

APPENDIX 4D

Half Year Report for the period ended 27 December 2022

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	Decreased	84.1%	to	43,711
Revenue from ordinary activities of continuing operations	Increased	136.5%	to	43,711
Profit/(loss) from ordinary activities after tax attributable to members	Improved from loss of	(36,767)	to a profit of	669,540
Profit/(loss) from ordinary activities after tax from continuing operations	Improved from loss of	(20,216)	to a profit of	20,007
Net profit/(loss) for the period attributable to members	Improved from loss of	(36,767)	to a profit of	669,540

Dividends & Returns of Capital	Date	Amount per share
<i>Current Period:</i>		
Interim dividend	Nil	Nil
Special Unfranked dividend	13 July 2022	48.9301
Return of Capital	13 July 2022	46.0699
<i>Previous Corresponding Period:</i>		
Interim dividend		Nil
Record date for determining entitlements to interim dividend		N/A

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

The Group reported a net profit of \$669.5 million for the half year ended 27 December 2022, compared to a net loss of \$36.8 million in the prior period.

Year on year comparison of the Group's consolidated results is impacted by the sale of Main Event, with a \$649.5 million gain on sale of the US business being recognised in the current period. As the sale transaction was completed before commencement of trading on 29 June 2022 (US time), no trading activity for this discontinued operation has been included in the Group's consolidated results for the current reporting period.

Net profit after tax from continuing operations was \$20.0 million compared to a net loss of \$20.2 million in prior period.

Refer to the attached Interim Financial Report for the period ended 27 December 2022 for further commentary on the financial performance of the Group.

Details of Dividends

On 30 June 2022, the Directors of the Group determined to pay an unfranked special dividend of \$234.7 million (or 48.9301 cents per share) and a return of capital of \$221.0 million (or 46.0699 cents per share) (together, the 'Distribution'), reflecting a significant portion of the net proceeds from the sale of Main Event. The total Distribution amounting to \$455.7 million was paid on 13 July 2022.

No interim dividend was paid or declared for the half year ended 27 December 2022 (28 December 2021: nil).

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 27 December 2022	Previous corresponding Period 28 December 2021
Net tangible asset backing per share*	\$0.53	\$0.30
Net tangible asset backing per share after dividend	\$0.53	\$0.30

* 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	Ardent Leisure US Holding, Inc. ME HoldCo, Inc Main Event Entertainment, Inc. Main Event Louisiana, LLC Main Event Kansas, LLC Main Event Maryland, LLC Main Event Florida, LLC Botanic Electric, Inc ME Acquisition, Inc Main Event SE, Inc
Date control was lost	30 June 2022
Consolidated profit/(loss) 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	Nil
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	(\$16,551,000)

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 29 June 2022 to 27 December 2022

The interim financial report was authorised for issue by the Directors of Ardent Leisure Group Limited (ABN 51 628 881 603) on 23 February 2023. 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 29 June 2022 to 27 December 2022.

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.

2. Principal activities

The Group's principal activity is to invest in and operate leisure and entertainment businesses. On 30 June 2022, the Group disposed of its US-based Main Event business. Following the Main Event sale, the Group's future focus will be on its remaining Theme Parks & Attractions business. Other than the sale of Main Event, there have been no other significant changes in the nature of the activities of the Group during the period.

3. Dividends

On 30 June 2022, the Directors of the Group determined to pay an unfranked special dividend of \$234.7 million (or 48.9301 cents per share) and a return of capital of \$221.0 million (or 46.0699 cents per share) (together, the 'Distribution'), reflecting a significant portion of the net proceeds from the sale of Main Event. The total Distribution amounting to \$455.7 million was paid on 13 July 2022. No interim dividend was paid or declared for the half year ended 27 December 2022 (28 December 2021: 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, this comprised exclusively its Theme Parks & Attractions business in Australia.

Sale of Main Event business

On 30 June 2022, the Group, together with RedBird Capital Partners, completed the sale of the Main Event business to Dave & Buster's Entertainment Inc (Dave & Buster's). On completion, the Group received gross cash proceeds (before transaction costs) of US\$462.8 million (\$634.6 million) for its share of the business. On 19 October 2022, the Group received additional post-completion gross proceeds of US\$9.1 million (\$12.8 million) following the finalisation of working capital adjustments. A gain of \$649.5 million was recognised on disposal.

In addition, the Group is entitled to receive its share of up to US\$14.5 million contingent consideration upon the utilisation of Main Event tax losses by Dave & Buster's in the future.

The prior period comparative results of the Main Event business have been presented as a discontinued operation, as required by Australian accounting standards.

Shareholder class action

The representative shareholder class action against the Company commenced in June 2020 is ongoing. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The Company has indicated since the action was commenced, and continues to maintain, that it considers the proceedings to be without merit and is vigorously defending them, and therefore does not provide any estimate of potential liability (if any at all). The Company maintains appropriate insurances to respond to litigation and the majority of associated costs.

