



MOTION JVCO LIMITED
HALF YEAR REVIEW TO JUNE 2022

HALF YEAR REVIEW

Overview

Many of the trading patterns seen in 2021 and early 2022 have continued through to the early summer period. Robust consumer demand and elevated revenues per visitor have supported strong trading in North America, the UK, and in parts of Continental Europe as COVID-19 restrictions eased, most notably at our domestically-focused brands. Furthermore, international tourism in some locations is showing positive momentum, albeit international travel remains suppressed more widely. Ongoing restrictions continue to impact the Asia Pacific region, especially in China, where our attractions in Beijing and Shanghai have been closed through significant parts of the year to date.

Within our theme park portfolio, the recent openings of LEGOLAND New York (which opened in 2021), and LEGOLAND Korea, which opened in May, have both started the summer trading season in line with expectations. The hotel at LEGOLAND Korea opened, as planned, on 1 July.

The first half of 2022 has been significantly less impacted by COVID-19 related restrictions than the equivalent period in 2021, with variations by location. Governments in certain territories introduced lockdowns and other trading restrictions in response to the emergence of the Omicron variant in late 2021; these generally eased during Q1 2022 and all of our seasonal attractions opened as planned. At the end of March approximately 90% of our estate was open (*March 2021: just over 50%*) and since then, with the exception of attractions in China which have been affected by lockdowns, substantially all of the portfolio has been open.

Similar to other businesses in the leisure and hospitality sector, we continue to experience tight labour markets. Our operational focus has been on limiting the impact of this on the capacity of our attractions and the product offering, to maintain the quality of the guest experience. Employment cost pressures continue, albeit the absolute impact on costs in the short term has been limited due to higher than normal vacancy levels. Supply chain dislocation and increasing energy prices continue to create operational challenges and cost pressures across the estate. We remain focused on operational delivery and tight cost control.

Our trading operations are not directly affected by the war in Ukraine. Merlin has no attractions in the region, no material Russian or Ukrainian suppliers or landlords, and very few staff that are directly affected. Outbound Russian and Ukrainian international tourism at our attractions is also negligible. However, this and other geopolitical and economic factors could lead to reduced levels of international tourism, lower guests' disposable income, and put further inflationary pressure on operating costs.

Strategic developments

Attraction openings

During the first half of the year we opened the following attractions:

- **LEGOLAND Dubai Hotel** - a themed hotel opened in January, developed in partnership with the park's owners.
- **Peppa Pig Theme Park Florida** - our first standalone Peppa Pig theme park opened in February as a 'second gate' attraction adjacent to LEGOLAND Florida Resort. This addition to the resort has traded ahead of expectations to date, as has the wider resort.
- **Peppa Pig World of Play Leidschendam** - opened in February in the Netherlands.
- **THIS IS HOLLAND** - management contract for flying theatre experience taken on from March 2022, expanding our Amsterdam cluster.
- **LEGOLAND Korea Resort** - opened in May. The resort is located in Chuncheon City, Gangwon Province, South Korea, and situated in a picturesque location on Jungdo Island on Uiamho Lake, approximately 90 minutes travel from Seoul.
- **LEGO Discovery Centre Brussels** - the first 'next generation' LEGO Discovery Centre opened in Brussels, Belgium in late June.

Other strategic developments

As previously announced, 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 currently under development. Project schedules are under ongoing review following a period of lockdowns in China which have impacted levels of activity.

As previously reported, three UK parks have now successfully transitioned to having food and beverage services provided by our partner Aramark, with the other four locations in the UK and USA due to transfer over later in 2022 or early 2023.

During the quarter we opened 'JUMANJI - The Adventure' at Gardaland Resort in Italy. This is the first ride to be opened as part of our multi-territory exclusivity agreement with Sony Pictures Entertainment, to develop and operate attractions, rides, lands, retail outlets and themed hotel rooms based on the studio's 'Jumanji' film franchise, in attractions in the UK, Continental Europe, and North America.

In April we completed the acquisition of the COEX Aquarium in Seoul, South Korea, adding a further significant attraction to the SEA LIFE brand, and consistent with our wider strategy to build clusters of Midway indoor attractions in key gateway cities. Trading since the acquisition has been in line with expectations.

As previously announced, on 29 April, Nick Varney, Chief Executive Officer, informed the Motion JVco Board of his intention to retire. He has a 12-month notice period. The Board expects that a successor will have been appointed and an orderly handover will have taken place within this period.