>
<td>2017</td>
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<td></td>
<td></td>
<td>15.35</td>
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<tr>
<td>LEGOLAND Parks</td>
<td></td>
<td>37.00</td>
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<tr>
<td>Resort Theme Parks</td>
<td></td>
<td>25.84</td>
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<tr>
<td>Group Total</td>
<td></td>
<td>21.42</td>
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<tr>
<td>Like-for-like revenue growth ((\text{(%)}))</td>
<td></td>
<td></td>
<td>21.65</td>
<td>21.99</td>
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<tr>
<td>Midway Attractions</td>
<td></td>
<td>(1)</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>LEGOLAND Parks</td>
<td></td>
<td>5</td>
<td>0</td>
<td>(1)</td>
</tr>
<tr>
<td>Resort Theme Parks</td>
<td></td>
<td>(2)</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>Group Total</td>
<td></td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Like-for-like EBITDA growth ((\text{(%)}))</td>
<td></td>
<td>1</td>
<td>0</td>
<td>(3)</td>
</tr>
</tbody>
</table>
Revenue per capita for all periods is prepared on a constant currency basis. For the 52 weeks ended 30 December 2017, revenue per capita excludes the impact of IFRS 15. For the 52 weeks ended 29 December 2018 and the 52 weeks ended 28 December 2019, revenue per capita includes the impact of IFRS 15.

Revenue per capita is calculated by dividing total visitor revenue by the number of visitors (excluding visitors to Attractions operated under management contracts, including LEGOLAND Malaysia, LEGOLAND Dubai and (until we exited the management contract in May 2018) the Orlando Eye, and under joint ventures).

Like-for-like revenue growth in respect of each financial year reflects the growth in revenue attributable to the estate of Attractions owned by Merlin and operational on the first day of the immediately preceding financial year (excluding visitors to Attractions operated under management contracts, including LEGOLAND Malaysia, LEGOLAND Dubai and (until we exited the management contract in May 2018) the Orlando Eye, and under joint ventures), on a constant currency basis. In addition, to enhance the comparability of our results of operations from period to period, like-for-like revenue and EBITDA growth disregard the impact of acquisitions, new Attractions and other businesses, including new hotels and other accommodation, changes in foreign exchange rates and our exit from certain non-core smaller Midway Attractions.

Visitor numbers include visitors to Attractions operated under management contracts (which, during the periods under review, included LEGOLAND Malaysia, LEGOLAND Dubai and (until we exited the management contract in May 2018) the Orlando Eye) and visitors to Attractions operated as joint ventures.

Like-for-like EBITDA growth in respect of each financial year reflects the EBITDA growth attributable to the estate of Attractions owned by Merlin and operational on the first day of the immediately preceding financial year (excluding Attractions operated under management contracts, including LEGOLAND Malaysia and LEGOLAND Dubai and (until we exited the Orlando Eye, and under joint ventures), on a constant currency basis.
RISK FACTORS

Additional risks and uncertainties of which we are not aware or that we believe are immaterial may also adversely affect our business, financial condition, liquidity, results of operations or prospects. If any of these events occur, our business, financial condition, liquidity, results of operations or prospects could be materially and adversely affected.

This Information Release also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Information Release.

Risks Related to Our Market and Our Business

The impact of the COVID-19 outbreak is uncertain and its effect on people’s ability or desire to travel and gather in public spaces (including within the attractions industry) will continue to impact our business, financial condition and results of operations.

In late 2019, a novel strain of coronavirus, COVID-19, was first detected in Wuhan, China. In March 2020, the World Health Organization declared COVID-19 a global pandemic, and governmental authorities around the world have implemented measures to reduce the spread of COVID-19. These measures have adversely affected workforces, consumer sentiment, economies, and financial markets, and, along with decreased consumer spending, have led to an economic downturn in many of our markets. The health, safety and security of our guests, employees and assets is of paramount importance to us. As a direct result of COVID-19 and the response from governments to limit its spread, we have temporarily closed substantially all of our Attractions and are now fully focussed on the process to allow us to safely and confidently re-open our Attractions at the appropriate point in time, on a phased and progressive basis.

Although a small number of our attractions have now reopened in China, we cannot predict when each of our Attractions will be allowed to reopen and remain open. Moreover, even when they do reopen, social distancing and other policies to slow the further spread of the disease may impact the operation and consumer appeal of our Attractions. Even once these policies are lifted, interest in visiting our Attractions may remain weak for a significant length of time and we cannot predict if and when each of our brands will return to pre-outbreak demand or ticket pricing.