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 29 June 2022 to 27 December 2022 (182 days), was as follows:

29 June 2022 to 27 December 2022	Theme Parks & Attractions \$'000	Corporate \$'000	Continuing operations \$'000	Discontinued operations Main Event \$'000	Total \$'000
Segment revenue	43,710	1	43,711	-	43,711
Operating EBITDA	3,345	(4,005)	(660)	-	(660)
Gains associated with the sale of Main Event	-	32,895	32,895	649,533	682,428
Segment EBITDA	3,345	28,890	32,235	649,533	681,768
Depreciation and amortisation	(3,868)	(16)	(3,884)	-	(3,884)
Amortisation of lease assets	(54)	(39)	(93)	-	(93)
Segment EBIT	(577)	28,835	28,258	649,533	677,791
Borrowing costs			(347)	-	(347)
Lease liability interest expense			(1)	-	(1)
Interest income			2,196	-	2,196
Profit before tax			30,106	649,533	679,639
Income tax expense			(10,099)	-	(10,099)
Net profit after tax			20,007	649,533	669,540
The segment EBITDA above has been impacted by the following specific items:					
Dreamworld incident related costs, net of insurance recoveries	(972)	-	(972)	-	(972)
Gain on disposal of Main Event business	-	-	-	649,533	649,533
Unrealised derivative gain on hedging of Main Event sale proceeds	-	32,895	32,895	-	32,895
Other unrealised derivative losses	-	(50)	(50)	-	(50)
Lease payments no longer recognised in EBITDA under AASB 16 Leases	57	40	97	-	97
	(915)	32,885	31,970	649,533	681,503
The net profit after tax above has also been impacted by the following specific items:					
Lease asset amortisation and lease interest expense recognised under AASB 16 Leases	(54)	(40)	(94)	-	(94)
Capitalised borrowing costs written off on extinguishment of debt following the Main Event sale	-	(329)	(329)	-	(329)
Tax impact of specific items listed above	291	(9,755)	(9,464)	-	(9,464)
Tax losses for which deferred tax asset not recognised	(4)	(1,574)	(1,578)	-	(1,578)
Tax deductible temporary differences for which deferred tax asset not recognised	160	204	364	-	364
	393	(11,494)	(11,101)	-	(11,101)

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 30 June 2021 to 28 December 2021 (182 days), was as follows:

30 June 2021 to 28 December 2021	Theme Parks & Attractions \$'000	Corporate \$'000	Continuing operations \$'000	Discontinued operations Main Event \$'000	Total \$'000
Segment revenue	18,481	5	18,486	256,977	275,463
Segment EBITDA	(11,762)	(4,089)	(15,851)	59,411	43,560
Depreciation and amortisation	(3,575)	(43)	(3,618)	(27,367)	(30,985)
Amortisation of lease assets	(23)	(38)	(61)	(13,055)	(13,116)
Segment EBIT	(15,360)	(4,170)	(19,530)	18,989	(541)
Borrowing costs			(118)	(15,946)	(16,064)
Lease liability interest expense			(4)	(18,817)	(18,821)
Interest income			9	-	9
Loss before tax			(19,643)	(15,774)	(35,417)
Income tax expense			(573)	(777)	(1,350)
Net loss after tax			(20,216)	(16,551)	(36,767)
The segment EBITDA above has been impacted by the following specific items:					
Pre-opening expenses	-	-	-	(1,866)	(1,866)
Dreamworld incident related insurance recoveries, net of costs	439	-	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	31	39	70	25,031	25,101
Gain/(loss) on disposal of assets	13	-	13	(29)	(16)
	483	39	522	1,279	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	(24)	(41)	(65)	(31,872)	(31,937)
Tax impact of specific items listed above	(138)	1	(137)	6,425	6,288
Tax losses for which deferred tax asset not recognised	(5,205)	(1,708)	(6,913)	41	(6,872)
Tax deductible temporary differences for which deferred tax asset not recognised	292	(331)	(39)	-	(39)
	(5,075)	(2,079)	(7,154)	(25,406)	(32,560)

The Group reported a net profit of \$669.5 million for the half year ended 27 December 2022, compared to a net loss of \$36.8 million in the prior period.

Year on year comparison of the Group's consolidated results is impacted by the sale of Main Event, with a \$649.5 million gain on sale of the US business being recognised in the current period. As the sale transaction was completed before commencement of trading on 29 June 2022 (US time), no trading activity for this discontinued operation has been included in the Group's consolidated results for the current reporting period.

Net profit after tax from continuing operations was \$20.0 million compared to a net loss of \$20.2 million in prior period.

Directors' report

4. Review and results of operations (continued)

Group results (continued)

The performance of the continuing businesses has improved significantly compared to the prior period, driven by:

- \$25.2 million and \$15.1 million incremental revenue and EBITDA in Theme Parks & Attractions respectively, driven by strong growth in attendances and improved per capita revenue yields in the business;
- A \$32.9 million unrealised derivative gain on hedging of Main Event sale proceeds. This gain reverses the corresponding unrealised derivative loss recorded in FY22; and
- A \$2.2 million uplift in interest income arising from investment of retained cash from Main Event sale.

Partially offset by:

- A \$9.5 million increase in income tax expense predominantly due to a \$49.7 million improvement in pre-tax profits; and
- Dreamworld incident related costs, net of insurance recoveries of \$1.0 million, which is \$1.4 million higher compared to \$0.4 million net insurance recoveries reported in the prior period.

