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Ardent Leisure Group Limited

Annual Financial Report
for the year ended 27 June 2023

The financial report was authorised for issue by the Directors of Ardent Leisure Group Limited (ABN 51 628 881 603) on 24 August 2023. The Directors have the power to amend and reissue the financial report.

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Annual Financial Report

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Directors' Report

The Directors of Ardent Leisure Group Limited (Company) present their report together with the consolidated financial report of the Company and its controlled entities (collectively, the Group) for the year ended 27 June 2023 (FY23).

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 year.

3. Dividends and capital distributions

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 dividend has been paid or declared for the year ended 27 June 2023 (28 June 2022: nil).

4. Operating and financial review

Overview

The Group's strategy is to focus primarily on leisure and entertainment segments within its geographical areas of operation. During the year, 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 cash proceeds (before transaction costs) of US$462.8 million ($634.6 million) for its share of the business, representing base consideration of $667.5 million net of the settlement of forward foreign exchange contracts of $32.9 million. On 19 October 2022, the Group received additional post-completion proceeds of US$9.1 million ($12.8 million) following the finalisation of working capital adjustments. A gain of $682.4 million was recognised on disposal.

In addition, the Group is entitled to receive its share of contingent consideration amounting to approximately US$8.8 million upon the utilisation of Main Event tax losses by Dave & Buster's in the future.

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

Shareholder class action

As set out in Section 13 below, on 24 August 2023, the Company announced to the market that it has reached agreement with the applicants to settle the shareholder class action that was commenced in June 2020. The settlement deed has been executed and is subject only to Court approval. The Company is required to make a one-off payment of approximately $4 million following Court approval and the balance of the settlement proceeds are fully insured.

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4. Operating and financial review (continued)

Group results

The performance of the Group, as represented by the aggregated results of its operations for the prior period from 29 June 2022 to 27 June 2023 (364 days), was as follows:

29 June 2022 to 27 June 2023	Theme Parks & Attractions $'000	Corporate $'000	Continuing operations $'000	Discontinued operations Main Event $'000	Total $'000
Segment revenue	**83,874**	**1**	**83,875**	**-**	**83,875**
Operating EBITDA	**3,087**	**(7,915)**	**(4,828)**	**-**	**(4,828)**
Gain on disposal of Main Event business	-	-	-	682,428	682,428
Segment EBITDA	**3,087**	**(7,915)**	**(4,828)**	**682,428**	**677,600**
Depreciation and amortisation	(7,784)	(28)	(7,812)	-	(7,812)
Amortisation of lease assets	(113)	(78)	(191)	-	(191)
Segment EBIT	**(4,810)**	**(8,021)**	**(12,831)**	**682,428**	**669,597**
Borrowing costs			(349)	-	(349)
Lease liability interest expense			(28)	-	(28)
Interest income			4,821	-	4,821
(Loss)/profit before tax			**(8,387)**	**682,428**	**674,041**
Income tax expense			(9,324)	-	(9,324)
Net (loss)/profit after tax			**(17,711)**	**682,428**	**664,717**
The segment EBITDA above has been impacted by the following specific items:					
Dreamworld incident related costs, net of insurance recoveries	(1,294)	-	(1,294)	-	(1,294)
Gain on disposal of Main Event business	-	-	-	682,428	682,428
Other unrealised derivative gains	-	145	145	-	145
Non-cash LTI plan valuation expense	(151)	(39)	(190)	-	(190)
Restructuring and other non-recurring items	(237)	-	(237)	-	(237)
Lease payments no longer recognised in EBITDA under AASB 16 *Leases*	115	80	195	-	195
Net loss on disposal of assets	(54)	-	(54)	-	(54)
	(1,621)	**186**	**(1,435)**	**682,428**	**680,993**
The net (loss)/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*	(139)	(80)	(219)	-	(219)
Capitalised borrowing costs written off on repayment of debt following Main Event sale	-	(329)	(329)	-	(329)
Tax impact of specific items listed above	528	(9,802)	(9,274)	-	(9,274)
Tax losses for which deferred tax asset not recognised	(623)	(1,924)	(2,547)	-	(2,547)
Tax deductible temporary differences for which deferred tax asset not recognised	268	204	472	-	472
	34	**(11,931)**	**(11,897)**	**-**	**(11,897)**

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Directors' Report

4. Operating and financial review (continued)

Group results (continued)

The performance of the Group, as represented by the aggregated results of its operations for the prior period from 30 June 2021 to 28 June 2022 (364 days), was as follows:

30 June 2021 to 28 June 2022	Theme Parks & Attractions $'000	Corporate $'000	Continuing operations $'000	Discontinued operations Main Event $'000	Total $'000
Segment revenue	**49,459**	**-**	**49,459**	**588,100**	**637,559**
Operating EBITDA	**(14,447)**	**(8,088)**	**(22,535)**	**199,205**	**176,670**
Costs associated with the sale of Main Event	-	(32,895)	(32,895)	(98,254)	(131,149)
Segment EBITDA	**(14,447)**	**(40,983)**	**(55,430)**	**100,951**	**45,521**
Depreciation and amortisation	(8,091)	(74)	(8,165)	(42,210)	(50,375)
Amortisation of lease assets	(94)	(76)	(170)	(20,316)	(20,486)
Segment EBIT	**(22,632)**	**(41,133)**	**(63,765)**	**38,425**	**(25,340)**
Borrowing costs			(1,781)	(32,812)	(34,593)
Lease liability interest expense			(18)	(39,616)	(39,634)
Interest income			31	56	87
Loss before tax			**(65,533)**	**(33,947)**	**(99,480)**
Income tax benefit/(expense)			4,062	(2,013)	2,049
Net loss after tax			**(61,471)**	**(35,960)**	**(97,431)**
The segment EBITDA above has been impacted by the following specific items:					
Reversal of impairment of property, plant and equipment and lease-right-of-use assets	-	-	-	8,184	8,184
Early termination of leases	-	-	-	925	925
Pre-opening expenses	-	-	-	(6,300)	(6,300)
Dreamworld incident related insurance recoveries, net of costs	516	-	516	-	516
Summit business acquisition costs	-	-	-	(185)	(185)
Main Event LTI plan valuation expense	-	-	-	(83,392)	(83,392)
RedBird option valuation expense	-	-	-	(7,547)	(7,547)
Main Event sale costs	-	-	-	(7,315)	(7,315)
Movement in fair value of derivative financial instruments used to hedge Main Event sale proceeds	-	(32,895)	(32,895)	-	(32,895)
Restructuring and other non-recurring items	-	-	-	(299)	(299)
Lease payments no longer recognised in EBITDA under AASB 16 *Leases*	110	78	188	50,202	50,390
Net loss on disposal of assets	(94)	-	(94)	(64)	(158)
	532	**(32,817)**	**(32,285)**	**(45,791)**	**(78,076)**
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*	(108)	(80)	(188)	(59,932)	(60,120)
Tax impact of specific items listed above	(127)	9,869	9,742	20,668	30,410
Tax losses for which deferred tax asset not recognised	(7,968)	(3,512)	(11,480)	(4,037)	(15,517)
Tax deductible temporary differences for which deferred tax asset not recognised	316	(204)	112	-	112
	(7,887)	**6,073**	**(1,814)**	**(43,301)**	**(45,115)**

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4. Operating and financial review (continued)

Group results (continued)

The Group reported a consolidated net profit after tax of $664.7 million for the year ended 27 June 2023, compared to a net loss of $97.4 million in the prior year.