Our business is sensitive to reductions in discretionary spending by consumers, declines in tourism, public health events and other factors described in this “Risk Factors” section. To date, this outbreak has caused, and is continuing to cause, significant disruption in economic activity globally, which could lead to a decline in discretionary spending by consumers. Our revenue may be negatively impacted by the adverse changes in the perceived or actual economic climate, including higher unemployment rates, reduced air travel, international tourism, declines in income levels and loss of personal wealth resulting from the impact of COVID-19. The current outbreak and continued spread of COVID-19 could cause a global recession, which would have a further adverse impact on our financial condition and operations. We cannot predict the degree to, or the time period over, which our sales and operations will be affected by this outbreak, and the effects could be material.

The effect of the global COVID-19 pandemic on our business and the wider attractions industry will ultimately depend on a number of factors, including, but not limited to, the duration and severity of the outbreak and the length of time it takes for demand and pricing to return and for normal economic and operating conditions to resume. There are no comparable recent events that provide us with guidance, and so we cannot currently estimate this with any certainty nor can we provide any assurance that COVID-19 will not continue to have a material adverse effect on our business, financial condition and results of operations. To the extent COVID-19 continues to adversely affect our business, operations, financial condition and operating results, it may also have the effect of heightening other risks to our business.

There is material uncertainty on our ability to continue as a going concern.

Our consolidated financial statements for the 2019 financial year have been prepared on a going concern basis. The going concern basis contemplates realisation of assets and the satisfaction of liabilities in the normal course of business, and does not include any adjustments that might result from the outcome of the uncertainty regarding our ability to continue as such.

Due to the global outbreak of COVID-19, substantially all of our Attractions are currently closed. If substantially all of our Attractions remain closed for a sustained period of time, our ability to continue as a going
concern is subject to greater assumptions and risks. For additional detail, see note 1.1 to our audited consolidated financial statements for the 2019 financial year and “Summary—Recent Developments—Impact of Coronavirus (COVID-19).”

The audit report covering the consolidated financial statements for the 2019 financial year contains an explanatory paragraph that states that the challenges posed by the COVID-19 pandemic, along with the other matters explained in note 1.1. to such audited consolidated financial statements, constitute a material uncertainty that may cast significant doubt on the Group and the Company’s ability to continue as a going concern.

It is currently very difficult to assess how the COVID-19 situation will evolve. If one or more of our assumptions in making our assessment to report as a going concern are found to be incorrect, we may be unable to continue as a going concern. If we are unable to continue as such, we would have to liquidate our assets and may receive less than the value at which those assets are carried on our audited consolidated financial statements.

We are subject to risks from legal and arbitration proceedings.

From time to time, we are involved in litigation and other tax, labour and legal proceedings, the outcomes of which may be difficult to predict. For example, in connection with a recent tax proceeding, we currently have £15 million in Australian tax liability due for payment in July 2020. We have been involved in legal disputes that involved substantial claims for damages and other payments in the past, and we may become involved in such proceedings in the future. In the event of a negative outcome in any material legal proceeding, whether based on a judgment or a settlement agreement, we could be obliged to make substantial payments. Even if there is a positive outcome to such proceedings, negative publicity and advisory costs, to the extent they are not reimbursable by other litigants or insurance, could adversely affect our business, financial condition and results of operations.
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations is based upon, and should be read in conjunction with, the audited consolidated financial statements as at and for the 52 weeks ended 28 December 2019 (the “2019 financial year”), the 52 weeks ended 29 December 2018 (the “2018 financial year”), and, in each case, the related notes thereto.

In addition, our results of operations between the periods presented in this Information Release may not be comparable due to the application of IFRS 16. Unlike the historical financial information 2018 financial year, which was not and was not required to be prepared in accordance with IFRS 16, included in the following discussion, the financial information for the 2019 financial year presented below has been prepared in accordance with IFRS 16.

Furthermore, we treat our two Australian ski resorts at Mount Hotham and Falls Creek, which we entered into an agreement to sell on 21 February 2019 and sold on 5 April 2019, as discontinued operations in our financial statements for the 2019 financial year.