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
23 February 2023



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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 27 December 2022, 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

Anthony Ewan
Partner
23 February 2023

Income Statement

for the half year ended 27 December 2022

	Note	December 2022 \$'000	December 2021 \$'000
Income			
Revenue from operating activities	3	43,711	18,486
Unrealised derivative gain on hedging of Main Event sale proceeds		32,895	-
Gain on disposal of assets		-	13
Interest income		2,196	9
Other income	4	515	2,828
Total income		79,317	21,336
Expenses			
Purchases of finished goods		7,024	3,859
Salary and employee benefits		21,047	18,641
Finance costs	5	348	122
Property expenses		364	363
Depreciation and amortisation		3,977	3,679
Advertising and promotions		3,145	3,207
Repairs and maintenance		3,250	2,729
Unrealised derivative losses		50	-
Dreamworld incident related costs		1,438	389
Other expenses		8,568	7,990
Total expenses		49,211	40,979
Profit/(loss) before tax		30,106	(19,643)
Income tax expense	6	(10,099)	(573)
Profit/(loss) from continuing operations		20,007	(20,216)
Profit/(loss) from discontinued operations	17(b)	649,533	(16,551)
Profit/(loss) for the half year		669,540	(36,767)
Attributable to:			
Ordinary shareholders		669,540	(36,767)

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

Total basic and diluted earnings/(losses) per share (cents)	7	139.57	(7.66)
Basic and diluted earnings/(losses) per share (cents) from continuing operations	7	4.17	(4.21)

Statement of Comprehensive Income for the half year ended 27 December 2022

	Note	December 2022 \$'000	December 2021 \$'000
Profit/(loss) for the half year		669,540	(36,767)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign exchange translation difference		-	3,603
Reclassification of foreign currency translation reserve to Income Statement		9,205	-
Other comprehensive income for the half year, net of tax		9,205	3,603
Total comprehensive income/(loss) for the half year, net of tax		678,745	(33,164)
Attributable to:			
Ordinary shareholders		678,745	(33,164)
Total comprehensive income/(loss) for the half year, net of tax		678,745	(33,164)
Total comprehensive income/(loss) for the half year, net of tax attributable to shareholders arises from:			
Continuing operations		20,007	(20,216)
Discontinued operations		658,738	(12,948)
Total comprehensive income/(loss) for the half year, net of tax		678,745	(33,164)

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

Balance Sheet

as at 27 December 2022

	Note	December 2022 \$'000	June 2022 \$'000
Current assets			
Cash and cash equivalents		147,694	40,765
Receivables		1,877	734
Inventories		3,176	2,384
Other		6,277	1,782
		159,024	45,665
Assets classified as held for sale	17(f)	-	956,785
Total current assets		159,024	1,002,450
Non-current assets			
Property, plant and equipment	9	121,813	114,942
Right-of-use assets	15	315	361
Livestock		111	115
Intangible assets	10	2,727	2,554
Deferred tax assets		3,340	13,439
Total non-current assets		128,306	131,411
Total assets		287,330	1,133,861
Current liabilities			
Payables		24,963	23,621
Derivative financial instruments	16	23	32,895
Interest bearing liabilities	14	109	21,120
Current tax liabilities		-	2,500
Provisions		1,856	1,737
Other		-	2
		26,951	81,875
Liabilities directly associated with assets classified as held for sale	17(f)	-	954,187
Total current liabilities		26,951	1,036,062
Non-current liabilities			
Payables		540	594
Derivative financial instruments	16	27	-
Interest bearing liabilities	14	211	24,590
Provisions		484	487
Non-current tax liabilities		-	8,459
Total non-current liabilities		1,262	34,130
Total liabilities		28,213	1,070,192
Net assets		259,117	63,669
Equity			
Contributed equity	11	556,124	777,124
Reserves	12	(102,605)	(112,190)
Accumulated losses	13	(194,402)	(628,746)
Total equity attributable to shareholders of the Company		259,117	36,188
Non-controlling interest		-	27,481
Total equity		259,117	63,669

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

Statement of Changes in Equity

for the half year ended 27 December 2022

	Note	Contributed equity \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
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		-	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		-	28	-	-	28
Transfer of reserve on disposal of financial asset		-	518	(518)	-	-
Total equity at 28 December 2021		777,124	(112,132)	(567,785)	39,341	136,548
Total equity at 29 June 2022		777,124	(112,190)	(628,746)	27,481	63,669
Profit for the half year	13	-	-	669,540	-	669,540
Other comprehensive income for the half year	12	-	9,205	-	-	9,205
Total comprehensive income for the half year		-	9,205	669,540	-	678,745
<i>Transactions with owners in their capacity as owners:</i>						
Equity-based payments	12	-	(95)	-	-	(95)
Transfer of reserve on disposal of financial asset	12	-	475	(475)	-	-
Dividend paid	13	-	-	(234,721)	-	(234,721)
Return of capital paid	11	(221,000)	-	-	-	(221,000)
Disposal of discontinued operation		-	-	-	(27,481)	(27,481)
Total equity at 27 December 2022		556,124	(102,605)	(194,402)	-	259,117