During the year, the Group completed the sale of its US-based Main Event business. Consequently, the net profit for the year includes a $682.4 million gain on disposal of Main Event. As the sale of Main Event completed before the commencement of trading on 29 June 2022 (US time), no trading activity for this discontinued operation has been included in the Group's consolidated result for the current year.

Total segment revenue of $83.9 million (excluding other income from government grants/subsidies and insurance recoveries) for the continuing business increased by $34.4 million in the year. This was significantly above FY19 pre-COVID revenues of $67.1 million, notwithstanding international visitors remaining well below historical levels in the current year. The Theme Parks & Attractions business has experienced continuous revenue and attendance growth since the second half of FY22.

The current year performance of the Group's continuing businesses was driven primarily by the following factors:

- Solid trading performance in Theme Parks & Attractions driven by increased attendances and uplift in yield. This resulted in the business recording its first positive EBITDA result since FY16, and an improvement of $17.5 million compared to the prior year; and
- A $4.8 million increase in interest income and a $1.4 million reduction in interest expense. Following the completion of the Main Event sale, the Australian debt facility was extinguished, and part of the retained proceeds have been invested in term deposits of varying maturities to maximise returns on cash balances.

These factors were partially offset by:

- $1.3 million Dreamworld incident related costs (net of insurance recoveries) during the year, which is largely associated with the shareholder class action. This compares to $0.5 million net insurance recoveries reported in the prior year;
- $0.2 million of non-cash long term incentive plan valuation expenses in the current year and $0.2 million restructuring and non-recurring costs (FY22: Nil);
- $0.3 million capitalised borrowing costs written off on repayment of debt following the Main Event sale;
- $2.0 million Major Tourism Experience Hardship grant funding received by the Theme Parks & Attractions business in the prior year; and
- A $9.3 million tax expense in the current year, which is driven by improved pre-tax performance of the Group as well as $2.9 million of tax losses not recognised as deferred tax assets. The prior year reported a $4.1 million tax benefit.

As indicated above, the Group's continuing businesses results were impacted by a number of significant items which largely relates to the Main Event sale and are non-recurring in nature. Excluding these specific items, the continuing business reported an EBITDA loss of $3.4 million, which is an improvement of $19.7 million compared to the prior year.

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Directors' Report

4. Operating and financial review (continued)

Theme Parks & Attractions

The performance of Theme Parks & Attractions is summarised as follows:

	2023 $'000	2022 $'000	Change %
Total revenue	**83,874**	**49,459**	**69.6**
EBITDA	**3,087**	**(14,447)**	**121.4**
Depreciation and amortisation	**(7,897)**	**(8,185)**	**3.5**
EBIT	**(4,810)**	**(22,632)**	**78.7**
Attendance	1,220,933	880,833	38.6
Per capita spend ($)	68.70	56.15	22.3

The Theme Parks business, which comprised of Dreamworld, WhiteWater World and SkyPoint, reported trading revenue of $83.9 million for the year, up 69.6% on the prior year. The current year revenue exceeded FY19 pre-COVID level by 24.9% and is the highest since FY16, despite international visitation remaining well below historical levels.

FY23 saw total attendances and revenue per capita increase by 38.6% and 22.3% respectively compared to prior year, reflecting higher ticket sales and success in new and recurring events and activations during the year.

The aggregate value of tickets sold in FY23 was the highest recorded since FY16 and was significantly above levels achieved in every other subsequent year. In addition, FY23 revenue per capita was the highest recorded for many years and was 54% above FY16 levels.

During the first half of FY23, divisional revenue and attendances were up 136.5% and 67.4% on the prior corresponding period, respectively. The prior corresponding period was impacted by COVID related snap lockdowns and interstate border closures, resulting in the only addressable market being locals for most of the 1H22.

During the second half of FY23, divisional revenue and attendances were up 29.7% and 17.9%, respectively despite cycling an unimpeded 2H22, which included the business' busiest Easter period for several years, coupled with a moderation in attendance growth in 2H23 due to macroeconomic headwinds.

The division recorded a statutory EBITDA of $3.1 million during the year, its first positive EBITDA result since FY16, representing a significant improvement compared to a loss of $14.5 million in the prior year, notwithstanding that the prior year benefitted from a $2.0 million Major Tourism Experiences Hardship Grant.

The business was impacted by several specific items in both financial years. Excluding specific items, the business reported an EBITDA of $4.7 million, compared to a $15.0 million loss in the prior year.

During the year, the business announced a pipeline of new rides and attractions totalling over $50-$60 million, to be delivered over the next two years. This includes a new Wave Swinger ride, a redesigned and enhanced kid's area, and a new 'Rivertown' precinct offering a unique, immersive and heavily themed experience comprising a redesigned vintage cars attraction and a new major family rollercoaster, 'Jungle Rush'.

While the short-term headwinds of macroeconomic conditions may lead to more moderate growth in the near term, the Group expects performance to meaningfully improve further as it delivers new capital investments to drive incremental visitation.

As international and interstate visitation gradually return to historical levels, this will further boost profitability due to the relatively fixed nature of many operating costs.

Both Dreamworld/WhiteWater World and SkyPoint have continued to achieve category leading guest review scores, which have materially outperformed Gold Coast theme park peers.

The business continues to focus on staff and guest safety and was granted Queensland's first Major Amusement Park Licences by Workplace Health and Safety Queensland in August 2022, demonstrating a robust safety case for the management of health and safety at Dreamworld and WhiteWater World.

Main Event

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).

Refer to Note 30 to the financial statements for further information.

4. Operating and financial review (continued)

Strategic focus

Following completion of the sale of Main Event, the Group is solely focused on its Australian Theme Parks & Attractions business. Its focus is on driving attendance back to historic levels through a combination of "smart" capital investment, an event pipeline, developing new and unique attractions and food, retail and events products, all of which provide opportunities to promote and target repeat visitation.

Investments are targeted to drive visitation and must be economically responsible. This includes plans to install major new attractions at Dreamworld to increase visitation and drive average per capita spend.

The wellbeing of Dreamworld's staff also remains a key focus, with a number of wellness, support and training programs in place to assist and develop individual team members.

The Group sees potential for incremental value in the excess land that surrounds the Dreamworld site. The park currently utilises a portion of the owned land and the process to ascertain the best use of this land and optimise value for shareholders is ongoing.

5. Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the year not otherwise disclosed in this report or the financial statements.

6. Interests in the Group

The movement in shares of the Group during the year is set out below:

	2023	2022
Shares on issue at the beginning of the year	479,706,016	479,706,016
Shares on issue at the end of the year	**479,706,016**	**479,706,016**

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Directors' Report

7. Information on Directors

Gary Weiss AM
Non-Executive Chairman

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 70

Dr Gary Weiss is currently the Executive Director of Ariadne Australia Limited. He is Chairman of Estia Health Limited and Cromwell Property Group and is a Non-Executive Director of Thorney Opportunities Limited and Hearts and Minds Investments Limited.

