

2025 ANNUAL REPORT

Hello again members

Your club has had a very busy year once again and we have a lot to report to you. In last year's report I wrote about the imminent opening of our new hotel at Mingara, and our newly rebuilt club at The Entrance, was also due to open. I'm pleased to report Encore by Mingara has opened and likewise The Greens The Entrance has also opened, albeit with a last-minute unavoidable hurdle.

Encore by Mingara opened on December 6 and we are pleased to report a steady increase in occupancy as patrons begin to enjoy our beautifully appointed hotel. We are seeing a number of patrons return to visit and we are also experiencing a number of local companies supporting our hotel. It was a long time coming but it has certainly been worth the wait. If you have not yet had the opportunity to stay with us at Encore by Mingara please take the opportunity to do so and you'll be pleasantly surprised at what we've been able to achieve.

In December 2024 we were also on track to re-open The Greens The Entrance following the devastating fire in 2020. Unfortunately, we were caught unaware of an industrial dispute happening across the State of NSW in relation to energy connections to newly built premises. Despite preparing to open prior to Christmas we were advised that we would not receive connection to the main electricity supply at that time and as a result we made the difficult decision to pause the project. Surprisingly at the last moment, Ausgrid were able to secure the electricity connection however by that stage our recruitment and all other necessary steps to open the new club had been paused. The result of this meant the club was opened on March 18 to great fanfare and much celebration by our members based at The Entrance. The new club has risen from the ashes and is a beautiful locals-based club that is servicing our members, and they are celebrating and enjoying their new facilities. We have seen the club's membership numbers grow significantly at The Entrance and continue to receive great feedback from all of our members at the club.

Members might also recall that at the time of this amalgamation back in late 2019, The Greens The Entrance club, which is located on council owned land, did not have a current lease and was behind in lease payments. At that point in time, the then Wyong Council advised us there was no opportunity to acquire the land which the club was located on. Fast forward through the COVID period and their own financial crisis at Central Coast Council and suddenly the opportunity to purchase the land was made available. It was not an easy process with much red tape to work through, however we have been able to realise the opportunity to purchase the land and we have exchanged contracts for this purchase. One of the final hurdles to acquiring the property was the reclassification of the land from public recreation to private recreation, and I am pleased report this has recently been completed, and the land acquisition will be settled in late 2026. This is great news for the club and particularly for the members of The Greens The Entrance with the long-term security of the site now achieved.

Members might also remember from last year's report that Mingara Leisure Group had lodged a Development Application with Central Coast Council for the construction of an Early Learning Centre on the site here at Mingara. Following a delay of almost 600 days, we have finally received development approval for the construction of the Early Learning Centre. Whilst it had been our intention to commence construction immediately, unfortunately due to the extraordinarily long delay, the construction of this centre has been delayed. The club is limited both in terms of financial resources and human capacity to take on such significant developments. We very much appreciate the demand for childcare in our local community and benefits that flow from having children in quality care. We are very disappointed and so too will be the families needing childcare placements.

Our retirement living village proposed for the vacant development land located at Mingara has been lodged with the Department of Planning & Environment as we reported last year. A number of submissions were received by the Department and as such the application will be determined by the Independent Planning Commission. A number of these submissions lodged related to parking for our Regional Athletics Centre located on site at Mingara, together with a number of submissions regarding traffic.

The panel have sought further information from both Pariter, our development partner, and our team. This information has been provided and the development should be resolved early in the 2026 calendar year. The portion of land proposed for the retirement living development has always been ear-marked for further development as it is too valuable a piece of land to remain unutilised. The development will see 239 private retirement residences and a 39 high care bed facility developed for the site at a total cost in the vicinity of \$250 million. We have already had numerous inquiries from members to secure an apartment. Housing continues to be a key priority for the NSW State Government and indeed across Australia. The development will also see the long-term security of your club guaranteed as this development will reduce our reliance on gaming as our main revenue source. Every time we propose a new development to reduce reliance on gaming we seem to get criticised for having gaming but also get criticised trying to reduce our reliance on gaming. It's a strange paradox that we face every time another development is announced. Despite this, we remain convinced our retirement living project dovetails beautifully with our Vision to make a significant contribution to the quality of community life.

On the topic of our Vision, we remain committed to our local communities of our five local clubs and our Vision is as strong as ever. We are proud to have made very significant contributions in terms of support to many sporting groups, charitable organisations and welfare groups. ClubGRANTS is an important means of supporting so many worthwhile activities and opportunities within our community, whilst we continue to invest in other important facilities such as our Aquatic Centre and our Regional Athletics Centre at Mingara. This year alone we have hosted in excess of 100 athletics carnivals. All members should feel proud we are able to provide these very expensive pieces of local infrastructure which service the Central Coast community.

