

APPENDIX 4D

Half Year Report for the period ended 28 December 2021

Name of Entity: Ardent Leisure Group Limited (ASX: ALG) (ABN 51 628 881 603)

Results for announcement to the market

			\$'000
Revenue from ordinary activities	Increased	100.2% to	275,463
Loss from ordinary activities after tax attributable to members	Improved from a restated* loss of	(82,311) to	(36,767)
Net loss for the period attributable to members	Improved from a restated* loss of	(82,311) to	(36,767)

* Amounts disclosed are restated for the change in accounting policy disclosed in Note 9(a) to the Financial Statements.

Dividends	Amount per stapled security
<i>Current Period:</i> Interim dividend	Nil
<i>Previous Corresponding Period:</i> Interim distribution	Nil
Record date for determining entitlements to the dividend	N/A

Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:

The Group recorded a net loss after tax of \$36.8 million for the period ending 28 December 2021 compared to a net loss of \$82.3 million in the prior period ending 29 December 2020.

The current period continued to be impacted by COVID-19, particularly in the Theme Parks & Attractions venues due to prolonged international and domestic border closures as well as various government restrictions imposed in relation to the pandemic.

Total segment revenue of \$275.5 million for the Group (excluding other income from government grants and subsidies and insurance recoveries) increased by \$137.9 million compared to the prior period, driven primarily by the ongoing strong trading performance in the Main Event business, which yielded a US\$98.4 million (109.1%) increase in revenues. Theme Parks & Attractions revenue increased by \$5.4 million (41.0%) in the current period largely due to higher pass sales and improved attendances, combined with the lapping of the temporary closure of its sites in the prior period, in which SkyPoint reopened on 10 July 2020 and Dreamworld and Whitewater World reopened on 16 September 2020.

Refer to the attached Interim Financial Report for the period ended 28 December 2021 for further commentary on the financial performance of the Group.

Details of Dividends

No interim dividend has been paid or declared for the period ended 28 December 2021. Refer attached financial statements (Directors Report and Note 8: Dividends paid and payable).

Details of Dividend Reinvestment Plan

N/A

Net Tangible Assets

	Current period 28 December 2021	Previous corresponding Period 29 December 2020
Net tangible asset backing per security*	\$0.30	\$0.59
Net tangible asset backing per security after dividend	\$0.30	\$0.59

* Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (i.e., all liabilities, preference shares, outside equity interests etc).

Control Gained or Lost over Entities during the Period

Name of entity (or group of entities) over which control was gained:	Nil
Date control was gained	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	Nil
Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	Nil

Name of entity (or group of entities) over which control was lost	None
Date control was lost	N/A
Consolidated profit from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A

Details of Associates and Joint Venture entities

N/A

Accounting standards used by foreign entities

N/A

Qualification of audit/review

Not applicable as there is no review dispute or qualification. Refer attached interim financial report for the independent auditor's review report.
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Interim Financial Report **for the period 30 June 2021 to 28 December 2021**

The interim financial report was authorised for issue by the Directors of Ardent Leisure Group Limited (ABN 51 628 881 603) on 24 February 2022. The Directors have the power to amend and reissue the interim financial report.

Interim Financial Report

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Directors' report

The Directors of Ardent Leisure Group Limited (Company) present their report together with the consolidated interim financial report of the Company and its controlled entities (collectively, the Group) for the period from 30 June 2021 to 28 December 2021.

Ardent Leisure Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are Suite 601, Level 6, 83 Mount Street, North Sydney NSW 2060.

1. Directors

The following persons have held office as Directors of the Company during the period and up to the date of this report unless otherwise stated:

Gary Weiss AM;
David Haslingden;
Randy Garfield;
Brad Richmond; and
Erin Wallace (appointed 1 January 2022).

2. Principal activities

The Group's principal activity is to invest in and operate leisure and entertainment businesses in Australia and the United States of America. There were no significant changes in the nature of the activities of the Group during the period.

3. Dividends

No interim dividend was paid or declared for the half year ended 28 December 2021 (29 December 2020: nil).

4. Review and results of operations

Overview

The Group's strategy is to focus primarily on leisure and entertainment segments within its geographical areas of operation. During the period, two businesses contributed to the overall result: Main Event and Theme Parks & Attractions.

Shareholder class action

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The Company has previously indicated (and maintains) that it believes the proceedings to be without merit and is vigorously defending them. Further, the applicant has not provided any expert quantum or materiality evidence to support its claim and therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any at all).

The Company maintains appropriate insurances to respond to litigation and the majority of associated costs.

Dreamworld resort hotel and tourist park

Since notifying the market earlier this year that a non-binding agreement had been entered into with developer Evolution Group to develop a resort style hotel and tourist park adjacent to Dreamworld, the parties and their advisors have been engaged in negotiations, however they have been unable to reach agreement on key aspects of the proposal. As a consequence, the Company has ceased these non-binding negotiations.

The Board remains committed to exploring an on-site tourist accommodation offering at Dreamworld and will now focus its attention on progressing the other available options, as well as continuing to explore opportunities to maximise the Group's total surplus land holdings adjacent to the park.

Directors' report

4. Review and results of operations (continued)

Group results

The performance of the Group, as represented by the aggregated results of its operations for the period from 30 June 2021 to 28 December 2021 (182 days), was as follows:

30 June 2021 to 28 December 2021	Main Event \$'000	Theme Parks & Attractions \$'000	Corporate \$'000	Total \$'000
Segment revenue	256,977	18,481	5	275,463
Segment EBITDA	59,411	(11,762)	(4,089)	43,560
Depreciation and amortisation	(27,367)	(3,575)	(43)	(30,985)
Amortisation of lease assets	(13,055)	(23)	(38)	(13,116)
Segment EBIT	18,989	(15,360)	(4,170)	(541)
Borrowing costs				(16,064)
Lease liability interest expense				(18,821)
Interest income				9
Loss before tax				(35,417)
Income tax expense				(1,350)
Net loss after tax				(36,767)
The segment EBITDA above has been impacted by the following specific items:				
Pre-opening expenses	(1,866)	-	-	(1,866)
Dreamworld incident insurance recoveries, net of costs	-	439	-	439
Main Event LTI plan valuation expense	(10,238)	-	-	(10,238)
RedBird Option valuation expense	(10,781)	-	-	(10,781)
Restructuring and other non-recurring items	(838)	-	-	(838)
Lease payments no longer recognised in EBITDA under AASB 16 <i>Leases</i>	25,031	31	39	25,101
Loss on disposal of assets	(29)	13	-	(16)
	1,279	483	39	1,801
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 <i>Leases</i>	(31,872)	(24)	(41)	(31,937)
Tax losses for which deferred tax asset not recognised	41	(5,205)	(1,708)	(6,872)
Tax deductible temporary differences for which deferred tax asset not recognised	-	292	(331)	(39)
Tax impact of specific items listed above	6,425	(138)	1	6,288
	(25,406)	(5,075)	(2,079)	(32,560)