Gary was appointed a Member (AM) of the Order of Australia in 2019 and is also a Commissioner of the Australian Rugby League Commission.

Gary was formerly Chairman of Ridley Corporation Limited, ClearView Wealth Limited and Coats Group Plc, is a former Non-Executive Director of Premier Investments Limited, Pro-Pac Packaging Limited, The Straits Trading Company Limited, a former executive director of Whitlam, Turnbull & Co and Guinness Peat Group plc and has been a board member of Westfield Holdings Limited and a number of other public companies. Dr Weiss has also been involved in managing large businesses with operations in many regions including Europe, China and India and is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

Gary holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales.

Gary is Chair of the Safety & Risk Review Committee and a member of the Audit & Risk Committee and Remuneration & Nomination Committee.

Former listed directorships in the last three years:
Ridley Corporation Limited (21 June 2010 to 26 August 2020)
The Straits Trading Company Limited (1 June 2014 to 30 September 2020)

Interest in shares:
45,844,317

David Haslingden
Non-Executive Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 62

David Haslingden brings to the Board considerable international business experience, particularly in North America and Europe.

David is a director and major shareholder of RACAT Group, a company that owns and operates several media and mobile games companies in Australia and overseas.

Previously, David was Chairman and a non-executive director of Nine Entertainment Co. Holdings Limited, President and Chief Operating Officer of Fox Networks Group and Chief Executive of Fox International Channels. David holds a Bachelor of Arts and Bachelor of Laws from The University of Sydney and a Master of Law from the University of Cambridge.

David is Chair of the Remuneration & Nomination Committee and is a member of the Safety & Risk Review Committee. David is also Chair of the Dreamworld Wildlife Foundation. David was appointed Lead Independent Director in May 2018.

Former listed directorships in the last three years:
None

Interest in shares:
523,980

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7. Information on Directors (continued)

Randy Garfield
Non-Executive Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 71

During his 50 year travel industry career, Randy Garfield spent over 30 years working in senior executive roles specialising in global marketing and sales, sponsorship development and sales operations.

As Executive Vice President of Worldwide Sales & Travel Operations at Walt Disney Parks & Resorts, he led the worldwide sales, convention services, resort contact centres and distribution marketing efforts for the Disneyland Resort, Walt Disney World Resort, Disneyland Paris, Hong Kong Disneyland Resort, Shanghai Disney Resort, Disney Cruise Line, Disney Vacation Club, Adventures by Disney and Aulani-a Disney Resort & Spa in Hawaii and Golden Oak. Throughout his 20+ year Disney career, he also served as President of Walt Disney Travel Company, one of the largest tour operators in the USA.

Prior to joining Disney, Randy also served as Vice President of Sales for Universal Studios Hollywood starting in 1986 where he helped generate record attendance and trail blazed the launch of Universal Studios Florida by crafting their pre-opening sales plan. He moved to Orlando in summer 1989 as Executive Vice President of Marketing and Sales/Chief Marketing Officer and led the business through its preopening and launch and, for the following three years during which he also served in a leadership role on the team which formulated the expansion plan including a second theme park as well as hotels and a massive retail, dining and entertainment complex.

Randy's current directorships include Rocky Mountaineer, Destination Canada, Saudi Tourism Authority and Family Travel Association.

Previous board roles include Deep Blue Communications, the US Travel Association (Chairman), Brand USA, Visit California, Visit Florida and Visit Orlando where he served as the longest tenured Chair. Randy is an inductee into the US Travel Hall of Leaders and has been recognised three times as one of the most extraordinary sales and marketing minds by Hospitality Sales & Marketing Association International.

Randy is a member of the Safety & Risk Review Committee and Audit & Risk Committee.

Former listed directorships in the last three years:
None

Interest in shares:
55,000

Brad Richmond
Non-Executive Director

Appointed:

Ardent Leisure Group Limited – 18 September 2018

Age: 64

Brad Richmond is a Certified Public Accountant with 38 years' experience in finance, operations and strategic planning in the full-service restaurant industry in North America. Brad previously held the position of Senior Vice President and Chief Financial Officer of Darden Restaurants Inc., the world's largest full-service restaurant company operating multiple brands including Olive Garden, LongHorn Steakhouse, Season's 52, The Capital Grille, Eddie V's, Yard House and Bahama Breeze. Prior to this position, Brad held a number of other roles at Darden including Senior Vice President and Corporate Controller and Senior Vice President, Brand Financial Leader at various Darden brands.

Before joining Darden, Brad was a senior auditor with Price Waterhouse & Co.

Brad holds a Bachelor of Sciences/Bachelor of Arts degree from the University of Missouri.

Brad is Chair of the Audit & Risk Committee and a member of the Remuneration & Nomination Committee.

Former listed directorships in the last three years:
None

Interest in shares:
820,403

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Directors' Report

7. Information on Directors (continued)

Erin Wallace
Non-Executive Director

Appointed:

Ardent Leisure Group Limited – 1 January 2022

Age: 63

Erin Wallace brings to the Board extensive experience as a senior executive in operations management, the hospitality and theme park industries and business process improvement.

Erin is the former Chief Operating Officer at Great Wolf Resorts, Inc., a role she held from 2016 through 2019. In this role she was responsible for leading more than 9,000 employees at 18 lodges throughout the United States. Great Wolf Resorts, Inc. is America's largest family of indoor water park resorts and has over seven million guests a year.

Before joining Great Wolf Resorts, Inc., Erin was the Chief Operating Officer of Learning Care Group, Inc. from February 2015 to August 2016, where she led more than 16,000 employees in delivering operational excellence to the families served at more than 900 schools throughout its umbrella of five brands.

Prior to that, Erin's 30 year career at the Walt Disney Company spanned many roles in Theme Parks and Resorts concluding with Executive Vice President of Operations Strategy, Planning, Revenue Management and Decision Sciences, encompassing all of Disney Parks' domestic and international sites. After joining Disney as an industrial engineer in 1985, Erin's roles included Senior vice President of Walt Disney World Operations where she oversaw the largest and most popular resort destination in the world, Vice President of Walt Disney World's Magic Kingdom and General Manager for Disney's Animal Kingdom and Disney's All-Star Resort.

Erin is a Distinguished Alumni at the University of Florida where she graduated with honours and a BSIE, and an MBA from The Crummer School of Business at Rollins College.

Erin is a current Director and Chair of the Governance Committee at FirstService (FSV) and is a Trustee of Rollins College.

Erin is a member of the Audit & Risk Committee and Safety & Risk Review Committee.

Former listed directorships in the last three years:
None

Interest in shares:
116,000

8. Company Secretary

The Group's Company Secretary is Chris Todd. Chris was appointed to the position of Company Secretary on 20 January 2021 and has acted as Group General Counsel since March 2014.

Chris holds a Bachelor of Laws and a Bachelor of Commerce from the University of Queensland and has over 20 years' experience as a lawyer, both in private practice and in-house roles.