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 27 December 2022

	Note	December 2022 \$'000	December 2021 \$'000
Cash flows from operating activities			
Receipts from customers		45,671	280,045
Payments to suppliers and employees		(53,641)	(219,946)
Property expenses paid		(364)	(8,423)
Interest received		1,394	9
Government grants received		49	2,000
Payments for construction of Main Event centres		-	(16,425)
Reimbursements received for construction of Main Event centres		-	13,943
Insurance recoveries		466	1,654
Income tax paid		(10,963)	(542)
Net cash flows from operating activities		(17,388)	52,315
Cash flows from investing activities			
Payments for property, plant and equipment		(7,728)	(46,999)
Payments for intangible assets		(470)	(2,943)
Proceeds from the sale of plant and equipment		-	3
Proceeds from the sale of Main Event, net of cash disposed		583,497	-
Proceeds from the sale of other investment held for sale		500	545
Net cash flows used in investing activities		575,799	(49,394)
Cash flows from financing activities			
Proceeds from loans		-	25,000
Repayments of loans		(45,689)	(947)
Loan interest paid		(1)	(9,910)
Payment of principal portion of lease liabilities	15(b)	(82)	(6,559)
Lease interest paid	15(b)	(8)	(19,172)
Dividend paid	13	(234,721)	-
Return of capital paid	11	(221,000)	-
Net cash flows used in financing activities		(501,501)	(11,588)
Net increase in cash and cash equivalents		56,910	(8,667)
Cash and cash equivalents at the beginning of the half year		90,623	114,962
Effect of exchange rate changes on cash and cash equivalents		161	4,146
Cash and cash equivalents at the end of the half year		147,694	110,441

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 27 December 2022

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 27 December 2022 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 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 28 June 2022 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 28 June 2022, except for the adoption of new standards effective as of 29 June 2022.

The new accounting standards, interpretations and amendments which became effective for the reporting period commencing on 29 June 2022 are set out below:

- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments to AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141*; and
- AASB 2021-7 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

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 28 June 2022, 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 has continued to impact the operations of the Group during the period, albeit to a lesser extent than in prior periods. Following the reopening of Queensland borders, easing of restrictions and the launch of the new Steel Taipan rollercoaster in December 2021, the business has rebounded well, showing strong signs of recovery and experiencing growth in local and interstate markets. This, combined with several successful activations, has helped drive strong pass sales and positive guest sentiment.

Management has continued to work hard to preserve liquidity within the business, maximising opportunities within the local and interstate markets and maintaining a strong focus on driving operational efficiency and prudent management of discretionary costs.

Notes to the Financial Statements

for the half year ended 27 December 2022

1. Basis of preparation (continued)

Going concern (continued)

Sale of Main Event

On 30 June 2022, the Group, together with RedBird Capital Partners, completed the sale of the Main Event business. Prior to completion, the Group received a pre-sale dividend of US\$20.4 million (net of US\$3.6 million US federal withholding tax) and, on completion, the Group received gross cash proceeds (before transaction costs) of US\$462.8 million (\$634.6 million) for its share of the business. Additional post-completion gross proceeds of US\$9.1 million (\$12.8 million) were received following finalisation of working capital adjustments on 19 October 2022.

Following the sale of Main Event, the Group has repaid all of its debt facilities and returned \$455.7 million of proceeds to shareholders in the form of a special dividend and a return of capital. Following receipt of the post-completion proceeds noted above, the Group has retained approximately \$149.6 million from the Main Event sale to support the ongoing recovery, growth and development of the Theme Parks & Attractions business.

At 27 December 2022, the Group is well capitalised with \$147.7 million of cash on hand and no drawn debt.

Going concern assessment

The above analysis, together with management's forecasts which reflect the improving performance of the Theme Parks & Attractions business and significant cash reserves retained from the sale of Main Event, 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:

Theme Parks & Attractions

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

Main Event

This segment was sold on 30 June 2022. It operates solely in the United States of America and, at the time of sale, comprised 51 Main Event sites in Texas, Arizona, Georgia, Illinois, Kentucky, Missouri, New Mexico, Ohio, Oklahoma, Kansas, Florida, Tennessee, Maryland, Delaware, Colorado, Alabama and Louisiana.

Notes to the Financial Statements

for the half year ended 27 December 2022

2. Segment information (continued)

29 June 2022 to 27 December 2022	Theme Parks & Attractions	Corporate	Continuing operations	Discontinued operations Main Event	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	43,710	1	43,711	-	43,711
Operating EBITDA	3,345	(4,005)	(660)	-	(660)
Gains associated with the sale of Main Event	-	32,895	32,895	649,533	682,428
Segment EBITDA	3,345	28,890	32,235	649,533	681,768
Depreciation and amortisation	(3,868)	(16)	(3,884)	-	(3,884)
Amortisation of lease assets	(54)	(39)	(93)	-	(93)
Segment EBIT	(577)	28,835	28,258	649,533	677,791
Borrowing costs			(347)	-	(347)
Lease liability interest expense			(1)	-	(1)
Interest income			2,196	-	2,196
Profit before tax			30,106	649,533	679,639
Income tax expense			(10,099)	-	(10,099)
Net profit after tax			20,007	649,533	669,540
The segment EBITDA above has been impacted by the following specific items:					
Dreamworld incident related costs, net of insurance recoveries	(972)	-	(972)	-	(972)
Gain on disposal of Main Event business	-	-	-	649,533	649,533
Unrealised derivative gain on hedging of Main Event sale proceeds	-	32,895	32,895	-	32,895
Other unrealised derivative losses	-	(50)	(50)	-	(50)
Lease payments no longer recognised in EBITDA under AASB 16 Leases	57	40	97	-	97
	(915)	32,885	31,970	649,533	681,503
The net profit after tax above has also been impacted by the following specific items:					
Lease asset amortisation and lease interest expense recognised under AASB 16 Leases	(54)	(40)	(94)	-	(94)
Capitalised borrowing costs written off on extinguishment of debt following the Main Event sale	-	(329)	(329)	-	(329)
Tax impact of specific items listed above	291	(9,755)	(9,464)	-	(9,464)
Tax losses for which deferred tax asset not recognised	(4)	(1,574)	(1,578)	-	(1,578)
Tax deductible temporary differences for which deferred tax asset not recognised	160	204	364	-	364
	393	(11,494)	(11,101)	-	(11,101)
Total assets	141,619	145,711	287,330	-	287,330
Acquisitions of property, plant & equipment and intangible assets	10,925	-	10,925	-	10,925

