DXB ENTERTAINMENTS
DREAMS WITHOUT BOUNDARIES

Detailed analysis of accumulated losses

Date:	9th February 2021
Listed Company Name:	DXB Entertainments PJSC
Define the period of the financial statements	Consolidated Financial Statements for the year ended 31 December 2020
Accumulated losses:	AED 7.8 billion
Accumulated losses to capital ratio:	98%
The main reasons leading to these accumulated losses and their history:	DXB Entertainments PJSC ("DXBE" or the "Group") operations were launched in a phased manner between October 2016 and October 2017 when the last ride was opened to the public. Therefore, and as is standard for a greenfield development, pre-opening losses amount to AED 0.8 billion or 10% of total accumulated losses. Further, losses to date also comprise non-cash expenses, specifically: - Depreciation of AED 1.7 billion or 22% of total losses. - Impairment losses and other related charges of AED 3.3 billion or 42% of total losses. Cumulative operating losses amount to AED 0.8 billion or 10% whilst annual financing costs (net) on DXBE's syndicated financing facility and convertible instrument amount to AED 1.2 billion or 16%. The operating performance of DXBE has been impacted by delayed ramp up of visitation, in particular international visitation which has impacted revenues. In response DXBE has sought to mitigate the impact by implementing a cost optimisation and efficiency program thereby reducing costs. Further, the impact of the Covid-19 pandemic and resulting adverse conditions, as well as the extent of these on our financial and operating results, will be dictated by the length of time that such adverse conditions continue. A breakdown of the accumulated losses can be found at appendix 1.

Current quarter financial performance	Fourth quarter financial performance • Q4 2020 adjusted EBITDA loss is AED 47 million (Q4 2019 adjusted EBITDA profit was AED 2 million) • Q4 2020 statutory EBITDA loss is AED 55 million (Q4 2019 statutory EBITDA profit was AED 43 million) • Q4 2020 adjusted net loss is AED 242 million (Q4 2019 is AED 138 million) FYE 2020 financial performance • FYE 2020 adjusted EBITDA loss is AED 161 million (FYE 2019: AED 149 million) • FYE 2020 statutory EBITDA loss is AED 155 million (FYE 2019: AED 106 million) • FYE 2020 adjusted net loss is AED 910 million (FYE 2019: AED 855 million)
Measures to be taken to address accumulated losses:	As disclosed in the accumulated loss addressing plan issued on 15th December 2019 DXBE developed a strategy to deliver EBITDA breakeven. Due to the outbreak of the Covid-19 pandemic, the implementation timeline has been impacted. This strategy comprises a number of key pillars: - Growth in international visitation and increased length of stay through the implementation of the Group's hotel strategy that will deliver over 1,300 hotel rooms to Dubai Parks and Resorts in FY2020. - Further enhancement of the ride offering at Motiongate™ Dubai and Bollywood™ Parks Dubai, including the addition of world record thrill rides. The enhancement will broaden the appeal of the destination, increasing dwell times, driving per capita spend and encouraging both new and repeat visitation. - Implementation of further operational efficiencies delivering material reductions in operating costs: - Operating costs in 2019 were AED 0.56 billion compared with AED 0.73 billion in 2018 and AED 0.93 billion in 2017, a saving of 24% and 21% respectively.

Appendix 1 - Breakdown of the accumulated losses

Amounts in AED'm	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	Total	% of Total
Opening accumulated losses	**(4)**	**(17)**	**(38)**	**(149)**	**(639)**	**(1,769)**	**(4,312)**	**(5,157)**	**(4)**	
Impairment losses and other related charges	-	-	-	-	-	(1,542)	-	(1,748)	(3,290)	*42%*
Depreciation	-	-	(4)	(37)	(486)	(473)	(384)	(346)	(1,730)	*22%*
Finance (costs) / income - net	-	2	31	62	(216)	(318)	(365)	(410)	(1,214)	*16%*
Pre-opening losses	(13)	(23)	(138)	(504)	(83)	(2)	-	-	(763)	*10%*
Operating losses	-	-	-	(6)	(331)	(208)	(106)	(155)	(806)	*10%*
Losses	**(13)**	**(21)**	**(111)**	**(485)**	**(1,116)**	**(2,543)**	**(855)**	**(2,658)**	**(7,802)**	
Other movements - net	-	-	-	(5)	(14)	-	10	-	(9)	*0%*
Closing accumulated losses	**(17)**	**(38)**	**(149)**	**(639)**	**(1,769)**	**(4,312)**	**(5,157)**	**(7,815)**	**(7,815)**	*100%*
Shareholders equity									**7,999**	
Accumulated losses as a percentage of equity									**98%**	

	- Operating costs in 2020 were AED 0.28 billion compared with AED 0.56 billion in 2019 a saving of 49% driven by a combination of the cost efficiency strategy implemented in 2019 and robust contingency measures introduced during the closure period. As at 31 December 2020, DXBE has AED 0.8 billion of cash and cash deposits of which AED 0.1 billion is restricted cash and AED 0.3 billion is ringfenced for enhancement and close-out works. As at 31 December 2020, total assets are AED 7.2 billion and net asset value is AED 0.2 billion.
Progress against plan	DXB Entertainments remains committed towards this accumulated loss addressing plan issued on 15th December 2019 and achieving its strategy of delivering EBITDA breakeven, however, the previously communicated timelines have been impacted due to the Covid-19 pandemic. Further, the impact of the Covid-19 pandemic and resulting adverse conditions in the tourism, travel and leisure market, as well as the extent of these on our financial and operating results, will be dictated by the length of time that such adverse conditions continue.



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