9. Meetings of Directors

The attendance at meetings of Directors of the Group during the year is set out in the following table:

	Full meetings of Directors		Meetings of Committees: Audit & Risk		Meetings of Committees: Remuneration & Nomination		Meetings of Committees: Safety & Risk Review	
	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]	E[1]	A[2]
Gary Weiss AM	7	7	4	4	2	2	4	4
David Haslingden	7	7	**	**	2	2	4	3
Randy Garfield	7	7	4	4	**	**	4	4
Brad Richmond	7	7	4	4	2	2	**	**
Erin Wallace	7	7	4	4	**	**	4	4

(1) Eligible to attend.
(2) Attended.
** Not a member of the relevant committee.

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10. Remuneration report

Introduction from the Chair of the Remuneration & Nomination Committee

The Directors of Ardent Leisure Group Limited present the FY23 Remuneration Report, which outlines the Group's approach to remuneration of its Directors and Executive Key Management Personnel (KMP).

Review of FY23 performance

FY23 has marked another significant year for Ardent Leisure, with the Group achieving some important milestones.

On 30 June 2022, the Group completed the sale of its Main Event business, recording a gain on disposal of $682.4 million. This transaction unlocked significant value for Ardent's stakeholders, allowing the Group to fully extinguish all debt facilities, return $455.7 million to shareholders and retain significant cash funding to support its continuing business.

The Group also saw a solid rebound in the trading performance of the Theme Parks & Attractions business, which recorded revenues of $83.9 million, an increase of 69.6% compared to the prior year and its highest since FY16. Pleasingly, the business also recorded its first positive EBITDA result in six years.

While the second half of FY23 has brought some macro-economic headwinds which have softened consumer discretionary spending and introduced some cost pressures, the business has shown resilience and continued to grow earnings, despite cycling a stronger second half in FY22 and international visitation levels remaining well below historical levels.

The Group's priority is to continue to grow the business back to, and beyond, historical earnings through improved guest experiences, a differentiated product offering, revenue yield improvements and a disciplined approach to management of its costs, whilst maintaining an unwavering focus on safety.

The Group is well capitalised to fund its investment in the Theme Parks & Attractions business and remains focussed on delivering its pipeline of new attractions to drive ongoing recovery momentum and unlock further value for shareholders.

Remuneration outcomes for FY23

In recognition of the significant outperformance of the Theme Parks & Attractions business against agreed financial KPIs and achievement of strategic initiatives encompassing regulatory compliance, risk management, new park development and public relations during the year, the Board has agreed to a bonus payment to Greg Yong of $525,918 for FY23.

Management changes

Following divestment of the Main Event business in June 2022, the Board has reviewed the Group's management structure. As a result, the Chief Executive Officer (CEO) of the Theme Parks & Attractions business, Greg Yong, was appointed to the additional position of Group CEO with effect from 25 August 2022.

Since his initial appointment as CEO of the Theme Parks & Attractions business in April 2021, Mr Yong has shown outstanding leadership and is highly regarded by the Board and all of his management team. He continues to act in his role as CEO of the Theme Parks & Attractions business and his remuneration remains unchanged as a result of this appointment. Mr Yong is the Group's only Executive KMP.

Additionally, following the departure of the US-based Group Chief Financial Officer (CFO), Darin Harper, with the sale of the Main Event business, the Group appointed its Group General Manager of Finance, José de Sacadura, to the position of Acting Group CFO, effective from 25 August 2022. Following a review and recommendation by the Remuneration & Nomination Committee, Mr de Sacadura was subsequently appointed to the position of Group CFO on a permanent basis from 1 March 2023.

Mr de Sacadura is a longstanding Ardent team member, having served in a senior capacity throughout the different iterations of the Group. He is a highly skilled finance executive with solid public company experience and has been instrumental in facilitating many of Ardent's corporate transactions, including the sale of Main Event.

Board and Committee changes

Following the divestment of Main Event, the Board has also reviewed the composition of its three Board Committees.

As a result, Erin Wallace has been appointed as a member of the Audit & Risk Committee and the Safety & Risk Review Committee with effect from 29 June 2022.

Ms Wallace joined the Board on 1 January 2022 and has extensive experience in operations management and the hospitality and theme park industries, with almost 30 years' experience gained at The Walt Disney Company across various senior executive roles. Her experience and expertise in the leisure and out-of-home entertainment sector is considered particularly valuable for the Theme Parks & Attractions business.

In addition, effective from 1 August 2023, the Board has agreed to reduce all Director and Board Committee fees by 50% in recognition of the reduced size and complexity of the Group following the sale of Main Event.

No other changes were made to the composition or remuneration of the Board or its three Board Committees.

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Directors' Report

10. Remuneration report (continued)

Introduction from the Chair of the Remuneration & Nomination Committee (continued)

New Group Long Term Incentive Plan

As foreshadowed in the FY22 Remuneration Report, the sale of Main Event provided an opportunity to restructure the remaining Australian long term incentive scheme to make it more suitable to Australian market practices and the Board's long-term strategy.

As a result, the cash-settled LTI Plan, which had previously been in place for Theme Parks & Attractions executives since 2019, was replaced with a new equity-based plan effective from the start of FY23 onwards.

The new LTI Plan is more reflective of current market practice and aims to appropriately incentivise executives to deliver consistent growth in revenue and total shareholder returns, thereby aligning their interests with those of the Group and its shareholders.

The key elements of the new Group LTI Plan are set out in Section 10(c)(iv) of this Remuneration Report.

Looking towards the future

While the improved performance and return to profitability for the Theme Parks & Attractions business in FY23 have been pleasing, recent macro-economic conditions have brought some short-term challenges. Notwithstanding, the structural and operational changes put in place during the pandemic have created a business which is stronger, leaner and more resilient, and the Board remain optimistic for a continuation of these recovery trends into FY24.

With strong cash balances, no debt and unencumbered assets, the Group now has a solid foundation moving forward. It is well positioned to support and accelerate the recovery, growth and development of its Theme Parks & Attractions business, and to pursue opportunities for unlocking further value for shareholders.

The Board remains committed to ensuring that the Group continues to provide our team members with a safe working environment and our guests with safe and memorable family entertainment experiences.

On behalf of the Board, I would like to acknowledge and thank our team for their continued hard work and commitment during the last 12 months.

David Haslingden
Chair, Remuneration & Nomination Committee

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10. Remuneration report (continued)

The remuneration report for the Group for the year ended 27 June 2023 is set out as follows:

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The information provided in the remuneration report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

(a) Who is covered by this report

Key Management Personnel (KMP) are defined in AASB 124 *Related Party Disclosures* as those having authority and responsibility for planning, directing and controlling the activities of the Group. For the year ended 27 June 2023, the KMP for the Group comprised the following:

Position	Name	Primary location of employment
Executive KMP		
Group Chief Executive Officer	Greg Yong	Australia
Non-Executive Directors		
Chairman	Gary Weiss AM	Australia
Lead Independent director	David Haslingden	Australia
Independent director	Randy Garfield	United States
Independent director	Brad Richmond	United States
Independent director	Erin Wallace	United States

(b) Remuneration governance

The Remuneration & Nomination Committee's purpose is to review, evaluate and make recommendations to the Board in relation to, the following key remuneration areas:

- Remuneration policies for remuneration programs appropriate to the Group;
- The remuneration framework for Directors and executives;
- Review of the performance of KMP against pre-determined criteria on an annual basis;
- Recruitment, retention and termination policies and procedures for executives;
- The appointment of any remuneration consultants providing advice to the Group on the scale and components of remuneration packages of KMP; and
- Reporting on executive remuneration.