Notes to the Financial Statements

for the half year ended 27 December 2022

2. Segment information (continued)

30 June 2021 to 28 December 2021	Theme Parks & Attractions \$'000	Corporate \$'000	Continuing operations \$'000	Discontinued operations Main Event \$'000	Total \$'000
Segment revenue	18,481	5	18,486	256,977	275,463
Segment EBITDA	(11,762)	(4,089)	(15,851)	59,411	43,560
Depreciation and amortisation	(3,575)	(43)	(3,618)	(27,367)	(30,985)
Amortisation of lease assets	(23)	(38)	(61)	(13,055)	(13,116)
Segment EBIT	(15,360)	(4,170)	(19,530)	18,989	(541)
Borrowing costs			(118)	(15,946)	(16,064)
Lease liability interest expense			(4)	(18,817)	(18,821)
Interest income			9	-	9
Loss before tax			(19,643)	(15,774)	(35,417)
Income tax expense			(573)	(777)	(1,350)
Net loss after tax			(20,216)	(16,551)	(36,767)
The segment EBITDA above has been impacted by the following specific items:					
Pre-opening expenses	-	-	-	(1,866)	(1,866)
Dreamworld incident related insurance recoveries, net of costs	439	-	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	31	39	70	25,031	25,101
Gain/(loss) on disposal of assets	13	-	13	(29)	(16)
	483	39	522	1,279	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	(24)	(41)	(65)	(31,872)	(31,937)
Tax impact of specific items listed above	(138)	1	(137)	6,425	6,288
Tax losses for which deferred tax asset not recognised	(5,205)	(1,708)	(6,913)	41	(6,872)
Tax deductible temporary differences for which deferred tax asset not recognised	292	(331)	(39)	-	(39)
	(5,075)	(2,079)	(7,154)	(25,406)	(32,560)
Total assets	84,976	64,924	149,900	832,875	982,775
Acquisitions of property, plant & equipment and intangible assets	6,398	-	6,398	40,007	46,405

Notes to the Financial Statements for the half year ended 27 December 2022

3. Revenue from operating activities

Revenue by type	December 2022 \$'000	December 2021 \$'000
Revenue from services	27,248	10,627
Revenue from sale of goods	16,462	7,854
Other revenue	1	5
Revenue from operating activities	43,711	18,486

Revenue by geographical market	December 2022 \$'000	December 2021 \$'000
Australia	43,711	18,486
	43,711	18,486

Timing of revenue recognition	December 2022 \$'000	December 2021 \$'000
Goods and services transferred at a point in time	32,735	12,496
Services transferred over time	10,976	5,990
	43,711	18,486

4. Other income

	December 2022 \$'000	December 2021 \$'000
Government subsidies & grants	49	2,000
Insurance recoveries	466	828
	515	2,828

5. Finance costs

	Note	December 2022 \$'000	December 2021 \$'000
Interest on loans		347	1,000
Interest on leases	15(a)	1	3
Remission of interest		-	(881)
		348	122

Notes to the Financial Statements

for the half year ended 27 December 2022

6. Taxation

(a) Income tax expense

	Note	December 2022 \$'000	December 2021 \$'000
Current tax		169	(14,179)
Deferred tax		10,084	16,008
Over provided in prior year		(154)	(479)
		10,099	1,350
Income tax expense is attributable to:			
Profit from continuing operations		10,099	573
Profit from discontinued operations	17(b)	-	777
		10,099	1,350

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

Profit/(loss) from continuing operations before income tax expense		30,106	(19,643)
Profit/(loss) from discontinued operations before income tax benefit	17(b)	649,533	(15,774)
Prima facie profit/(loss) before tax		679,639	(35,417)
Prima facie tax at the Australian tax rate of 30% (28 December 2021: 30%)		203,892	(10,625)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:			
Foreign exchange conversion differences		-	(60)
Entertainment		4	52
Sundry items		3	235
RedBird preferred stock dividend		-	2,174
RedBird Option unrealised valuation loss		-	3,304
Employee benefits		-	8
Tax losses for which deferred tax asset not recognised		1,578	6,872
Tax deductible temporary differences for which deferred tax asset not recognised		(364)	39
Gain on disposal of discontinued operations		(194,860)	-
US state taxes		-	485
Research and development and other credits		-	(305)
Difference in overseas tax rates		-	(350)
Over provided in prior year		(154)	(479)
Income tax expense		10,099	1,350