In order to facilitate a comparison of our results of operations and financial condition for the 2018 and 2019 financial years, to the extent included in this Information Release, we include, where applicable, a restatement of the audited consolidated financial statements of Merlin and its subsidiaries as at and for the 52 weeks ended 29 December 2018 to give effect to the application of IFRS 16 and to separately present the results from discontinued operations from those from continuing operations, as described in, and extracted from, the audited consolidated financial statements of Merlin and its subsidiaries as at and for the 52 weeks ended 28 December 2019.

We refer to our results of operations for the 2018 financial year, as restated to give effect to the impact of IFRS 16 to separately present the results from discontinued operations from those from continuing operations, as information presented “on a restated basis” and have included such financial information in certain financial tables in this Information Release under the columns titled “Restated.”

Unless otherwise indicated, the financial information presented in this Information Release for the 2018 financial year is presented on a restated basis.

The following discussion also contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Information Release, particularly under “Risk Factors.”

Results of Operations

52 Weeks Ended 28 December 2019 Compared with 52 Weeks Ended 29 December 2018

The following tables set out certain income statement items and percentage change in those items from our audited consolidated financial statements for the 2018 and 2019 financial years on an actual currency basis:

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>2018 Restated (£ in millions)</th>
<th>2019</th>
<th>Increase/Decrease (per cent.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,653</td>
<td>1,740</td>
<td>5</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(295)</td>
<td>(317)</td>
<td>7</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,358</td>
<td>1,423</td>
<td>5</td>
</tr>
<tr>
<td>Staff expenses</td>
<td>(436)</td>
<td>(482)</td>
<td>11</td>
</tr>
<tr>
<td>Marketing</td>
<td>(83)</td>
<td>(90)</td>
<td>8</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(277)</td>
<td>(355)</td>
<td>28</td>
</tr>
<tr>
<td>Depreciation, amortisation and impairment</td>
<td>(209)</td>
<td>(265)</td>
<td>27</td>
</tr>
<tr>
<td>Operating profit</td>
<td>353</td>
<td>231</td>
<td>(35)</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
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<td>-----------------------------------</td>
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<tr>
<td>Finance income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance costs</td>
<td>(99)</td>
<td>(150)</td>
<td>52</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>264</td>
<td>133</td>
<td>(50)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(49)</td>
<td>(53)</td>
<td>8</td>
</tr>
<tr>
<td><strong>Profit for the year from continuing operations</strong></td>
<td>215</td>
<td>80</td>
<td>(63)</td>
</tr>
<tr>
<td><strong>Discontinued operations</strong></td>
<td></td>
<td></td>
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<tr>
<td>Profit for the year from discontinued operations</td>
<td>5</td>
<td>42</td>
<td>740</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>220</td>
<td>122</td>
<td>(45)</td>
</tr>
</tbody>
</table>

Other Financial Information:

- **EBITDA** | 562 | 496 | (12) |
- Underlying EBITDA | 566 | 569 | 1 |

(1) Other operating expenses include repairs and maintenance, displays (including SEA LIFE aquariums), utilities, travel costs, office costs, insurance and IT costs.

**Revenue**

Revenue increased by £87 million, or 5 per cent., to £1,740 million for the 2019 financial year from £1,653 million in the 2018 financial year. This increase was driven by the contribution from the opening of new Midway Attractions and the expansion of the accommodation offering at our theme parks. In our Midway Attractions, we saw a gradual improvement in London visitation and trading elsewhere was generally solid, whilst in Resort Theme Parks, we saw continued revenue growth. Offsetting this, trading in LEGOLAND Parks was however, more challenging. Although we enjoyed a strong Easter and Spring Break performance, subsequent trading was affected by poor weather, difficult conditions in a number of markets and limited momentum from “The LEGO Movie 2.”

**Cost of Sales**

Cost of sales increased by £22 million, or 7 per cent., to £317 million for the 2019 financial year from £295 million in the 2018 financial year. This increase was driven primarily by increased visitor revenues, including sales of food and beverages and merchandise, together with the growth of our portfolio of accommodation.

**Staff Expenses**

Staff expenses increased by £46 million, or 11 per cent., to £482 million for the 2019 financial year from £436 million in the 2018 financial year. This increase was driven by staff expenses representing share-based payment and bonus costs that were either accelerated or otherwise specifically incurred in connection with the Acquisition.

**Marketing**

Marketing expenses increased by £7 million, or 8 per cent., to £90 million for the 2019 financial year from £83 million in the 2018 financial year. This increase was driven primarily by increased marketing in connection with the launch of new Attractions in new markets and new accommodations at our sites, together with marketing initiatives relating to our Existing Estate.