Directors' report

4. Review and results of operations (continued)

Group results (continued)

The performance of the Group, as represented by the aggregated results of its operations for the period from 1 July 2020 to 29 December 2020 (182 days), was as follows:

1 July 2020 to 29 December 2020	Main Event \$'000	Theme Parks & Attractions \$'000 Restated ⁽¹⁾	Corporate \$'000	Total \$'000 Restated ⁽¹⁾
Segment revenue	124,450	13,109	9	137,568
Segment EBITDA	1,898	(3,556)	(3,220)	(4,878)
Depreciation and amortisation	(26,567)	(3,575)	(181)	(30,323)
Amortisation of lease assets	(12,781)	(34)	(59)	(12,874)
Segment EBIT	(37,450)	(7,165)	(3,460)	(48,075)
Borrowing costs				(17,736)
Lease liability interest expense				(17,507)
Interest income				28
Loss before tax				(83,290)
Income tax benefit				979
Net loss after tax				(82,311)
The segment EBITDA above has been impacted by the following specific items:				
Impairment of assets	(4,090)	-	-	(4,090)
Pre-opening expenses	(370)	-	-	(370)
Dreamworld incident insurance recoveries, net of costs	-	112	-	112
Main Event LTI plan valuation expense	(14)	-	-	(14)
Restructuring and other non-recurring items	(4,482)	-	50	(4,432)
Lease payments no longer recognised in EBITDA under AASB 16 Leases	24,420	44	94	24,558
Loss on disposal of assets	(590)	(20)	-	(610)
Early termination of leases	(243)	-	-	(243)
	14,631	136	144	14,911
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 Leases	(30,285)	(35)	(61)	(30,381)
Tax losses for which deferred tax asset not recognised	(15,839)	(1,433)	(1,676)	(18,948)
Tax deductible temporary differences for which deferred tax asset not recognised	-	(360)	-	(360)
Tax impact of specific items listed above	3,284	(21)	(25)	3,238
	(42,840)	(1,849)	(1,762)	(46,451)

(1) The amounts disclosed are restated for the change in accounting policy disclosed in Note 9(a) to the Financial Statements.

The Group recorded a net loss after tax of \$36.8 million for the period ending 28 December 2021 compared to a net loss of \$82.3 million in the prior period ending 29 December 2020.

The current period continued to be impacted by COVID-19, particularly in the Theme Parks & Attractions venues due to prolonged international and domestic border closures as well as various government restrictions imposed in relation to the pandemic.

Total segment revenue of \$275.5 million for the Group (excluding other income from government grants and subsidies and insurance recoveries) increased by \$137.9 million compared to the prior period, driven primarily by the ongoing strong trading performance in the Main Event business, which yielded a US\$98.4 million (109.1%) increase in revenues. Theme Parks & Attractions revenue increased by \$5.4 million (41.0%) in the current period largely due to higher pass sales and improved attendances, combined with the lapping of the temporary closure of its sites in the prior period, in which SkyPoint reopened on 10 July 2020 and Dreamworld and Whitewater World reopened on 16 September 2020.

The segment EBITDA of \$43.6 million for the period has been impacted by a number of Specific Items as disclosed in the tables above.

Directors' report

4. Review and results of operations (continued)

Group results (continued)

The performance of the Group compared to prior period is mainly driven by the following factors:

- Higher revenue and EBITDA in Main Event due to strong performances in both constant and non-constant centres as well as incremental revenue from new centres. The prior period was significantly impacted by the temporary closure of several sites due to COVID-19 (38 out of 44 centres were operational as at 29 December 2020). Since March 2021, the business has recovered strongly, benefitting from strong consumer demand and successful execution of several strategic initiatives including an improved guest experience, new innovation and effective marketing.

During the current period, one new centre was opened in Chesterfield, Missouri and has performed above expectations, bringing the total number of centres to 45 across 16 States as at 28 December 2021. The favourable trading impact on EBITDA was partially offset by an increased expense for the US LTI plan of \$10.2 million and RedBird option of \$10.8 million, due to the strong performance of the business during the period;

- A \$3.6 million reduction in restructuring costs and non-recurring expenses, as the prior period was impacted by the RedBird transaction, write-off of US site exploration costs as well as one-off penalty costs associated with a data breach at Main Event in 2019 for which insurance reimbursement was received in the second half of FY21;
- A \$1.7 million decrease in borrowing costs mainly due to the US\$25.0 million revolving credit facility being temporarily repaid in late June 2021 and remaining undrawn during the current period. In addition, the current period has benefitted from the remission of \$1.2 million interest payable to the Australian Taxation Office. This is partially offset by a higher full period RedBird preferred stock dividend and incremental borrowing costs related to the Queensland Government loan;
- A \$4.1 million impairment of lease assets relating to a Main Event centre in the prior period (Current period: Nil);
- A \$12.4 million reduction in tax expense related to Australian and US tax losses and Australian deductible temporary differences for which deferred tax assets have not been recognised. The recoverability of these losses and temporary differences against future taxable income is not currently considered probable under AASB 12 *Income Taxes*. This is offset by a decrease in tax benefit in the current period due to improved trading performance which resulted in lower reported pre-tax losses.

Partially offset by:

- Lower EBITDA in Theme Parks & Attractions as the business benefitted from \$12.4 million government grant/subsidy income in the prior period compared to \$2.0 million received in the current period. International and domestic travel restrictions due to COVID-19 have continued to substantially impact trading performance of the business for most of the period; and
- An increase of \$1.5 million in pre-opening costs and \$1.3 million in lease interest expenses driven by more centre openings in FY22 compared to FY21.

5. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

6. Rounding of amounts to the nearest thousand dollars

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

This report is made in accordance with a resolution of the Boards of Directors of Ardent Leisure Group Limited.



Gary Weiss AM
Chairman



Brad Richmond
Director

Sydney
24 February 2022



**Building a better
working world**

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Auditor's independence declaration to the directors of Ardent Leisure Group Limited

As lead auditor for the review of the half-year financial report of Ardent Leisure Group Limited for the half-year ended 28 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ardent Leisure Group Limited and the entities it controlled during the financial period.

Ernst & Young

John Robinson
Partner
24 February 2022

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Income Statement for the half year ended 28 December 2021

	Note	December 2021 \$'000	December 2020 \$'000 Restated (Note 9(a))
Income			
Revenue from operating activities	3	275,463	137,568
Net gain from derivative financial instruments		-	550
Interest income		9	28
Other income	4	3,379	19,734
Total income		278,851	157,880
Expenses			
Purchases of finished goods		37,849	18,926
Salary and employee benefits		115,309	80,322
Finance costs	5	34,885	35,243
Property expenses		8,423	8,470
Depreciation and amortisation		44,101	43,197
Loss on disposal of assets		16	610
Advertising and promotions		13,697	9,290
Repairs and maintenance		16,128	10,456
Pre-opening expenses		1,866	370
Net loss from derivative financial instruments		10,759	-
Impairment of right-of-use assets		-	4,090
Dreamworld incident costs		389	4,394
Other expenses		30,846	25,802
Total expenses		314,268	241,170
Loss before tax		(35,417)	(83,290)
Income tax (expense)/benefit	6	(1,350)	979
Loss for the half year		(36,767)	(82,311)
Attributable to:			
Ordinary shareholders		(36,767)	(82,311)
The above Income Statement should be read in conjunction with the accompanying notes.			
Total basic losses per share (cents)	7	(7.66)	(17.16)
Total diluted losses per share (cents)	7	(7.66)	(17.16)

Statement of Comprehensive Income for the half year ended 28 December 2021

	Note	December 2021 \$'000	December 2020 \$'000 Restated (Note 9(a))
Loss for the half year		(36,767)	(82,311)
Other comprehensive loss <i>items that may be reclassified to profit or loss</i>			
Foreign exchange translation difference	12	3,603	(12,253)
Other comprehensive income/(loss) for the half year, net of tax		3,603	(12,253)
Total comprehensive income/(loss) for the half year, net of tax		(33,164)	(94,564)
Attributable to:			
Ordinary shareholders		(33,164)	(94,564)
Total comprehensive loss for the half year, net of tax		(33,164)	(94,564)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

as at 28 December 2021

	Note	December 2021 \$'000	June 2021 \$'000
Current assets			
Cash and cash equivalents		110,441	114,962
Receivables		12,026	4,840
Inventories		8,329	6,333
Investment held for sale		813	-
Other		11,845	4,464
Total current assets		143,454	130,599
Non-current assets			
Property, plant and equipment	9	437,729	408,511
Right-of-use assets	15	319,848	286,712
Investments held at fair value		-	1,358
Derivative financial instruments	16	52	29
Livestock		179	187
Intangible assets	10	77,430	74,553
Deferred tax assets		4,083	4,656
Total non-current assets		839,321	776,006
Total assets		982,775	906,605
Current liabilities			
Payables		89,093	88,652
Derivative financial instruments	16	13,327	-
Interest bearing liabilities	14	13,127	23,507
Current tax liabilities		1,692	2,717
Provisions		14,741	4,302
Other		2,666	2,386
Total current liabilities		134,646	121,564
Non-current liabilities			
Derivative financial instruments	16	-	2,434
Interest bearing liabilities	14	699,280	601,194
Provisions		3,030	2,827
Non-current tax liabilities		9,271	8,902
Total non-current liabilities		711,581	615,357
Total liabilities		846,227	736,921
Net assets		136,548	169,684
Equity			
Contributed equity	11	777,124	777,124
Reserves	12	(112,132)	(116,281)
Accumulated losses	13	(567,785)	(530,500)
Total equity		97,207	130,343
Non-controlling interest	14(c), 14(d)	39,341	39,341
Total equity		136,548	169,684

The above Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the half year ended 28 December 2021

	Note	Contributed equity \$'000	Other equity \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Total equity at 1 July 2020, as originally presented		777,124	-	(89,505)	(436,861)	39,190	289,948
Change in accounting policy	9(a)	-	-	(13,358)	(6,706)	-	(20,064)
Total restated equity at 1 July 2020		777,124	-	(102,863)	(443,567)	39,190	269,884
Loss for the half year (restated)		-	-	-	(82,311)	-	(82,311)
Other comprehensive loss for the half year		-	-	(12,253)	-	-	(12,253)
Total restated comprehensive loss for the half year		-	-	(12,253)	(82,311)	-	(94,564)
<i>Transactions with owners in their capacity as owners:</i>							
Equity-based payments		-	-	(7)	-	-	(7)
Contributions of equity, net of issue costs		-	-	-	-	(144)	(144)
Total restated equity at 29 December 2020		777,124	-	(115,123)	(525,878)	39,046	175,169
Total equity at 30 June 2021		777,124	-	(116,281)	(530,500)	39,341	169,684
Loss for the half year	13	-	-	-	(36,767)	-	(36,767)
Other comprehensive income for the half year	12	-	-	3,603	-	-	3,603
Total comprehensive loss for the half year		-	-	3,603	(36,767)	-	(33,164)
<i>Transactions with owners in their capacity as owners:</i>							
Equity-based payments	12	-	-	28	-	-	28
Transfer of reserve on disposal of financial asset	12, 13	-	-	518	(518)	-	-
Total equity at 28 December 2021		777,124	-	(112,132)	(567,785)	39,341	136,548

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the half year ended 28 December 2021