Notes to the Financial Statements for the half year ended 27 December 2022

7. Losses per share

	December 2022	December 2021
Basic earnings/(losses) per share (cents) from continuing operations	4.17	(4.21)
Basic earnings/(losses) per share (cents) from discontinued operations	135.40	(3.45)
Total basic earnings/(losses) per share (cents)	139.57	(7.66)
Diluted earnings/(losses) per share (cents) from continuing operations	4.17	(4.21)
Diluted earnings/(losses) per share (cents) from discontinued operations	135.40	(3.45)
Total diluted earnings/(losses) per share (cents)	139.57	(7.66)
Earnings/(losses) used in the calculation of basic and diluted earnings per share (\$'000)	669,540	(36,767)
Weighted average number of shares on issue used in the calculation of basic earnings/(losses) per share ('000)	479,706	479,706
Weighted average number of shares held by employees under employee equity plans ('000)	126	23
Weighted average number of shares on issue used in the calculation of diluted earnings/(losses) per share ('000)	479,706	479,706

8. Dividends paid and payable

On 30 June 2022, the Directors of the Group determined to pay an unfranked special dividend of \$234.7 million (or 48.9301 cents per share) and a return of capital of \$221.0 million (or 46.0699 cents per share) (together, the 'Distribution'), reflecting a significant portion of the net proceeds from the sale of Main Event. The total Distribution amounting to \$455.7 million was paid on 13 July 2022. No interim dividend has been paid or declared for the period ended 27 December 2022 (28 December 2021: nil).

9. Property, plant and equipment

Segment	Cost December 2022 \$'000	Accumulated depreciation & impairments December 2022 \$'000	Consolidated book value December 2022 \$'000	Cost June 2022 \$'000	Accumulated depreciation & impairments June 2022 \$'000	Consolidated book value June 2022 \$'000
Theme Parks & Attractions	320,677	(198,887)	121,790	310,207	(195,304)	114,903
Corporate	4,133	(4,110)	23	4,133	(4,094)	39
Total	324,810	(202,997)	121,813	314,340	(199,398)	114,942

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 2022 \$'000	June 2022 \$'000
Carrying amount at the beginning of the period	114,942	408,511
Additions	10,470	71,698
Acquired through business combination	-	77,467
Transfer from intangible assets	-	1
Disposals	-	(66,963)
Depreciation	(3,599)	(45,171)
Foreign exchange movements	-	2,498
Reversal of impairment	-	6,810
Transfer to assets reclassified as held for sale	-	(339,909)
Carrying amount at the end of the period	121,813	114,942

Notes to the Financial Statements

for the half year ended 27 December 2022

9. Property, plant and equipment (continued)

(a) Impairment of assets

Under AASB 136 *Impairment of Assets*, property, plant and equipment and lease right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use.

For previously impaired assets, an impairment review is also carried out whenever events or changes in circumstances indicate that there could be a reversal of prior impairment. A reversal of prior impairment is recognised to the extent that the asset's recoverable amount exceeds its impaired carrying amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units, or CGUs). In assessing impairment of assets, the Group has determined that it has the following CGUs:

- Dreamworld theme park, including the adjoining WhiteWater World;
- SkyPoint, including the SkyPoint climb;
- Dreamworld excess land.

Due to the improved performance of the Theme Parks & Attractions business, management has determined that there are no significant indicators of impairment for SkyPoint or Dreamworld as at 27 December 2022. Further, noting the relatively short period of profitability seen for Dreamworld, the presence of potential macro-economic headwinds in the near-term and the high sensitivity of Dreamworld's recoverable amount to small changes in impairment testing assumptions, management has determined that there are also no indicators of impairment reversal for Dreamworld as at 27 December 2022. As a result, impairment testing has not been required for SkyPoint or Dreamworld at this reporting date.

Key impairment testing assumptions and sensitivities

In its previous impairment testing at 28 June 2022, the recoverable amount of Dreamworld assets was determined based on value-in-use calculations, which included the following key assumptions:

	June 2022 \$'000
Pre-tax discount rate	13.9%
Long term EBITDA growth rate	2.5%

While the directors considered the above assumptions to be reasonable at 28 June 2022, 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, as reported in the 28 June 2022 Annual Report, were as follows:

		Change in value-in-use \$'000
Dreamworld		
Pre-tax discount rate and terminal yield	+0.5%	(4,789)
	-0.5%	5,001
10-year Average Annual EBTDA	+5%	3,407
	-5%	(3,407)
Long term EBITDA growth rate	+0.5%	3,576
	-0.5%	(3,275)

For SkyPoint assets, the Directors did not consider that any reasonably possible change in any of the key assumptions applied in the previous June 2022 impairment testing would cause the carrying amount to exceed their recoverable amount.