**Other Operating Expenses**

Other operating expenses increased by £78 million, or 28 per cent., to £355 million for the 2019 financial year from £277 million in the 2018 financial year. This increase was driven primarily by exceptional items, being transaction costs in relation to the Acquisition and productivity agenda activities, which together constituted £50 million in 2019. New openings and ongoing cost pressures across our group, partially offset by savings generated by our productivity agenda also contributed to the increase.

**Depreciation, Amortisation and Impairment**

Depreciation, amortisation and impairment amounted to £265 million for the 2019 financial year, an increase of £56 million, or 27 per cent., from £209 million in the 2018 financial year. This increase was primarily due to the continued investment in our Existing Estate and the roll-out of new Attractions and accommodation at our sites and impairment charges of £38 million, primarily in respect of certain Midway Attractions.
Operating Profit

Operating profit decreased by £122 million or 35 per cent., to £231 million for the 2019 financial year from £353 million in the 2018 financial year. This decrease was driven primarily by the factors discussed above.

Finance Income

Finance income increased by £42 million to £52 million for the 2019 financial year from £10 million in the 2018 financial year. Finance income in 2019 was primarily attributable to exceptional foreign exchange gains which resulted from foreign exchange exposures (prior to them being hedged) on certain financing arrangements with parent companies entered into as a result of the Acquisition. Finance income in 2018 was primarily attributable to cash flow hedges reclassified to profit and loss.

Finance Costs

Finance costs increased by £51 million, or 52 per cent., to £150 million for the 2019 financial year from £99 million for the 2018 financial year. This increase was driven primarily by higher interest charges in the last two months of 2019 following the Acquisition, which resulted in higher levels of inter-company borrowings and cost of early settlement of A700 million seven year notes shortly after the Acquisition.

Taxation

Taxation increased by £4 million, or 8 per cent., to £53 million for the 2019 financial year from £49 million in the 2018 financial year. This increase was attributable to a number of factors, including our geographic mix of profits, non-deductible interest expense in the U.K. and United States and the non-recognition of tax losses.

Profit for the Year

Profit for the year decreased by £98 million, or 45 per cent., to £122 million for the 2019 financial year from £220 million in the 2018 financial year. This decrease was primarily driven by the factors discussed above and offset by a profit of £42 million from the sale of discontinued operations.

EBITDA

EBITDA decreased by £66 million, or 12 per cent., to £496 million for the 2019 financial year from £562 million in the 2018 financial year. This decrease was primarily caused by one-off exceptional items related to the Acquisition in the 2019 financial year.

52 Weeks Ended 28 December 2019 Compared with 52 Weeks Ended 29 December 2018 by Operating Group

In the 2019 financial year, our EBITDA was £496 million, of which £240 million was attributable to the Midway Attractions operating group, £243 million was attributable to the LEGOLAND Parks operating group and £128 million was attributable to the Resort Theme Parks operating group. However, a net expense of £115 million was attributable to central costs and exceptional items not allocated to a specific operating group.

Midway Attractions

The following table sets out certain financial measures and percentage change in those items for the Midway Attractions operating group along with the number of visitors for the 2018 and 2019 financial years:

<table>
<thead>
<tr>
<th></th>
<th>2018 Restated (£ in millions except visitors)</th>
<th>2019</th>
<th>Increase/Decrease (per cent.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>642</td>
<td>674</td>
<td>5</td>
</tr>
<tr>
<td>Segment EBITDA</td>
<td>246</td>
<td>240</td>
<td>(2)</td>
</tr>
<tr>
<td>Visitors (millions)</td>
<td>39.8</td>
<td>40.2</td>
<td>1</td>
</tr>
</tbody>
</table>
Revenue from the Midway Attractions operating group increased by £32 million, or 5 per cent., to £674 million for the 2019 financial year from £642 million in the 2018 financial year. This increase was driven primarily by growth in the Existing Estate and the contribution by New Business Development from the roll-out of new Attractions. Our London division, the largest of our five regional divisions, continued to improve in the 2019 financial year, benefiting from stronger inbound tourism as it recovered following the terrorist attacks of 2017, and as a result of the weaker Sterling. Our performance was also impacted by the re-opening of the LEGOLAND Discovery Centre in Shanghai, following a temporary closure in 2018. Our revenue growth was partially offset by the significant decrease in the number of visitors following the removal of the beluga whales from Chang Feng Ocean World in Shanghai.