	Note	December 2021 \$'000	December 2020 \$'000
Cash flows from operating activities			
Receipts from customers		280,045	148,687
Payments to suppliers and employees		(219,946)	(163,759)
Property expenses paid		(8,423)	(8,470)
Interest received		9	28
Government grants received		2,000	14,100
Payments for construction of Main Event centres		(16,425)	(664)
Reimbursements received for construction of Main Event centres		13,943	1,154
Insurance recoveries		1,654	4,090
Income tax paid		(542)	(961)
Net cash flows from operating activities		52,315	(5,795)
Cash flows from investing activities			
Payments for property, plant and equipment		(46,999)	(9,425)
Payments for intangible assets		(2,943)	(2,485)
Proceeds from the sale of plant and equipment		3	49
Proceeds from the sale of investment held for sale		545	-
Net cash flows used in investing activities		(49,394)	(11,861)
Cash flows from financing activities			
Proceeds from loans		25,000	18,912
Repayments of loans		(947)	(14,225)
Loan interest paid		(9,910)	(6,905)
Payment of principal portion of lease liabilities	15(b)	(6,559)	(6,556)
Lease interest paid	15(b)	(19,172)	(16,651)
RedBird transaction costs		-	(370)
Net cash flows used in financing activities		(11,588)	(25,795)
Net decrease in cash and cash equivalents		(8,667)	(43,451)
Cash and cash equivalents at the beginning of the half year		114,962	161,617
Effect of exchange rate changes on cash and cash equivalents		4,146	(12,747)
Cash and cash equivalents at the end of the half year		110,441	105,419

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the half year ended 28 December 2021

1. Basis of preparation

Ardent Leisure Group Limited is a limited company, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

This consolidated interim financial report represents the consolidated financial statements of the Company and its controlled entities (collectively, the Group) for the reporting period ended 28 December 2021 and has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the financial report of Ardent Leisure Group for the year ended 29 June 2021 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 29 June 2021, except for the adoption of new standards effective as of 30 June 2021.

The new accounting standards, interpretations and amendments which became effective for the reporting period commencing on 30 June 2021 are set out below:

- Amendments to AASB 9, AASB 139, AASB 16, AASB 7 and AASB 4 – *Interest Rate Benchmark Reform – Phase 2*;

The adoption of new and amended standards and interpretations has not resulted in a material impact to the financial performance or position of the Company.

Historical cost convention

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments held at fair value and derivative financial instruments held at fair value.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards may require the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies. Other than the estimation of the fair values of the Group's assets, which are derived on a consistent basis with that disclosed in the annual financial report of the Group for the year ended 29 June 2021, and assumptions related to deferred tax assets and liabilities, impairment testing of assets, determination of lease periods and incremental borrowing rates, no key assumptions concerning the future, or other estimation of uncertainty at the reporting date, have a significant risk of causing material adjustments to the financial statements in the next reporting period.

Reclassification of comparative information

The Company has reclassified certain amounts related to the prior period financial position to conform to current period presentation. These reclassifications have not changed the results of operations of prior periods.

Going concern

COVID-19 continues to significantly impact the business and operations of the Group. While Main Event has performed well during the period, the Theme Parks & Attractions business has continued to see subdued trading with Queensland state borders remaining closed for most of the period, before easing in mid-December 2021.

Management has worked hard to preserve liquidity within the Australian business, maximising opportunities within the parks' local markets and maintaining a strong focus on management of discretionary costs (both operating and capital). Management and the Board have also continued to actively engage with local, state and federal governments and external advisors to identify additional sources of funding and/or financial support.

Main Event

The partnership transaction with US-based private investment firm, RedBird Capital Partners (RedBird) in June 2020 saw US\$80.0 million invested by RedBird in preferred stock of Main Event's US parent entity. This transaction provided liquidity for Main Event to recover from the impact of COVID-19 and capacity to invest in future growth, with funds invested by RedBird used exclusively to support Main Event.

Although the business was severely impacted by COVID-19 for much of the prior period, it has rebounded strongly since March 2021 and performance during the period has exceeded pre-pandemic levels.

Notes to the Financial Statements

for the half year ended 29 December 2020

1. Basis of preparation (continued)

Going concern (continued)

Theme Parks and Corporate

In August 2020, the Group announced that it had secured a financial assistance package for its Theme Parks business under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020. This package totalling \$69.9 million, comprises a secured loan facility of \$63.7 million (which includes capitalised interest and fees) and grants of \$6.2 million. The loan is mutually exclusive from the debt facility in place for the Group's US Main Event business and is being used to fund working capital and approved capital expenditure.

Although the Theme Parks business has continued to be adversely impacted by international and state border restrictions for much of the period and more recently by the surge in cases associated with the new Omicron variant, management has responded with initiatives to maximise local market opportunities. This has helped drive strong pass sales and positive guest sentiment and the business remains optimistic for the rest of FY22 and beyond.

Going concern assessment

There remains continuing uncertainty regarding the severity and duration of the COVID-19 virus and associated trading, travel and social distancing restrictions. There is also uncertainty regarding customers' propensity to return to the businesses while COVID-19 case numbers remain high. Notwithstanding, management's forecasts, together with available cash reserves and borrowing facilities, continue to support the going concern assumption.

2. Segment information

Business segments

The Group is organised on a global basis into the following divisions by product and service type:

Main Event

This segment operates solely in the United States of America and comprises 45 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, Tennessee, Maryland, Delaware, Colorado and Louisiana.

Theme Parks & Attractions

This segment comprises Dreamworld and WhiteWater World in Coomera, Queensland and the SkyPoint observation deck and climb in Surfers Paradise, Queensland.

Notes to the Financial Statements

for the half year ended 28 December 2021

2. Segment information (continued)

30 June 2021 to 28 December 2021	Main Event \$'000	Theme Parks & Attractions \$'000	Corporate \$'000	Total \$'000
Segment revenue	256,977	18,481	5	275,463
Segment EBITDA	59,411	(11,762)	(4,089)	43,560
Depreciation and amortisation	(27,367)	(3,575)	(43)	(30,985)
Amortisation of lease assets	(13,055)	(23)	(38)	(13,116)
Segment EBIT	18,989	(15,360)	(4,170)	(541)
Borrowing costs				(16,064)
Lease liability interest expense				(18,821)
Interest income				9
Loss before tax				(35,417)
Income tax expense				(1,350)
Net loss after tax				(36,767)
The segment EBITDA above has been impacted by the following specific items:				
Pre-opening expenses	(1,866)	-	-	(1,866)
Dreamworld incident insurance recoveries, net of costs	-	439	-	439
Main Event LTI plan valuation expense	(10,238)	-	-	(10,238)
RedBird Option valuation expense	(10,781)	-	-	(10,781)
Restructuring and other non-recurring items	(838)	-	-	(838)
Lease payments no longer recognised in EBITDA under AASB 16 Leases	25,031	31	39	25,101
Loss on disposal of assets	(29)	13	-	(16)
	1,279	483	39	1,801
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 Leases	(31,872)	(24)	(41)	(31,937)
Tax losses for which deferred tax asset not recognised	41	(5,205)	(1,708)	(6,872)
Tax deductible temporary differences for which deferred tax asset not recognised	-	292	(331)	(39)
Tax impact of specific items listed above	6,425	(138)	1	6,288
	(25,406)	(5,075)	(2,079)	(32,560)
Total assets	832,875	84,976	64,924	982,775
Acquisitions of property, plant & equipment and intangible assets	40,007	6,398	-	46,405