Notes to the Financial Statements for the half year ended 27 December 2022

10. Intangible assets

	December 2022 \$'000	June 2022 \$'000
Goodwill		
Opening net book amount	-	55,404
Additions	-	23,901
Transfer to assets classified as held for sale	-	(79,872)
Foreign exchange movements	-	567
Closing net book amount	-	-
Other intangibles		
Opening net book amount	2,554	19,149
Additions	455	5,600
Transfer to assets classified as held for sale	-	(17,490)
Transfers to property, plant and equipment	-	(1)
Disposals	-	(206)
Amortisation	(282)	(4,632)
Foreign exchange movements	-	134
Closing net book amount	2,727	2,554
Total intangible assets	2,727	2,554

11. Contributed equity

No. of securities/ shares	Details	Date of income entitlement	December 2022 \$'000	June 2022 \$'000
479,706,016	Fully paid ordinary shares	29 Jun 2022	777,124	777,124
	Return of capital	13 Jul 2022	(221,000)	-
479,706,016	Shares on issue		556,124	777,124

12. Reserves

	Note	December 2022 \$'000	June 2022 \$'000
Foreign currency translation reserve			
Opening balance		(9,205)	(12,378)
Translation of foreign operations		-	3,173
Reclassification of foreign currency translation reserve to Income Statement	17(d)	9,205	-
Closing balance		-	(9,205)
Equity-based payment reserve			
Opening balance		(8,419)	(8,522)
Option expense		(95)	103
Closing balance		(8,514)	(8,419)
Financial asset revaluation reserve			
Opening balance		(475)	(1,290)
Transfer to accumulated losses on disposal of financial asset	13	475	815
Closing balance		-	(475)
Corporate restructure reserve			
Opening balance		(94,091)	(94,091)
Closing balance		(94,091)	(94,091)
Total reserves		(102,605)	(112,190)

Notes to the Financial Statements for the half year ended 27 December 2022

13. Accumulated losses

	Note	December 2022 \$'000	December 2021 \$'000
Opening balance		(628,746)	(530,500)
Profit/(loss) for the half year		669,540	(36,767)
Transfer from financial asset revaluation reserve	12	(475)	(518)
Dividend paid		(234,721)	-
Closing balance		(194,402)	(567,785)

14. Interest bearing liabilities

	Note	December 2022 \$'000	June 2022 \$'000
Current			
Lease liabilities	15	109	123
Queensland Government loan ⁽¹⁾		-	20,997
Total current		109	21,120
Non-current			
Queensland Government loan ⁽¹⁾		-	24,679
Less: unamortised borrowing costs ⁽¹⁾		-	(329)
Lease liabilities	15	211	240
Total non-current		211	24,590
Total interest bearing liabilities		320	45,710

(1) On 30 June 2022, the Group fully repaid the outstanding loan balance of \$45.7 million to the Queensland Government, using net proceeds from the sale of Main Event. Unamortised borrowing costs remaining at this date of \$329,310 were fully written off on repayment of the loan.

15. Leases

(a) Amounts recognised in the balance sheet

	December 2022 \$'000	June 2022 \$'000
Right-of-use assets		
Opening balance	361	286,712
Additions	47	73,504
Amortisation	(93)	(20,295)
Modifications to lease terms	-	5,195
Reversal of impairment	-	1,374
Transfer to assets classified as held for sale	-	(350,252)
Variable lease payment adjustments	-	792
Foreign exchange movements	-	3,331
Closing balance	315	361

	December 2022 \$'000	June 2022 \$'000
Lease liabilities		
Opening balance	363	363,984
Additions	47	73,504
Interest expenses	1	28,758
Modifications to lease terms	-	5,195
Transfer to assets classified as held for sale	-	(438,535)
Variable lease payment adjustments	5	792
Lease payments	(96)	(37,189)
Foreign exchange movements	-	3,854
Closing balance	320	363

Notes to the Financial Statements for the half year ended 27 December 2022

15. Leases (continued)

(a) Amounts recognised in the balance sheet (continued)

Lease liabilities are presented in the balance sheet as follows:

	Note	December 2022 \$'000	June 2022 \$'000
Current	14	109	123
Non-current	14	211	240
		320	363

(b) Additional profit or loss and cashflow information

No rent expenses from variable lease payments were recognised for the six months ended 27 December 2022 (28 December 2021: \$277,921).

Cash flows in respect of leases in the current period are \$0.1 million (28 December 2021: \$25.7 million). For interest expenses in relation to lease liabilities, refer to finance costs (Note 5).

16. Derivative financial instruments

	December 2022 \$'000	June 2022 \$'000
Current liabilities		
Forward foreign exchange contracts	23	32,895
	23	32,895
Non-current liabilities		
Forward foreign exchange contracts	27	-
	27	-

17. Discontinued operations

(a) Overview

On 6 April 2022, the Group announced that, together with RedBird Capital Partners (the Group's co-investor in Main Event), it had entered into a binding sale agreement and plan of merger with Dave & Buster's Entertainment Inc for the sale of the entire Main Event business (the 'Transaction').

Completion of the Transaction occurred on 30 June 2022 and, the Group received gross cash proceeds (before transaction costs) of US\$462.8 million (\$634.6 million) for its share of the business. On 19 October 2022, the Group received additional post-completion gross proceeds of US\$9.1 million (\$12.8 million) following the finalisation of working capital adjustments.

The prior period comparative results of the Main Event business have been presented as a discontinued operation in the interim financial report. Associated assets and liabilities were classified as held-for-sale in the financial report for the year ended 28 June 2022.