Segment EBITDA from the Midway Attractions operating group decreased by £6 million, or 2 per cent., to £240 million for the 2019 financial year from £246 million in the 2018 financial year. This decrease was driven by revenue growth, offset by costs incurred in connection with the significant investment in the openings of new brands and Attractions in new markets, together with ongoing cost pressures relating to the Existing Estate.

**LEGOLAND Parks**

The following table sets out certain financial measures and percentage change in those items for the LEGOLAND Parks operating group along with the number of visitors for the 2018 and 2019 financial years:

<table>
<thead>
<tr>
<th></th>
<th>LEGOLAND Parks</th>
<th></th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 Restated</td>
<td>2019</td>
<td>(per cent.)</td>
</tr>
<tr>
<td>Revenue (£ in millions except visitors)</td>
<td>637</td>
<td>669</td>
<td>5</td>
</tr>
<tr>
<td>Segment EBITDA</td>
<td>248</td>
<td>243</td>
<td>(2)</td>
</tr>
<tr>
<td>Visitors (millions)</td>
<td>15.6</td>
<td>15.7</td>
<td>1</td>
</tr>
</tbody>
</table>

Revenue from the LEGOLAND Parks operating group increased by £32 million, or 5 per cent., to £669 million for the 2019 financial year from £637 million in the 2018 financial year. This increase was driven by the continued roll-out of new accommodation, including 142-rooms at the Castle Hotel at LEGOLAND Billund Resort, offsetting the impact of the poor weather and difficult trading conditions in a number of markets.

Segment EBITDA from the LEGOLAND Parks operating group decreased by £5 million to £243 million for the 2019 financial year from £248 million in the 2018 financial year. This decrease was driven primarily by continued cost pressures and, to a lesser extent, increasing pre-opening costs related to LEGOLAND New York.

**Resort Theme Parks**

Due to the nature and location of the Attractions in the Resort Theme Parks operating group, this operating group is generally impacted more by seasonality than our other two operating groups. The majority of revenue generated at the Resort Theme Parks typically occurs in the second half of each financial year, in particular, during the peak months of July and August.

The following table sets out certain financial measures and percentage change in those items for the Resort Theme Parks along with the number of visitors for the 2018 and 2019 financial years:

<table>
<thead>
<tr>
<th></th>
<th>Resort Theme Parks</th>
<th></th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 Restated</td>
<td>2019</td>
<td>(per cent.)</td>
</tr>
<tr>
<td>Revenue (£ in millions except visitors)</td>
<td>367</td>
<td>388</td>
<td>6</td>
</tr>
<tr>
<td>Segment EBITDA</td>
<td>117</td>
<td>128</td>
<td>9</td>
</tr>
<tr>
<td>Visitors (millions)</td>
<td>11.0</td>
<td>11.1</td>
<td>1</td>
</tr>
</tbody>
</table>

Revenue from the Resort Theme Parks operating group increased by £21 million, or 6 per cent., to £388 million for the 2019 financial year from £367 million for the 2018 financial year. This increase was driven
primarily by product launches such as the “Colossos” ride at Heide Park and “Room on the Broom” at Chessington World of Adventures Resort, the contribution of new accommodation, including 128-rooms at the Magic Hotel at Gardaland Resort and 102 “stargazing pods” at Alton Towers Resort, favourable Easter weather in the U.K. and good summer trading.

EBITDA from the Resort Theme Parks operating group increased by £11 million, or 9 per cent., to £128 million for the 2019 financial year from £117 million in the 2018 financial year. This increase was driven primarily by product launches such as the “Colossos” ride at Heide Park and “Room on the Broom” at Chessington World of Adventures Resort, the contribution of new accommodation, including 128-rooms at the Magic Hotel at Gardaland Resort and 102 “stargazing pods” at Alton Towers Resort, favourable Easter weather in the U.K. and good summer trading.
CERTAIN DEFINITIONS

In this Information Release, the following definitions apply unless the context otherwise requires.