The Group did not engage any consultants to provide remuneration recommendations in relation to any of the above services during the year.

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Directors' Report

10. Remuneration report (continued)

(c) Remuneration framework

(i) Remuneration structure

The executive remuneration framework in place during the year ended 27 June 2023 has three components:

Annual base salary	
A mix of cash salary, employer superannuation contributions (Australian employees only) and other non-financial benefits.	Total fixed remuneration (TFR) reflects the executive's role, duties and responsibilities, their level of performance and the complexities of their role and business. Base salaries are reviewed annually to ensure that they remain competitive with the external market, however no Executive KMP is entitled to a guaranteed pay increase.
Short term incentive (STI)	
One-year performance period award paid in cash for individual and business performance.	An annual cash bonus determined by performance against financial targets, advancement of strategic initiatives and/or personal key performance indicators (KPIs).
Long term incentive (LTI)	
Equity incentive awards that vest subject to achievement of total shareholder return and compound annual earnings growth hurdles.	An annual grant of performance rights issued for nil consideration. Each grant of performance rights is split into two equal 50% tranches. The first tranche is eligible to vest after three years and the second after four years ("vesting period"). The number of performance rights in each tranche that will vest is determined by reference to dual performance hurdles relating to total shareholder return (TSR) and the compound annual growth rate (CAGR) of earnings. Once vested, a performance right automatically converts to an Ardent Leisure Group Limited (ALG) share. Effective from the start of FY23, this equity-based LTI Plan replaced the one-time cash-based LTI plan which had previously been in place for the Theme Parks & Attractions business since FY19. Details in relation to the former cash-based LTI plan are included in the FY22 Remuneration Report. All executives participating in the former cash-based LTI Plan have relinquished rights under that plan to participate in the new Plan. As consideration for doing so, the Board has modified the initial FY23 grant of LTI performance rights as follows: • The first tranche of 25% will be measured over a two year performance period; and • the second tranche of 75% will be measured over a three year performance period. From FY24 onwards, the award testing and vesting profile will return to two equal 50% tranches of performance rights vesting over three and four years respectively. Further details in relation to the new Theme Parks LTI Plan are set out in Section 10(c)(iv) of this Remuneration Report.

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10. Remuneration report (continued)

(c) Remuneration framework (continued)

(ii) Remuneration mix

The remuneration mix in place for Executive KMP in FY23 includes the following key components:

Executive KMP	Annual base salary (cash)	STI (cash)	LTI (equity)
Greg Yong *Group Chief Executive Officer*	$553,598 (incl. super)	Target: 100% of TFR Target Weighted: 60% financial KPIs[1] 40% personal KPIs	Target: 100% of TFR Stretch: 110% of TFR The LTI opportunity is an annual award of performance rights issued under the Group's new LTI Plan (the Plan) for nil consideration and convertible to ALG shares upon vesting. Vesting is subject to achievement of dual TSR and revenue CAGR performance hurdles. Further details of the Plan are included in Section 10(c)(iv) of this Remuneration Report. Performance rights granted under the Plan in FY23 to Mr Yong comprise the following two tranches[2]: • Tranche 1 - 25% eligible for vesting after two years • Tranche 2 - 75% eligible for vesting after three years This equity-based LTI Plan replaced the cash-based LTI plan which had previously been in place for the Theme Parks & Attractions business since FY19, of which Mr Yong was a participant. On joining the new LTI Plan, Mr Yong relinquished his rights under the former plan.[3]

(1) Financial KPIs applicable to Mr Yong for FY23 were based on performance against agreed EBITDA, expenses and capital expenditure budgets for the year. Personal KPIs related to strategic initiatives encompassing regulatory compliance, risk management and new park development.

(2) Grants made after FY23 will be in two equal 50% tranches and will be eligible for vesting after three and four years respectively. The FY23 grants have been made on an accelerated basis in recognition of the fact that Plan participants gave up their rights under the former cash-based LTI plan.

(3) Further details in relation to the former cash-based LTI plan and Mr Yong's participation in that plan are included in the FY22 Remuneration Report.

(iii) Short-term incentive arrangements

Short term incentive arrangements provide a cash bonus to incentivise and reward outperformance against financial targets, advancement of strategic initiatives and/or personal key performance indicators (KPIs). Details of the Group's current STI arrangements are outlined below:

Who can participate?	All executives, including Executive KMP, are able to participate in the STI, however participation and payment of any STI remain at the Board's discretion.
When is the STI paid?	If performance targets are achieved, STI awards are payable in cash normally following the release of the Group's audited annual financial results.
What performance measures are used?	Key performance indicators are split into financial and personal categories. The actual split for each participant may vary and is generally weighted more to the financial KPIs. Financial KPIs are linked to achievement of earnings and other financial targets including, but not limited to EBITDA, expenses and capital expenditure. Personal KPIs are generally not financial in nature and are set to support execution of improvements and initiatives in such functions as health and safety, employee and guest engagement, compliance, business development and strategic initiatives.

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Directors' Report

10. Remuneration report (continued)

(c) Remuneration framework (continued)

(iv) Long term incentive arrangements

As foreshadowed in the FY22 Remuneration Report, the sale of Main Event provided an opportunity to restructure the remaining Australian long term incentive scheme to make it more suitable to Australian market practices and the Board's long-term strategy. As a result, the cash-settled LTI Plan, which had previously been in place for Theme Parks & Attractions executives since 2019, was replaced with a new equity-based plan effective from the start of FY23 onwards.

The new LTI Plan seeks to balance and align the interests of individual executives and Ardent Leisure shareholders by adopting a dual hurdle framework which measures performance against both internal revenue growth targets as well as total shareholder return (TSR) performance relative to consumer discretionary market peers.

The material terms of the long-term incentive arrangements that were in place for the year ended 27 June 2023 are set out in the respective plan documents and applied to all grants made during the year, including those to Executive KMP.

Details of the Group's current LTI Plan are outlined below:

Who can participate?	All executives, including Executive KMP, are eligible for participation at the discretion of the Board.
What types of securities are issued?	Awards are typically granted in the form of performance rights that can be converted into fully paid shares for nil consideration when and if vested. Performance rights do not carry any voting or distribution entitlements.
How are entitlements under the previous cash-based LTI Plan affected?	Effective from the start of FY23, this equity-based LTI Plan replaced the one-time cash-based LTI plan which had previously been in place for the Theme Parks & Attractions business since FY19. All executives participating in the former cash-based LTI Plan have relinquished rights under that plan to participate in the new Plan. Details in relation to the former cash-based LTI plan are included in the FY22 Remuneration Report.
What restrictions are there on the securities?	Performance rights issued under the new LTI Plan are non-transferable. Executives may not hedge any portion of their unvested awards.
What pre-conditions must be met in order for vesting of performance rights to occur?	Participants must remain employed by the Group as at the relevant vesting date. Where there has been a Qualifying Cessation, the Board will determine in its discretion the number (if any) of performance rights which will not lapse, and which will either be immediately vested or remain to be tested against the performance hurdles.
When can performance rights vest?	Each grant of performance rights is split into two equal 50% tranches, with the first tranche becoming eligible to vest after three years and the second tranche becoming eligible to vest after four years. As consideration for relinquishing rights held under the previous Theme Parks & Attractions cash-based LTI Plan, the Board has modified the initial FY23 grant of performance rights to reflect a revised split of tranches and shorter vesting periods as follows: • First tranche - 25% of performance rights which becomes eligible to vest on 25 June 2024; and • Second tranche - 75% of performance rights which becomes eligible to vest on 24 June 2025.