Notes to the Financial Statements

for the half year ended 29 December 2020

2. Segment information (continued)

1 July 2020 to 29 December 2020

	Main Event \$'000	Theme Parks & Attractions \$'000 Restated (Note 9(a))	Corporate \$'000	Total \$'000 Restated (Note 9(a))
Segment revenue	124,450	13,109	9	137,568
Segment EBITDA	1,898	(3,556)	(3,220)	(4,878)
Depreciation and amortisation	(26,567)	(3,575)	(181)	(30,323)
Amortisation of lease assets	(12,781)	(34)	(59)	(12,874)
Segment EBIT	(37,450)	(7,165)	(3,460)	(48,075)
Borrowing costs				(17,736)
Lease liability interest expense				(17,507)
Interest income				28
Loss before tax				(83,290)
Income tax benefit				979
Net loss after tax				(82,311)
The segment EBITDA above has been impacted by the following specific items:				
Impairment of assets	(4,090)	-	-	(4,090)
Pre-opening expenses	(370)	-	-	(370)
Dreamworld incident insurance recoveries, net of costs	-	112	-	112
Main Event LTI plan valuation expense	(14)	-	-	(14)
Restructuring and other non-recurring items	(4,482)	-	50	(4,432)
Lease payments no longer recognised in EBITDA under AASB 16 Leases	24,420	44	94	24,558
Loss on disposal of assets	(590)	(20)	-	(610)
Early termination of leases	(243)	-	-	(243)
	14,631	136	144	14,911
The net loss after tax above has also been impacted by the following specific items:				
Lease asset amortisation and lease interest expense recognised under AASB 16 Leases	(30,285)	(35)	(61)	(30,381)
Tax losses for which deferred tax asset not recognised	(15,839)	(1,433)	(1,676)	(18,948)
Tax deductible temporary differences for which deferred tax asset not recognised	-	(360)	-	(360)
Tax impact of specific items listed above	3,284	(21)	(25)	3,238
	(42,840)	(1,849)	(1,762)	(46,451)
Total assets (restated – refer to Note 9(a))	749,005	133,057	17,022	899,084
Acquisitions of property, plant & equipment and intangible assets	6,292	6,514	-	12,806

Notes to the Financial Statements

for the half year ended 28 December 2021

3. Revenue from operating activities

Revenue by type	December 2021 \$'000	December 2020 \$'000
Revenue from services	184,626	88,964
Revenue from sale of goods	90,832	48,595
Other revenue	5	9
Revenue from operating activities	275,463	137,568

Revenue by geographical market	December 2021 \$'000	December 2020 \$'000
Australia	18,487	13,118
United States	256,976	124,450
	275,463	137,568

Timing of revenue recognition	December 2021 \$'000	December 2020 \$'000
Goods and services transferred at a point in time	269,473	134,173
Services transferred over time	5,990	3,395
	275,463	137,568

4. Other income

	December 2021 \$'000	December 2020 \$'000
Government subsidies & grants	2,000	12,602
Insurance recoveries	1,379	7,132
	3,379	19,734

5. Finance costs

	Note	December 2021 \$'000	December 2020 \$'000
Interest on loans		9,942	11,434
Interest on leases	15(a)	18,821	17,507
(Remission of interest)/interest on tax liabilities		(881)	383
Preferred dividends payable	14(c), 14(d)	7,003	5,919
		34,885	35,243

Notes to the Financial Statements for the half year ended 28 December 2021

6. Taxation

(a) Income tax expense/(benefit)

	December 2021 \$'000	December 2020 \$'000 Restated (Note 9(a))
Current tax	(14,179)	(14,260)
Deferred tax	16,008	15,587
Over provided in prior year	(479)	(2,306)
	1,350	(979)

(b) Numerical reconciliation of prima facie tax benefit to income tax expense/(benefit)

Loss from continuing operations before income tax	(35,417)	(83,290)
Prima facie tax benefit at the Australian tax rate of 30% (29 December 2020: 30%)	(10,625)	(24,987)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Foreign exchange conversion differences	(60)	(25)
Entertainment	52	5
Non-deductible depreciation and amortisation	-	13
Sundry items	235	1,807
RedBird preferred stock dividend	2,174	-
RedBird Option unrealised valuation loss	3,304	-
Employee benefits	8	(6)
Tax losses for which deferred tax asset not recognised	6,872	18,948
Tax deductible temporary differences for which deferred tax asset not recognised	39	360
US state taxes	485	(504)
Research and development and other credits	(305)	(228)
Difference in overseas tax rates	(350)	5,944
Over provided in prior year	(479)	(2,306)
Income tax benefit	1,350	(979)

(c) Review of prior period taxation arrangements

As noted in the June 2021 annual report, a settlement was reached in October 2019 with the ATO under which the Group is required to make further tax payments in respect of prior periods totalling \$15.9 million. Of this, \$10.0 million remains payable on deferred settlement terms commencing September 2022 for which a liability is recognised in the December 2021 financial statements. The ATO has taken security over the freehold and business assets of SkyPoint until such time as the tax liability is fully repaid.

Notes to the Financial Statements for the half year ended 28 December 2021

7. Losses per share

	December 2021	December 2020 Restated (Note 9(a))
Basic losses per share (cents) from continuing operations	(7.66)	(17.16)
Total basic losses per share (cents)	(7.66)	(17.16)
Diluted losses per share (cents) from continuing operations	(7.66)	(17.16)
Total diluted losses per share (cents)	(7.66)	(17.16)
Losses used in the calculation of basic and diluted earnings per share (\$'000)	(36,767)	(82,311)
Weighted average number of shares on issue used in the calculation of basic losses per share ('000)	479,706	479,706
Weighted average number of shares held by employees under employee equity plans ('000)	23	62
Weighted average number of shares on issue used in the calculation of diluted losses per share ('000)	479,706	479,706

8. Dividends paid and payable

No interim dividend has been paid or declared for the period ended 28 December 2021 (29 December 2020: nil).