As I've said on many occasions to continue to invest in our local communities and to make a significant contribution to the quality of community life, we need to remain financially viable. This year has been a rather challenging year with cost-of-living pressures affecting our members and the Federal Election in early 2025 also having an impact on consumer sentiment. We always experience negative sentiment when a Federal Election is called. Hopefully recent changes by the Reserve Bank regarding interest rates and the apparent slowing of rising prices, we'll see Member's discretionary spend increase and this will flow through to our clubs.

As a result, this year's financial report shows a decrease on last year's net profit however given the economic conditions and the impact of opening two new venues, we are extremely pleased with the result, and the club remains in a very solid financial position. EBITDA remained a healthy \$13.4M, down from \$15.8M last year. Net Profit fell from \$6.16M last year to \$2.1M this year. As mentioned previously a number of expenses increased significantly, with electricity rising by \$0.6M, insurance by \$0.4M and depreciation increasing by \$0.9M due to the impact of new buildings. As we anticipated, the cost of wages, interest (\$1M) and other expenses also rose as we prepared to open the new club and hotel businesses.

The club's total assets grew by \$21M to \$190.5M, up from \$168.7M and net assets to a very healthy \$136.4M, up \$2.1M. As expected, bank debt rose from \$14.9M to \$34.5M due to the two construction projects. This level of debt is easily managed by an organisation with our level of assets and cash flow.

Members, it's been a particularly busy time for a number of our team members this year. You don't often build a new hotel, let alone build it at the same time as a new club. Opening them both so close to the same time as we did, created a huge workload and tons of stress for the team. We are fortunate to have an exceptional team and their results this year have been amazing. Lots of our competitors in all of our local markets try to emulate what we do. They watch our progress

very closely, but they cannot copy our culture and the service delivered by our team, across all of our clubs. My thanks to them all, as always.

The other distinguishing asset we enjoy members, is a highly professional, experienced and dedicated Board of Directors. It's no coincidence we perform as well as do and we have such a highly regarded Board. Many clubs, unfortunately do not enjoy the same luxury. The ever-increasing level of governance requirements, the need for constant education and the legal obligations we face, make it more important than ever that we have the right members on the Board.

This Annual General Meeting sees Chairman Phil Walker step down as Chair. Phil has held the Chair role for 14 years, is the Club's longest serving Chair, along with serving another two years as Chair in 2001 - 2003. Phil has previously been recognised for his exemplary service to the club, having been awarded Life Membership in 2015. He was appointed as a Director in October 1996 and has been a part of the enormous change to our club in that time.

Phil's election to the Board came just as we moved from Adelaide Street to the new club and his appointment as Chair has coincided with the most significant growth in the club's overall history since that first big move. Personally, I think we have made a pretty good team and it's been a pleasure to work closely with Phil all of these years. Thank you Phil for your support, your leadership of the Board and the commitment to our proud organisation.

In a similar vein, most members would know by now I have announced my retirement and will step down as CEO on January 30, 2026. By then I will have served as your CEO for more than 23 years and I have been proud to do so. Without a doubt, it has been the highlight of my working career and I have very much enjoyed the privilege of getting to know so many of our members.

Joining the organisation back in April 1998, I had no idea all these years later I would be only just now drawing the curtain on my time here. I have been fortunate to have worked with so many wonderful team members and I feel immensely proud of what we achieved over the last almost three decades. Thank you to everyone who I have had the privilege to work alongside. It's not been without it's challenges, but there has been an overwhelming number of achievements and good times too.

The other great sense of achievement and pride that I will leave with, is the enormous amount of good that we have done in the local communities in which we operate our five clubs. We have never wavered in our commitment to our Vision, to make a significant contribution to the quality of community life. There are an enormous number of very obvious examples of our support, but it is the very simple ones that occur many, many times every day. The connectivity we provide to so many members, every single day goes by largely unnoticed, but not by us. We know the benefit we provide to thousands of people's mental health and sense of wellness, just by being here for them. We understand what that means to them. We love it and I especially do!

Thank you, members for your support. Not just this year, but for all the years. It's been a pleasure. I have usually signed off these reports by something like, "say hello next time you see me in the club". You may not see me as much as you have in the past, but I won't be a stranger. You just may not recognise me without the suit, but if you do, say hello anyway.

A handwritten signature in blue ink, appearing to read 'P. Barnett', with a stylized flourish at the end.

Paul Barnett
Chief Executive Officer
Mingara Leisure Group