10. Remuneration report (continued)

(c) Remuneration framework (continued)

(iv) Long term incentive arrangements (continued)

What conditions must be met in order for vesting of performance rights to occur?

The number of eligible performance rights that vest is determined with reference to the Group's performance against the following dual performance hurdles which are applied with equal 50% weighting:

- Operating Revenue Compound Annual Growth Rate (CAGR)(1)
- Total Shareholder Return (TSR)

(1) EPS was considered as an alternative performance hurdle, however, given the Theme Parks & Attractions business has been loss-making, and the current focus is on returning this business to profitability, a revenue measure was determined as being more appropriate in the near term. The Board intends to adopt an earnings measure such as EPS CAGR in the future when the business returns to consistent profitability.

What is Operating Revenue CAGR and how is vesting performance measured under this hurdle?

Operating Revenue CAGR is the compound annual growth rate of the Company's operating revenue over the applicable performance period.

In order for any or all of the applicable performance rights to vest under this hurdle, the Group's Operating Revenue CAGR for the Performance Period must exceed 20%. The vesting schedule for the portion of performance rights which are subject to the Operating Revenue CAGR performance hurdle is as follows:

	Operating Revenue CAGR for the performance period	**Proportion of applicable performance rights vesting**
	Below 20%	0%
Threshold performance	20%	50%
	Between 20% and 25%	Straight line vesting between 50% and 100%
Target Performance	25%	100%
	Between 25% and 35%	Straight line vesting between 100% and 110%
Stretch performance	35% or higher	110%

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Directors' Report

10. Remuneration report (continued)

(c) Remuneration framework (continued)

(iv) Long term incentive arrangements (continued)

What is TSR and how is vesting performance measured under this hurdle?

TSR is the total return an Ardent Leisure Group Limited investor would receive over a period, taking account of both changes in the share price plus any dividends/other payments received by shareholders during that period. It is expressed as a percentage of the initial share price at the beginning of the period and adjusted for changes in the Company's capital structure during the period.

For each tranche of performance rights, the Company's TSR performance over the applicable performance period is measured relative to consumer discretionary market peers. For this purpose, the Company's performance is compared to the change in the S&P ASX200 Consumer Discretionary Index (XDJ)(Comparator Index).

In order for any or all of the applicable performance rights to vest under this hurdle, the Group's TSR for the performance period must be positive and exceed the change in the Comparator Index for the same period. The vesting schedule for the portion of performance rights which are subject to the TSR performance hurdle is as follows:

	TSR of the Company relative to change in Comparator Index	**Proportion of applicable performance rights vesting**
	Below Comparator Index	0%
Threshold performance	Equal to Comparator Index	50%
	0-10% outperformance of Comparator Index	Straight line vesting between 50% and 100%
Target performance	10% outperformance of Comparator Index	100%
	10-20% outperformance of Comparator Index	Straight line vesting between 100% and 110%
Stretch performance	20% outperformance of Comparator Index	110%

Awards of performance rights under the Group's new LTI Plan are accounted as equity settled share-based payments under AASB 2 *Share-based payment*, as the holders of performance rights are entitled to receive shares in Ardent Leisure Group Limited provided they meet the pre-conditions and performance criteria set out above.

Under AASB 2, the fair value of performance rights awarded under this Plan is determined at each of their respective grant dates. This fair value is recognised in the financial statements as an employee benefit expense over the associated vesting period, with a corresponding increase in equity (equity-based payment reserve). At each reporting date, the estimate of the number of rights expected to vest is revised, and the employee benefit expense recognised for the period is based on the most recent estimate.

The fair value of performance rights granted during the year was independently determined using a combination of the Cox-Ross Rubenstein Binomial model (for performance rights subject to Operating Revenue CAGR performance hurdles) and the Monte Carlo Simulation model (for performance rights subject to TSR performance hurdles). The valuations under these models utilised the following key assumptions:

Valuation input	**FY23**
Grant date	24 February 2023
Vesting date – Tranche 1 (25%)	25 June 2024
Vesting date – Tranche 2 (75%)	25 June 2025
Dividend yield	0%
Risk free rate – Tranche 1 (25%)	3.62%
Risk free rate – Tranche 2 (75%)	3.58%
Volatility	41.89%
Share price at grant date	$0.72
Valuation per performance right – Rights subject to Operating Revenue CAGR hurdle	$0.72
Valuation per performance right – Rights subject to TSR hurdle	$0.66

10. Remuneration report (continued)

(d) Remuneration outcomes for executives

This section sets out the actual remuneration outcomes realised by Executive KMP and the statutory remuneration disclosures for FY23 and FY22.

(i) STI outcomes in respect of FY23 performance

In respect of FY23 and FY22 performance, the percentage of Target STI that was awarded to Executive KMP and the percentage that was forfeited are set out below. Actual payments are made to individuals normally following the release of audited results.

Name	Financial year	Target STI awarded	Target STI forfeited	STI outcome
Greg Yong	FY23	95%	5%	$525,918
	FY22	90%	10%	$496,686
Chris Morris[(1)]	FY23	n/a	n/a	n/a
	FY22	230%[(2)]	-	US$1,725,000
Darin Harper[(1)]	FY23	n/a	n/a	n/a
	FY22	230%[(2)]	-	US$460,000

(1) Mr Morris and Mr Harper ceased to be Executive KMP on completion of the Main Event sale, on 30 June 2022.

(1) FY22 STI awards to Mr Morris and Mr Harper reflected the achievement of Adjusted EBITDA and constant centre revenue growth performance which was significantly above their Stretch financial KPI targets for that year and the application of a 1.15x multiplier to the financial KPI performance ratings based on their achievement of agreed safety, strategic advancement, employee engagement and guest satisfaction objectives. Refer to the FY22 Remuneration Report for further details.

(ii) Actual remuneration outcomes

The table below sets out the total remuneration which was paid or payable to Executive KMP in respect of the years ended 27 June 2023 and 28 June 2022. The 'LTI vested' remuneration element reflects the value of LTI awards which vested in the year and are payable to Executive KMP. These values are different to the information in Section 10(d)(iv) below, which include, for equity-based payments, the accounting value of equity expensed in the year, rather than the actual benefit payable.

