



8th June 2022

NEWBURY RACECOURSE PLC
("Newbury Racecourse" or the "Company")

AGM Statement

At the Annual General Meeting to be held at Newbury Racecourse today, the Chairman, Dominic Burke, will make the following statement:

As stated in the latest Annual Report, following the challenges presented since March 2020 I am delighted that both the horseracing industry and our business has finally returned to normal activity. In the early part of last year, we were only able to generate income during the behind closed doors meetings through our media and betting rights agreements and lost the significant benefit of being able to generate key revenues through attendance, catering and hospitality. However, since all Government restrictions were lifted last July, we have been able to host an unrestricted paying attendance at our racedays, which included two Party in the Paddock concerts in August and September featuring Olly Murs and Rick Astley respectively. Attendances were also encouraging in the latter part of the year, with the Ladbrokes Winter Carnival crowds in line with where they were in 2019. We were able to keep our nursery business open throughout the year, but the hotel only re-opened in January of this year. We have also made the decision to cease pro-actively marketing our Conference & Events business until we have confidence in the market.

As has always been our plan, we set ourselves ambitious targets and a clear strategy to drive further growth in our business, but the impact of the pandemic resulted in a significant financial loss in 2020 and, despite returning a small profit in 2021, the effects of lockdowns and restrictions has set the business back from its original strategic investment plan. I am confident that the difficult decisions and actions taken during 2020 meant that ultimately, we were well placed to resume full trading activities in 2021 once circumstances permitted in July, as mentioned. The major investment we have made into our racecourse facilities and infrastructure over recent years was to position Newbury Racecourse for the future, in line with our strategic objective to be a modern, leading racecourse, entertainment and events business. This ambition remains unchanged.

Racing Highlights and Current Trading

The 2021 racing programme returned to its normal calendar following the disruption in 2020, and despite no crowds in attendance until 10th June we still welcomed over 105,000 racegoers to the racecourse.

The action on the track was once again thrilling and of a very high quality, demonstrating our continued ability to attract the very best horses across both codes. Highlights early in the year included wins in the Betfair Hurdle for Soaring Glory and for Secret Investor in the Denman Chase.

The flat season got underway with Dubai Duty Free Spring Trials Weekend providing victories for Al Aasy, Chindit and Alcohol Free, who underlined that Fred Darling Stakes win with subsequent success in the Coronation Stakes and Sussex Stakes. Following its cancellation in 2020, the Al Shaqab Lockinge returned in May and saw Palace Pier beat Lady Bowthorpe to the finish and secure Frankie Dettoni's fifth win in our early summer showpiece, now only one win behind the late Lester Piggott's record.

Our first Party in the Paddock event at the racecourse in almost two years took place in August at the BetVictor Hungerford meeting, with a crowd of over 16,000 enjoying Olly Murs who performed after an excellent day's racing, which saw Sacred win the day's feature race. Our second Party in the Paddock in September saw the timeless Rick Astley perform some 80's classics at the Dubai Duty Free International Saturday where Wings of War was victorious in the Mill Reef Stakes. As we turned to the jumps once more, Cloudy Glen's win in the Ladbrokes Trophy in late November, gave an emotional win for the Trevor Hemming's estate following Cloth Cap's win a year earlier and Trevor's sad passing in between.

The start of the 2022 flat season was held over the Easter weekend in April, with Wild Beauty, Max Vega and Perfect Power winning the main races in the Dubai Duty Free Spring Trials. Since then the Lockinge Stakes was won in majestic fashion by Baaeed, currently being recognised as the World's best miler since Frankel.

The Redevelopment

The redevelopment since 2012 has provided Newbury with a first-class venue so that we can continue to host racing of the highest quality, as well as having facilities which are well placed to meet the increasing demands of the modern-day consumer, from horsemen and racegoers, to hotel guests, nursery patrons and local residents. We strongly believe that the redevelopment will enable us to continue to grow our already well diversified business activities and maximise the returns from our investment.

The David Wilson Homes residential development continued throughout 2021 after a short pause during 2020 and is now into its final phase. The Central Area apartments are fully completed and sold, with the Company now owning the freeholds of thirteen apartment blocks. DWH is continuing with construction in the Eastern Area of the site due for completion in 2026. Approximately 1,000 homes out of the planned total of c.1,500 are now built.

During the first half of 2021 we repaid £1.5m of the previously fully drawn revolving credit facility to National Westminster Bank plc as a result of our improved cash position and outlook given the easing of restrictions at that time.

The final £10.7m receipt for the balance of the guaranteed minimum land value under the 2012 DWH development agreement, was received recently in March as per the contract. The Company does not expect to receive any further payments from this agreement.

Subsequently this has enabled the business to settle the outstanding £4.5m balance on the Nat West Bank loan as well as make the final £2.7m repayment of the Compton Beauchamp Estates Loan, meaning that the Company is currently free of debt.

Outlook

Last year the Company signed two major strategic agreements. Firstly, Levy Restaurants (part of the Compass Group) became our Catering partner which took effect from 1 June last year. We have seen some encouraging initial benefits of this partnership so look forward to working with them for the next ten years and developing this important segment of our operation. Secondly, all our media rights will transfer to Arena Leisure Racing in two separate stages starting with Betting Shop retail rights moving on 1 April 2023, and all other rights moving to new arrangements from 1 January 2024. This will see all our racing broadcast on Sky Sports Racing TV as well as a number of days on ITV which we are very excited about. This new media rights contract will give improved exposure to our racing and is backed by minimum financial guarantees that give us great confidence about the future of this important revenue stream.

As a result, I am pleased to announce that, subject to normal trading conditions continuing and the Government review of the Gambling Act not materially impacting betting related turnover on our racing, the Company will be increasing its commitment to prize money. We will commit to a minimum of 40% of our total media rights income being directly invested into prize money from 2023 onwards. It is anticipated that the full benefit of our new media rights agreement will be received in the 2024 financial year. This policy will then be reviewed three years from now.

Dividends

Given the completion of the David Wilson Homes transaction I am pleased that we have been able to satisfy the commitment made in 2012, and in many subsequent announcements, to return capital to shareholders. The Board announced on 5 May 2022 the declaration of a £3m special interim dividend distribution which has now been paid.

For the 2023 trading year onwards, the Company will seek to re-commence paying an annual dividend subject to its financial performance.

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