9. Property, plant and equipment

Segment	Cost		Accumulated depreciation & impairments		Consolidated book value	
	December 2021	December 2021	December 2021	December 2021	June 2021	June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Theme Parks & Attractions	306,655	(191,583)	115,072	309,623	(197,922)	111,701
Main Event	656,756	(334,165)	322,591	593,128	(296,417)	296,711
Other	430	(364)	66	4,133	(4,034)	99
Total	963,841	(526,112)	437,729	906,884	(498,373)	408,511

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current and previous periods is set out below:

	December 2021 \$'000	June 2021 \$'000
Carrying amount at the beginning of the period	408,511	453,741
Additions	43,518	42,836
Transfer from intangible assets	-	11
Disposals	(11)	(812)
Depreciation impairment	(28,058)	(55,657)
Foreign exchange movements	13,769	(32,132)
Carrying amount at the end of the period	437,729	408,511

(a) Changes in accounting policies and disclosures

Measurement basis for Theme Parks & Attractions land, buildings and major rides and attractions

As noted in the 29 June 2021 Financial Statements, in the prior year the Group re-assessed its accounting for property, plant and equipment (PPE) with respect to measurement of certain classes of PPE after initial recognition. The Group had previously measured Theme Parks & Attractions land, buildings and major rides using the revaluation model. Assets measured under the revaluation model were carried at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. All other classes of PPE were measured by the Group using the cost model.

Notes to the Financial Statements for the half year ended 28 December 2021

9. Property, plant and equipment (continued)

(a) Changes in accounting policies and disclosures (continued)

Measurement basis for Theme Parks & Attractions land, buildings and major rides (continued)

The Group elected to change the method of accounting for PPE carried under the revaluation model, as the Group believes that the cost model provides reliable and more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors and enables better comparability between the Group's businesses and assets, and with industry peers. The Group has applied the cost model retrospectively, and prior year comparatives for December 2020 have been restated in these financial statements. Refer to Note 16(a) to the financial statements for the year ended 29 June 2021 for further details.

Impairment of Assets

Detailed impairment testing was performed at 29 June 2021 for PPE. Refer to Note 16(b) to the financial statements for the year ended 29 June 2021 for further details of the key assumptions used in this testing and sensitivity analysis for PPE at Dreamworld, SkyPoint and Main Event.

In the current year, the Main Event business has rebounded strongly and is performing above levels assumed in its 29 June 2021 impairment testing models. Consequently, the Directors consider there to be no indicators of further impairment at 28 December 2021 and it has not been necessary to perform detailed impairment testing at this date.

However, the challenging conditions brought about by COVID-19 have continued to have an adverse impact on the performance of the Theme Parks & Attractions business. This is considered to be an indicator of impairment and further detailed impairment testing has been performed at 28 December 2021. This testing has not resulted in any additional impairment adjustments to the carrying value of Dreamworld and SkyPoint assets.

Key impairment assumptions and sensitivities

The recoverable amount of assets has been determined based on value-in-use calculations, which include the following key assumptions:

	Dreamworld		SkyPoint	
	December 2021 \$'000	June 2021 \$'000	December 2021 \$'000	June 2021 \$'000
Pre-tax discount rate	12.2%	13.6%	13.6%	14.3%
Long term EBITDA growth rate	2.5%	2.5%	2.5%	2.5%

The assets at Dreamworld are recorded at their recoverable amount, net of cumulative impairments. While the directors consider the above assumptions to be reasonable, possible changes in these assumptions could result in further impairments or reversals of impairments. The sensitivity of Dreamworld assets' value-in-use to changes in key assumptions are as follows:

Dreamworld	Change in value-in-use	
		\$'000
Pre-tax discount rate and terminal yield	+0.5%	(12,006)
	-0.5%	13,513
10-year Average Annual EBTDA	+5%	2,607
	-5%	(2,607)
Long term EBITDA growth rate	+0.5%	6,467
	-0.5%	(5,837)

For SkyPoint assets, the Directors do not consider a change in any of the key assumptions which would cause the carrying amount to exceed their recoverable amount to be reasonably possible.

Notes to the Financial Statements for the half year ended 28 December 2021

10. Intangible assets

	December 2021 \$'000	June 2021 \$'000
Goodwill		
Opening net book amount	55,404	60,737
Foreign exchange movements	2,393	(5,333)
Closing net book amount	57,797	55,404
Other intangibles		
Opening net book amount	19,149	19,361
Additions	2,887	6,430
Transfers to property, plant and equipment	-	(11)
Disposals	(206)	(18)
Amortisation	(2,920)	(5,063)
Foreign exchange movements	723	(1,550)
Closing net book amount	19,633	19,149
Total intangible assets	77,430	74,553

Detailed impairment testing was performed at 29 June 2021 for goodwill. Refer to Note 17(a)(i) to the financial statements for the year ended 29 June 2021 for further details of the key assumptions used in this testing and sensitivity analysis.

11. Contributed equity

No. of securities/ shares	Details	December 2021 \$'000	June 2021 \$'000
479,706,016	Fully paid ordinary shares	777,124	777,124

Notes to the Financial Statements for the half year ended 28 December 2021

12. Reserves

	Note	December 2021 \$'000	June 2021 \$'000
Foreign currency translation reserve			
Opening balance		(12,378)	(568)
Translation of foreign operations		3,603	(11,810)
Closing balance		(8,775)	(12,378)
Equity-based payment reserve			
Opening balance		(8,522)	(8,204)
Option expense		28	(318)
Closing balance		(8,494)	(8,522)
Financial asset revaluation reserve			
Opening balance		(1,290)	-
Transfer to accumulated losses on disposal of financial asset	13	518	-
Revaluation – investment held at fair value		-	(1,843)
Tax impact of revaluation		-	553
Closing balance		(772)	(1,290)
Corporate restructure reserve			
Opening balance		(94,091)	(94,091)
Closing balance		(94,091)	(94,091)
Total reserves		(112,132)	(116,281)