Name	Financial year	Salary (including superannuation)	STI bonus on an accrued basis	LTI vested	Total realised pay in respect of the financial year
Greg Yong	FY23	$554,498	$525,918[(1)]	-	$1,080,416
	FY22	$552,774	$496,686	-	$1,049,460
Chris Morris[(2)]	FY23	n/a	n/a	n/a	n/a
	FY22	US$750,000	US$1,725,000[(3)]	US$19,199,753[(4)]	US$21,674,753
Darin Harper[(2)]	FY23	n/a	n/a	n/a	n/a
	FY22	US$400,000	US$460,000[(3)]	US$9,476,090[(4)]	US$10,336,090

(1) The FY23 STI payment to Mr Yong reflects the significant outperformance of the Theme Parks & Attractions business against agreed financial KPIs and achievement of strategic initiatives encompassing regulatory compliance, risk management and new park development during the year.

(2) Mr Morris and Mr Harper ceased to be Executive KMP on completion of the Main Event sale, on 30 June 2022.

(3) FY22 STI payments to Mr Morris and Mr Harper reflected the significant outperformance of Main Event against agreed financial KPIs and strategic, safety, employee engagement and guest satisfaction objectives during that year.

(4) The Main Event LTI awards for Mr Morris and Mr Harper vested upon the sale of the Main Event business on 30 June 2022. The vested LTI awards for Mr Morris and Mr Harper reflected their contracted rights of participation in the substantial increase in value of the Main Event business which was achieved and realised for the Group on the sale of the business. Although payment of these awards was made in early FY23, given that the conditions to completion of the sale had been substantially satisfied and significant 'in favour' proxy votes received by the FY22 reporting date, an estimate of the final amounts earned by these KMP was accrued and disclosed as part of their FY22 remuneration. Refer to the FY22 Remuneration Report for further details.

(iii) Severance payments Executive KMP

There were no severance payments to Executive KMP in the year.

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10. Remuneration report (continued)

(d) Remuneration outcomes for executives (continued)

(iv) Details of remuneration – Executive Key Management Personnel

Details of the remuneration of Executive KMP of the Group for FY23 are set out in the table below. The table sets out the total cash benefits paid or payable to the executives in respect of the relevant year.

		Short term benefits			Post-employment benefits				
		Base Salary	Cash bonus	Annual leave[1]	Super-annuation	Total remuneration excluding equity-based payments	Equity-based payments	Total remuneration	Equity-based payments
		$	$	$	$	$	$	$	% of total
Greg Yong	FY23	529,206	525,918	30,480	25,292	1,110,896	107,749	1,218,645	8.84%
Group Chief Executive Officer	FY22	529,206	496,686	40,639	23,568	1,090,099	-	1,090,099	-
Chris Morris[2][3]	FY23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Former CEO – Main Event	FY22	1,035,137	2,380,815	10,750	-	3,426,702	25,436,004[4]	28,862,706	88.13%
Darin Harper[2][3]	FY23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Former Group Chief Financial Officer	FY22	552,073	634,884	4,459	-	1,191,416	12,578,051[4]	13,769,467	91.35%
	FY23	**529,206**	**525,918**	**30,480**	**25,292**	**1,110,896**	**107,749**	**1,218,645**	**8.84%**
	FY22	**2,116,416**	**3,512,385**	**55,848**	**23,568**	**5,708,217**	**38,014,055**	**43,722,272**	**86.94%**

(1) Annual leave amounts represent the increase/(decrease) in the liability for accumulated annual leave during the year.

(2) Mr Morris and Mr Harper ceased to be Executive KMP on completion of the Main Event sale, on 30 June 2022.

(3) Remuneration for US-based KMP in FY22 was converted from US dollars to Australian dollars at the average exchange rate of 0.7245.

(4) FY22 equity-based payments for Mr Morris and Mr Harper reflected their contracted entitlements under the Main Event LTI Plan arising from the substantial increase in value of Main Event which has been achieved and realised for the Group on the sale of this business on 30 June 2022. Refer to the FY22 Remuneration Report for further details.

Equity-based payments included in the table above reflect the amounts recognised in the Income Statement of the Group in accordance AASB 2 *Share Based Payment* and are determined based on the movement in the fair value of the awards between reporting dates. These values are different to the information presented in Section 10(d)(ii) above, which reflects the cash value of LTI awards which vested in the year.

(e) Service agreements of Key Management Personnel

Remuneration and other terms of employment for KMP are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below:

Executive	Term	Termination
Greg Yong Group Chief Executive Officer	No fixed term.	Employment continues with the Group unless Mr Yong gives the Group 90 days' notice in writing. The Group may terminate Mr Yong's employment at any time, subject to a requirement to provide 30 days' notice. In certain circumstances, on termination of employment, Mr Yong is entitled to continued payment of total fixed remuneration for 12 months plus any owed but unpaid incentive amounts.

Other than as set out above, there are no other contracted termination benefits payable to any KMP.

10. Remuneration report (continued)

(f) Non-Executive Director fees

Fees paid to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees are reviewed annually by the Board and the Remuneration & Nomination Committee.

Non-Executive Directors are paid solely by way of Directors' fees and Non-Executive Directors do not participate in equity nor cash-based incentive schemes. Non-Executive Directors bring a depth of experience and knowledge to their roles and are a key component in the effective operation of the Board. The maximum total aggregate level of Directors' fees payable by the Group is $1,200,000 per annum and there is no proposal to increase the aggregate fee cap in FY24.

Board fees payable to Non-Executive Directors (inclusive of superannuation) are as follows:

Position		FY23	FY22
Board Chair		$205,000	$205,000
Other Non-Executive Director	- Australia-based	$120,000	$120,000
	- US-based	$136,000	$136,000
Audit and Risk Committee	- Chair	$20,000	$20,000
	- Member	$15,000	$15,000
Other Committee	- Chair	$12,500	$12,500
	- Member	$7,500	$7,500

Changes to Non-Executive Director fees subsequent to the reporting date

With effect from 1 August 2023, the Board have agreed to reduce all Director and Board Committee fees by 50% in recognition of the reduced size and complexity of the Group following the sale of Main Event. Accordingly, from 1 August 2023, Board fees payable to Non-Executive Directors (inclusive of superannuation) are as follows:

Position		From 1 August 2023
Board Chair		$102,500
Other Non-Executive Director	- Australia-based	$60,000
	- US-based	$78,000
Audit and Risk Committee	- Chair	$10,000
	- Member	$7,500
Other Committee	- Chair	$6,250
	- Member	$3,750

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Directors' Report

10. Remuneration report (continued)

(f) Non-Executive Director fees (continued)

Details of the actual fees delivered to Non-Executive Directors of the Company for FY23 and FY22 are set out below:

		Salary $	Superannuation $	Total $
Gary Weiss AM	FY23	234,299	5,701	240,000
	FY22	218,182	21,818	240,000
David Haslingden	FY23	126,697	13,303	140,000
	FY22	127,273	12,727	140,000
Randy Garfield	FY23	158,500	-	158,500
	FY22	158,500	-	158,500
Brad Richmond	FY23	163,500	-	163,500
	FY22	163,500	-	163,500
Erin Wallace	FY23	158,500(1)	-	158,500
	FY22	68,000(1)	-	68,000
	FY23	**841,496**	**19,004**	**860,500**
	FY22	**735,455**	**34,545**	**770,000**

(1) Ms Wallace's joined the Board on 1 January 2022, therefore her FY22 fees reflect a partial year as a Board member. Ms Wallace joined the Board's Audit & Risk Committee and Safety & Risk Review Committee effective from 29 June 2022, therefore her FY23 director fees also reflect additional fees for membership of these Board committees.