“2017 financial year”................................. The 52 weeks ended 30 December 2017

“2018 financial year”................................. The 52 weeks ended 29 December 2018

“2019 financial year”................................. The 52 weeks ended 28 December 2019

“Acquisition” ........................................... The acquisition by MAL of the entire issued share capital of
MEL then not already owned or controlled by (i) MAL or its
subsidiary undertakings or (ii) KIRKBI or its subsidiary
undertakings, which became effective, by way of court
sanctioned scheme of arrangement, as of 4 November 2019

“Asia-Pacific region” ................................. The countries in Asia (excluding Turkey), Australia and New
Zealand

“Attractions” ............................................. Visitor attractions within our Resort Theme Parks,
LEGOLAND Parks and Midway operating groups

“discontinued operations” ............................ Operations of our Australian ski resorts at Mount Hotham and
Falls Creek, which we sold to Vail Resorts Inc. on 5 April
2019 for total cash-consideration of A$174 million pursuant
to an agreement with Vail Resorts Inc. dated as of 21 February
2019, and which we present as discontinued operations in our
financial statements as at and for the 52 weeks ended 28
December 2019 (on an as reported basis), in which we also
present the profit on disposal thereof, and 29 December 2018
(on a restated basis)

“EBITDA” ............................................... Profit before finance income and costs, taxation, depreciation
and amortisation and after taking account of profit after tax of
joint ventures

“euro,” “EUR” or “€” ................................. The currency of the European Union member states
participating in the European Monetary Union

“Existing Estate” ....................................... As at any date, our existing Attractions and facilities on such
date

“Existing Estate capital expenditure” ............. Capital expenditure on our Existing Estate, which typically
includes (i) adding new rides or displays and enhancements to
Attractions, (ii) replacing old features with new, more up-to-
date ones and (iii) general maintenance and refurbishment of
existing Attractions (including ensuring health and safety
standards are met or exceeded)

“IFRS” .................................................... International Financial Reporting Standards issued by the
International Accounting Standards Board as adopted by the
European Union

“KIRKBI” ............................................... KIRKBI Invest A/S, whose registered office is at Koldingvej
2, DK-7190, Billund, Denmark

“LEGO” .................................................. LEGO A/S

“LEGOLAND Parks” ................................. LEGOLAND Billund, LEGOLAND California,
LEGOLAND Deutschland, LEGOLAND Dubai,
LEGOLAND Florida, LEGOLAND Japan, LEGOLAND
Malaysia and LEGOLAND Windsor, and where the context
permits, LEGOLAND New York, LEGOLAND Korea, LEGOLAND Sichuan and LEGOLAND Shanghai

“like-for-like” A measurement based on the estate of Attractions and other businesses that we owned and operated on the first day of the immediately preceding financial year, which disregards the impact of acquisitions, new Attractions and other businesses, including new hotels and other accommodation, changes in foreign exchange rates and our exit from certain non-core smaller Midway Attractions, and which is calculated on a constant currency basis for all currencies using the exchange rates applicable for the later of the two years being compared.

“MAL” Motion Acquisition Limited (formerly Berkeley Bidco Limited), a private company limited by shares incorporated under the laws of England and Wales

“MEL” Merlin Entertainments Limited (formerly Merlin Entertainments plc), a private company limited by shares incorporated under the laws of England and Wales

“Merlin” or “Merlin Group” Except where the context otherwise requires, when referring to operations, businesses, or market shares, MEL or MEL and its subsidiaries, except when used in the context of financial information, in which case we refer to MEL and its consolidated subsidiaries

“Midway Attractions” The Dungeons, LEGOLAND Discovery Centres, The Eye Brand, Madame Tussauds, SEA LIFE Centres, Peppa Pig World of Play Attractions, Little BIG City, The Bear Grylls Adventure, “DreamWorks Tours’ Shrek’s Adventure!” and other Attractions from time to time within our Midway Attractions operating group

“New Business Development” The development of new or upcoming Midway Attractions, LEGOLAND Parks, Resort Theme Parks, accommodation at existing sites and “second gates”

“Resort Theme Parks” Alton Towers Resort, Chessington World of Adventures Resort, Gardaland Resort, Heide-Park Resort, THORPE PARK Resort and Warwick Castle

“second gates” A visitor attraction at an existing resort with a separate entrance and for which additional admission fees are charged

“sterling,” “pounds sterling,” “GBP” or “£”. The currency of the United Kingdom

“Theme Parks” The Resort Theme Parks and the LEGOLAND Parks

“U.K.” or “United Kingdom” The United Kingdom of Great Britain and Northern Ireland

“U.S.” or “United States” The United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

“US$,” “$,” “USD,” “dollars” or “U.S. dollars” The currency of the United States

“we,” “us,” “our” or “Group” Except where the context otherwise requires, when referring to operations, businesses or market shares, MAL and its subsidiaries, except when used in the context of financial
information, in which case we refer to MEL and its consolidated subsidiaries