13. Accumulated losses

	Note	December 2021 \$'000	December 2020 \$'000 Restated (Note 9(a))
Opening balance		(530,500)	(443,567)
Transfer from financial asset revaluation reserve	12	(518)	-
Loss for the half year		(36,767)	(82,311)
Closing balance		(567,785)	(525,878)

Notes to the Financial Statements

for the half year ended 28 December 2021

14. Interest bearing liabilities

	Note	December 2021 \$'000	June 2021 \$'000
Current			
US Term debt		1,950	1,865
Lease liabilities	15	11,177	21,642
Total current		13,127	23,507
Non-current			
US Term debt & revolving credit		188,331	181,022
Less: unamortised borrowing costs		(4,796)	(5,306)
Queensland Government loan		39,603	13,753
Less: unamortised borrowing costs		(457)	(584)
RedBird preferred shares		86,173	75,692
Less: unamortised borrowing costs		(6,632)	(6,923)
Series B preferred stock		1,331	1,198
Lease liabilities	15	395,727	342,342
Total non-current		699,280	601,194
Total interest bearing liabilities		712,407	624,701

(a) US term debt and revolving credit facilities

The Group's wholly-owned US subsidiary, Main Event Entertainment, Inc. (Main Event) has access to a US\$137.6 million (29 June 2021: US\$138.3 million) term loan facility, comprising a US\$122.9 million (29 June 2021: US\$123.5 million) drawn term loan and a US\$14.7 million (29 June 2021: US\$14.8 million) delayed draw term loan, as well as a US\$25.0 million (29 June 2021: US\$25.0 million) revolving credit facility (collectively, the US Facility). The US Facility is secured and guaranteed by Main Event and is non-recourse to the other assets of the Group.

The term debt facilities require principal repayments equal to 1% of the amounts drawn on these facilities each year.

In April 2020, Main Event's US debt facility was amended to remove US\$60.0 million undrawn capacity from its delayed draw term loan (DDTL) facility. This change was required by the lender in exchange for their consent for covenant waivers for the four quarters ending March 2021, due to the impact of the COVID-19 pandemic.

Notwithstanding the waiver noted above, the terms of the facility ordinarily impose a net leverage covenant on Main Event, being the ratio of net debt to EBITDA adjusted for unrealised and certain non-cash and other one-off items (adjusted EBITDA) as well as a minimum cash holding requirement.

All of Main Event's debt facilities have a variable interest rate. The interest rates on the loans are partially fixed using interest rate swaps and caps. The weighted average interest rates payable on the US loans at 28 December 2021, including the impact of the interest rate swaps and caps, is 7.50% per annum (29 June 2021: 7.50% per annum) for USD denominated debt.

Notes to the Financial Statements for the half year ended 28 December 2021

14. Interest bearing liabilities (continued)

(a) US term debt and revolving credit facilities (continued)

As at 28 December 2021, Main Event had unrestricted access to the following US credit facilities:

	December 2021 \$'000	June 2021 \$'000
Main Event US\$ term debt ⁽¹⁾	190,281	182,887
Amount used	(190,281)	(182,887)
Amount unused	-	-
Main Event US\$ revolving credit facility ⁽²⁾	34,569	33,056
Amount used	-	-
Amount unused	34,569	33,056
Total facilities	224,850	215,943
Total amount used	(190,281)	(182,887)
Total amount unused	34,569	33,056

(1) Main Event US\$122.9 million (29 June 2021: US\$123.5 million) term debt and US\$14.7 million (29 June 2021: US\$14.8 million) delayed draw term debt facilities will mature on 4 April 2025. Any part of the delayed draw term debt facility remaining undrawn at 4 April 2021 will expire at that date.

(2) Main Event US\$25.0 million (29 June 2021: US\$25.0 million) revolving credit facility will mature on 4 April 2024.

(b) Queensland Government loan

On 7 August 2020, the Group secured a financial assistance package for its Theme Parks & Attractions division under the Queensland Government's COVID-19 Industry Support Package and Queensland Tourism Icons Program 2020.

The package totalling \$69.9 million comprises a three-year secured loan facility of \$63.7 million (which includes capitalised interest and fees) and grants of \$6.2 million which can be used to fund working capital and approved capital expenditure. The loan facility was effective from 15 October 2020 and is mutually exclusive from the debt facility in place for the Group's US Main Event business.

The weighted average interest rate payable on the Queensland Government loan at 28 December 2021 is 4.12% per annum.

As at 28 December 2021, the Australian business has access to the following credit facilities:

	December 2021 \$'000	June 2021 \$'000
Queensland Government loan facility	63,662	63,662
Amount used	(39,603)	(13,753)
Amount unused	24,059	49,909

(c) RedBird preferred shares

On 15 June 2020, the Group entered into a partnership transaction with a US-based private investment firm, RedBird Capital Partners (RedBird) under which RedBird invested US\$80.0 million via Series A Preferred Stock into Main Event's US parent entity, Ardent Leisure US Holding Inc (ALUSH).

The preferred stock entitles RedBird to a 10.0% per annum preferred coupon on the US\$80.0 million invested, which is not paid in cash but accumulates and compounds semi-annually. RedBird is also entitled to participate in common stock dividends of ALUSH and residual net assets in the event of its liquidation.

In conjunction with the transaction, RedBird was granted an option to acquire additional equity in ALUSH which would enable it to move to a 51% controlling interest, exercisable between 30 June 2022 and 30 June 2024.

In accordance with the requirements of AASB 132 *Financial Instruments*, this investment is classified as a compound financial instrument and split into the following components:

	Note	December 2021 \$'000	June 2021 \$'000
Interest bearing liability		79,541	68,769
Equity (non-controlling interest in the Group)		39,046	39,046
Derivative option liability	16	13,327	2,434

Notes to the Financial Statements

for the half year ended 28 December 2021

14. Interest bearing liabilities (continued)

(d) ALUSH series B preferred stock

On 16 March 2021, key executives of Main Event Entertainment, Inc (Main Event) purchased 1,100 shares of newly issued Series B Preferred Stock in ALUSH for US\$1.1 million. The stock entitles each investor a preferential dividend of 10% per annum, which is not paid in cash but accumulates and compounds semi-annually. Investors are also entitled to participate in common stock dividends of ALUSH and residual net assets in the event of its liquidation. Series B Preferred Stock will convert into common stock when RedBird's Series A Preferred Stock converts to common stock.

