



MOTION JVCO LIMITED
HALF YEAR REVIEW TO JUNE 2021

HALF YEAR REVIEW

Overview

As we came into 2021, less than half of Merlin's portfolio of attractions were open, mainly as a result of certain COVID-19 related lockdowns and restrictions, in addition to the typical seasonal resort closures. A limited number of attractions opened during Q1 and by the end of March just over 50% of our attractions were open.

During Q2 further attractions opened across the portfolio as local regulations allowed. The Asia Pacific region saw some limited closures in the quarter, notably in Australia due to lockdowns being reimposed. At the end of Q2 substantially all of the Merlin portfolio was open and trading.

Once opened, we saw an encouraging recovery and building momentum at our theme park resorts, and regional and coastal Midway attractions that are primarily focused on resident markets. At certain attractions revenues are ahead of pre-COVID levels, with COVID-related capacity constraints more than offset by robust revenues per guest. In contrast, we see a slower recovery in gateway city locations such as London and New York which normally have a significant element of international tourist visitation. Locations with lower vaccination rates, such as Australia and parts of Asia, also continue to suffer some disruption with intermittent closures.

At the end of Q2 the portfolio can be summarised by major geography as follows:

- **UK** – all sites open.
- **Continental Europe** – Midway attractions substantially all open. Theme parks open.
- **North America** – Midway attractions generally open. LEGOLAND California and LEGOLAND Florida open. LEGOLAND New York opening on a phased basis.
- **Asia Pacific** – Midway attractions generally open albeit some Asia locations impacted by ongoing restrictions. Certain Australia sites under local lockdowns imposed at the end of the period. LEGOLAND Japan and Dubai (management contract) open, LEGOLAND Malaysia closed.

Our attractions continue to operate with elevated health and safety protocols and a range of social distancing restrictions under local requirements, which in many cases limit the capacity of attractions. These requirements may become more or less restrictive in the coming months depending on circumstances in different territories.

We continue to take measures to reduce costs across the business, whilst maintaining the quality of experience for our guests. However, in several markets we have experienced challenges in recruiting seasonal workers, leading to some staff shortages and cost pressures.

Where available, we continue to access government support, primarily related to the costs of furloughed staff and certain fixed costs.

Strategic developments

During Q2 we opened five new attractions, all delayed from 2020 as a result of the COVID-19 pandemic. Three LEGOLAND Discovery Centres opened in the San Francisco Bay Area, California and New Jersey in the USA, and Scheveningen in the Netherlands. Two SEA LIFE Centres opened in San Antonio and New Jersey in the USA.

These added to the two attractions that were opened in Q1, being Peppa Pig World of Play Chicago and LEGOLAND Discovery Centre Hong Kong. One further Midway opening, Madame Tussauds Dubai, also delayed from 2020, is planned for later in the year. Trading at this early stage at these 2021 openings is in line with expectations.

As a result of the COVID-19 outbreak, we decided to delay the opening of LEGOLAND New York to 2021. The park has opened on a phased basis, increasing capacity during May and June, with the full opening for the summer season announced on 9 July. The hotel also opened in a phased manner between its initial opening on 26 July through to mid-August when all 250 rooms were open. Initial customer feedback at the park has been positive and trading since opening has been in line with expectations.

During Q1 we announced that in 2022 we will launch a standalone Peppa Pig theme park, located adjacent to LEGOLAND Florida Resort. The construction of LEGOLAND Korea has continued through the period and we also expect this to open on schedule for the 2022 season.

In addition to new business development funded directly by Merlin, we are actively working with a number of partners to develop several LEGOLAND parks in China, with a focus on operating these parks under management contracts. Three resorts are planned to open in the next five years. These are the previously announced LEGOLAND Shanghai Resort and LEGOLAND Sichuan Resort, together with the LEGOLAND Shenzhen Resort that was announced in late August. LEGOLAND Shenzhen Resort will be operated by Merlin, with Hazens Holdings as our local partner.

In June we announced that we have entered into a formal co-operation agreement to create a standalone Peppa Pig Resort in Meishan, part of Sichuan Tianfu New Area in China, expected to open in 2024. This will be established in partnership with the Meishan Administration Committee of Sichuan Tianfu New Area, Zhongjun Tianxin (Beijing) Investment Co., Ltd., Chengdu Excellent City Property, and Hasbro Inc.