Notes to the Financial Statements for the half year ended 27 December 2022

17. Discontinued operations (continued)

(b) Financial performance

The financial performance for the period ended 27 December 2022 was as follows:

	Note	December 2022 \$'000	December 2021 \$'000
Revenue from operating activities		-	256,977
Other income		-	551
Expenses		-	(273,302)
Loss before income tax		-	(15,774)
Income tax expense	6(a)	-	(777)
Loss after income tax of discontinued operations		-	(16,551)
Gain on sale of the discontinued operation after tax	17(d)	649,533	-
Profit from discontinued operations after tax		649,533	(16,551)

There is no trading activity for this discontinued operation in the current reporting period as the sale transaction was completed before commencement of trading on 29 June 2022 (US time).

(c) Cash flow information

The net cash flows for the period ended 27 December 2022 were as follows:

	December 2022 \$'000	December 2021 \$'000
Net cash inflow from operating activities	-	70,960
Net cash outflow from investing activities	633,355	(38,840)
Net cash outflow from financing activities	-	(36,496)
Net decrease in cash and cash equivalents	633,355	(4,376)

(d) Gain on sale of the Main Event business

	Note	December 2022 \$'000
Consideration received		
Base consideration		634,562
Cash adjustment for working capital adjustments		12,782
Total disposal consideration received		647,344
Selling costs		(13,989)
Net liabilities attributable to shareholders of the company		25,383
Reclassification of foreign currency translation reserve to Income Statement	12	(9,205)
Gain on sale before income tax		649,533
Income tax expense on gain		-
Gain on sale after income tax		649,533

Following the sale of the Main Event business, the investment of RedBird Capital Partners in Main Event, presented as a non-controlling interest as at 28 June 2022, has been derecognised from the Group's balance sheet.

(e) Contingent consideration

In addition to the proceeds set out above, the Group is entitled to receive its share of up to US\$14.5 million contingent consideration upon the utilisation of Main Event tax losses by the acquirer, Dave & Buster's Entertainment Inc. In accordance with Australian Accounting Standards, a receivable has not been recognised for this contingent asset at 27 December 2022 and will not be recognised until such time as receipt is considered virtually certain.

Notes to the Financial Statements for the half year ended 27 December 2022

17. Discontinued operations (continued)

(f) Carrying value of assets on sale

The carrying amount of assets and liabilities as at their respective dates of sale were as follows:

	Main Event 30 June 2022 \$'000	Other ⁽¹⁾ 22 July 2022 \$'000	Total \$'000
Cash and cash equivalents	49,858	-	49,858
Receivables	12,809	-	12,809
Inventories	7,111	-	7,111
Property, plant and equipment	391,139	-	391,139
Intangible assets	109,948	-	109,948
Right-of-use assets	377,260	-	377,260
Financial asset held at fair value	2,584	500	3,084
Derivative financial instruments	576	-	576
Other	5,000	-	5,000
Total assets	956,285	500	956,785
Payables	(89,304)	-	(89,304)
Interest bearing liabilities	(758,634)	-	(758,634)
Provisions	(89,739)	-	(89,739)
Derivative financial instruments	(10,677)	-	(10,677)
Other	(5,833)	-	(5,833)
Total liabilities	(954,187)	-	(954,187)
Net assets	2,098	500	2,598
Less non-controlling interests	(27,481)	-	(27,481)
Net (liabilities)/assets attributable to shareholders of the Company	(25,383)	500	(24,883)

(1) Other assets held for sale relates to a financial investment held at fair value in Online Media Holdings Limited. This investment was disposed for proceeds equal to the carrying amount, with no gain/loss recorded on disposal.

18. 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:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) 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:

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
December 2022					
Liabilities measured at fair value:					
Derivative financial instruments	16	-	-	50	50
June 2022					
Assets measured at fair value:					
Investments held at fair value		-	-	3,084	3,084
Derivative financial instruments	17(f)	-	576	-	576
Liabilities measured at fair value:					
Derivative financial instruments		-	32,895	-	32,895
RedBird share purchase option	17(f)	-	-	10,677	10,677

Notes to the Financial Statements for the half year ended 27 December 2022

18. Fair value measurement (continued)

(a) Fair value hierarchy (continued)

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 27 December 2022.

(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 recognised in the prior period was determined using a Monte-Carlo simulation model which took 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.

19. Contingent liabilities

The representative shareholder class action against the Company commenced in June 2020 is ongoing. The claim alleges contraventions of the *Corporations Act 2001 (Cth)*. The Company has indicated since the action was commenced, and continues to maintain, that it considers the proceedings to be without merit and is vigorously defending them, and therefore does not provide any estimate of 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.

20. Capital commitments

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

	December 2022 \$'000	June 2022 \$'000
Property, plant and equipment Payable:		
Within one year	5,336	400
Later than one year but not later than five years	5,413	-
	10,749	400

21. Related party disclosures

There were no new material related party transactions in the half year ended 27 December 2022. The financial report for the year ended 28 June 2022 provides further details on the nature of previous related party transactions.

22. 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 27 December 2022.

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 25 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 27 December 2022 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
23 February 2023

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 27 December 2022, 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 27 December 2022 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 27 December 2022 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 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.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten-style font.

Ernst & Young

A handwritten signature in black ink, appearing to read 'A Ewan'.

Anthony Ewan
Partner
23 February 2023