In accordance with requirements of AASB 132 *Financial Instruments*, this investment is classified as a compound financial instrument and split into the following components:

	December 2021 \$'000	June 2021 \$'000
Interest bearing liability	1,331	1,198
Equity (non-controlling interest in the Group)	295	295

15. Leases

(a) Amounts recognised in the balance sheet

Right-of-use assets	December 2021 \$'000	June 2021 \$'000
Opening balance	286,712	327,058
Additions	26,461	18,482
Amortisation	(13,115)	(25,011)
Modifications to lease terms	5,182	(214)
Lease terminated	-	(20)
Variable lease payment adjustments	792	1,762
Impairment	-	(4,613)
Foreign exchange movements	13,816	(30,732)
Closing balance	319,848	286,712

Lease liabilities	December 2021 \$'000	June 2021 \$'000
Opening balance	363,984	396,941
Additions	26,461	18,482
Interest expenses	18,821	34,350
Modifications to lease terms	5,182	(296)
Lease terminated	-	(16)
Variable lease payment adjustments	791	1,771
Lease payments	(25,731)	(49,857)
Foreign exchange movements	17,396	(37,391)
Closing balance	406,904	363,984

Lease liabilities are presented in the balance sheet as follows:

	Note	December 2021 \$'000	June 2021 \$'000
Current	14	11,177	21,642
Non-current	14	395,727	342,342
		406,904	363,984

Notes to the Financial Statements for the half year ended 28 December 2021

15. Leases (continued)

(b) Additional profit or loss and cashflow information

The group recognised rent expenses from variable lease payments of \$277,921 for the six months ended 28 December 2021 (29 December 2020: \$120,129).

Cash flows in respect of leases in the current period are \$25.7 million (29 December 2020: \$23.2 million). For interest expenses in relation to leasing liabilities, refer to finance costs (Note 5).

16. Derivative financial instruments

	December 2021 \$'000	June 2021 \$'000
Non-current assets		
Interest rate caps	52	29
	52	29
Current liabilities		
RedBird call option (refer to note 14(c))	13,327	-
	13,327	-
Non-current liabilities		
RedBird call option (refer to note 14(c))	-	2,434
	-	2,434

17. Fair value measurement

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities on a recurring basis:

December 2021	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets measured at fair value:					
Investment held for sale		-	-	813	813
Derivative financial instruments	16	-	52	-	52
Liabilities measured at fair value:					
RedBird share purchase option	16	-	-	13,327	13,327
June 2021		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets measured at fair value:					
Investments held at fair value		-	-	1,358	1,358
Derivative financial instruments	16	-	29	-	29
Liabilities measured at fair value:					
RedBird share purchase option	16	-	-	2,434	2,434

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. There has been no transfer between level 1, 2 and 3 during the period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 28 December 2021.

Notes to the Financial Statements for the half year ended 28 December 2021

17. Fair value measurement (continued)

(b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques and inputs used to value financial instruments is as follows:

- The fair value of investments in unlisted equity instruments is determined by direct comparison to the market prices paid by other independent investors in the same unlisted entity and quoted market prices for similar instruments in comparable ASX listed entities;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date; and
- The fair value of the RedBird share purchase option is determined using a Monte-Carlo simulation model which takes into account its intrinsic value (determined with reference to its strike price and its current spot price), risk free interest rates and time to expiry of the option.

(c) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the half year ended 28 December 2021:

	December 2021 \$'000	June 2021 \$'000
Investment in Online Media Holdings Limited held for sale		
Opening balance	1,358	3,201
Disposal	(545)	-
Revaluation loss	-	(1,843)
Closing balance	813	1,358

	December 2021 \$'000	June 2021 \$'000
RedBird share purchase option		
Opening balance	2,434	1,931
Loss on derivative financial instrument	10,781	682
Foreign exchange movement recognised in the foreign currency translation reserve	112	(179)
Closing balance	13,327	2,434

18. Contingent liabilities

A small number of civil claims relating to the 2016 Dreamworld tragedy made by families and other affected persons have yet to be finalised. They are in the process of being dealt with by the Company's liability insurer. The statutory time period for bringing civil claims has passed.

On 18 June 2020, the Company was served with a representative shareholder class action arising from the 2016 Dreamworld tragedy. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The Company has previously indicated (and maintains) that it believes the proceedings to be without merit and is vigorously defending them. Further, the applicant has not provided any expert quantum or materiality evidence to support its claim and therefore the Company cannot provide any meaningful or indicative estimate of the quantum of any potential liability (if any at all).

The Company maintains appropriate insurances to respond to litigation and the majority of associated costs.

Unless otherwise disclosed in the financial statements, Ardent Leisure Group Limited has no other material contingent liabilities.

Notes to the Financial Statements for the half year ended 28 December 2021

19. Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	December 2021 \$'000	June 2021 \$'000
Property, plant and equipment Payable:		
Within one year	958	4,046
	958	4,046

20. Related party disclosures

There were no new material related party transactions in the half year to 28 December 2021. The financial report for the year ended 29 June 2021 provides further details on the nature of previous related party transactions.

21. Events occurring after reporting date

Since the end of the financial period, the Directors of the Company are not aware of any matters or circumstances not otherwise dealt with in the financial report or the Directors' report that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in financial periods subsequent to the half year ended 28 December 2021.

Directors' declaration to shareholders

In the opinion of the Directors of Ardent Leisure Group Limited:

- (a) The interim financial statements and notes of Ardent Leisure Group Limited and its controlled entities, set out on pages 7 to 27 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of Ardent Leisure Group Limited's financial position as at 28 December 2021 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the financial period ended on that date; and
- (b) There are reasonable grounds to believe that Ardent Leisure Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Boards of Directors.



Gary Weiss AM
Chairman



Brad Richmond
Director

Sydney
24 February 2022



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Independent auditor's review report to the members of Ardent Leisure Group Limited

Conclusion

We have reviewed the accompanying half-year financial report of Ardent Leisure Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the balance sheet as at 28 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 28 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our review of the half year financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 28 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards

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and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Ernst & Young

John Robinson
Partner
Sydney
24 February 2022

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