(g) Additional statutory disclosures

(i) Directors' interests in shares

Changes to Directors' interests in shares of Ardent Leisure Group Limited during the year are set out below:

	Number of shares in Ardent Leisure Group Limited			
	Opening balance	Acquired	Disposed	Closing balance
Gary Weiss AM	45,844,317	-	-	45,844,317
David Haslingden	523,980	-	-	523,980
Brad Richmond	820,403	-	-	820,403
Randy Garfield	55,000	-	-	55,000
Erin Wallace	-	116,000	-	116,000
	47,243,700	**116,000**	**-**	**47,359,700**

(ii) Directors' share holdings

Non-Executive Directors are expected to maintain a shareholding in the Company that increases over their tenure.

10. Remuneration report (continued)

(g) Additional statutory disclosures (continued)

(iii) Executive KMP interests in shares

Changes to the interests of Executive KMP in shares of Ardent Leisure Group Limited during the year are set out below:

	Number of shares in Ardent Leisure Group Limited			
	Opening balance	On becoming KMP	On leaving the Group	Closing balance
Greg Yong	64,692	-	-	64,692
Darin Harper	138,558	-	(138,558)	-
	203,250	**-**	**(138,558)**	**64,692**

During the prior year, certain Main Event Executive KMP held preferred shares in a subsidiary of the Group, Main Event's US holding company, Ardent Leisure US Holding Inc (ALUSH). Upon completion of the Main Event sale transaction on 30 June 2022, the Group and each of these Executive KMP ceased to hold any shares in ALUSH.

Changes to the interests of Executive KMP in shares of ALUSH during the year are set out below.

	Number of shares in Ardent Leisure US Holding Inc			
	Opening balance	Acquired	Disposed as part of the Main Event sale	Closing balance
Chris Morris	750	-	(750)	-
Darin Harper	200	-	(200)	-
	950	**-**	**(950)**	**-**

(iv) Loans and other transactions with KMP

There were no loans made to KMP during the financial year, as disclosed in Note 34(e) to the financial statements. Refer to Note 34(f) to the financial statements for details of other transactions with KMP during the financial year.

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11. Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid to the auditor (Ernst & Young) for audit and non-audit services provided during the year are disclosed in Note 32 to the financial statements.

The Directors have considered the position of the auditors and, in accordance with the recommendation received from the Audit & Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out in Note 32 to the financial statements, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit & Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermines the general principles relating to auditor independence as set out in Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants*.

12. 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 26.

13. Events occurring after reporting date

On 24 August 2023, the Company announced to the market that it has reached agreement with the applicants to settle the shareholder class action that was commenced in June 2020. The settlement deed has been executed and is subject only to Court approval. The Company is required to make a one-off payment of approximately $4.0 million following Court approval and the balance of the settlement proceeds are fully insured.

On 24 August 2023, the Directors resolved that the Company will undertake an on-market share buy-back of up to 10% of the issued capital, commencing on or about 18 September 2023 and to be completed within 12 months. The buy-back is subject to prevailing share price and market conditions and will be executed at the Company's discretion in accordance with regulatory requirements.

Since the end of the financial year, the Directors of the Company are not aware of any other matters or circumstances not otherwise dealt with in this report or the financial report that has 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 years subsequent to the year ended 27 June 2023.

14. Likely developments and expected results of operations

The financial statements have been prepared on the basis of the current known market conditions. The extent to which any potential deterioration in either the capital, consumer or physical property markets may have on the future results of the Group is unknown. Such results could include the potential to influence consumer discretionary expenditure, property market values, the ability of borrowers, including the Group, to raise or refinance debt, and the cost of such debt and the ability to raise equity.

At the date of this report, and to the best of the Directors' knowledge and belief, there are no other anticipated changes in the operations of the Group which would have a material impact on the future results of the Group.

15. Indemnification and insurance of officers and auditor

Under the Company's Constitution, the Company indemnifies:

- All past and present officers of the Company, and persons concerned in or taking part in the management of the Company, against all liabilities incurred by them in their respective capacities in successfully defending proceedings against them; and
- All past and present officers of the Company against liabilities incurred by them, in their respective capacities as an officer of the Company, to other persons (other than the Company or its related parties), unless the liability arises out of conduct involving a lack of good faith.

During the reporting period, the Company had in place a policy of insurance covering the Directors and officers against liabilities arising as a result of work performed in their capacity as Directors and officers of the Company. Disclosure of the premiums paid for the insurance policy is prohibited under the terms of the insurance policy.

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16. Environmental regulations

(a) Governance

The Group's operations are not subject to any *'particular and significant environmental regulations'* (such as the need to hold a material environmental licence or approval) and the Group does not currently have any *'material exposure to environmental risks'*.

However, given the broad application of environmental legislation and the fact that the Group's operations in both Australia and the United States of America concern physical real estate sites which may affect the environment (or be affected by environmental factors), the identification, assessment and management of risks associated with environmental matters form part of the Group's risk management framework overseen by the Board.

(b) Theme Parks & Attractions

Certain aspects of the operations of the Dreamworld and WhiteWater World theme parks are subject to legislative requirements in respect of the environmental impacts of their operating activities. In particular:

- The *Environmental Protection Act 1994* (Qld) regulates all activities where a contaminant may be released into the environment and/or there is a potential for environmental harm or nuisance (including in respect of development on land);
- Dreamworld holds the necessary regulatory authorisations for the storage and use of flammable/combustible goods and the storage of hazardous chemicals;
- Dreamworld is subject to local council regulations regarding noise emissions and the staging of night-time events and functions;
- Dreamworld's Life Sciences department is subject to several State and Federal laws regarding biodiversity conservation and wildlife protection as well as numerous domestic and international codes of practice and guidelines. The business maintains an Exhibition Permit under the *Exhibited Animals Act 2015* (Qld) and a Research Permit under the *Nature Conservation (Animals) Regulation 2020* (Qld); and
- Dreamworld is subject to State and local regulation relating to water usage, conservation and irrigation.

At this time there are no outstanding remedial notices issued under environmental regulations regarding the Group's theme park properties or operations Continuous monitoring of the theme park operations is conducted to assess their compliance with both current and evolving environmental legislative requirements.

(c) Sustainability and Climate change

Management continues to monitor climate change risks, including the transition to a lower carbon economy and the physical impacts of climate change on their respective operations (including matters such as water scarcity, alternative energy sources and energy costs). At the same time, management is focused on opportunities presented by climate change such as resource efficiencies, improvements in technology and alternate power sources. A substantial solar power generation system will be installed at Dreamworld in FY24 that will provide approximately 30% of Dreamworld's energy consumption, with scope for future expansion.

The Board acknowledges the growing demand of investors, creditors and other participants in the financial markets for sustainability-related financial information. As the expectations and regulations in this important area continue to increase, the Company aims to develop meaningful disclosure of sustainability-related risks and opportunities in line with those expectations and regulation.

The Board maintains oversight of climate change and sustainability risks and opportunities through its regular engagement with management at Board and Audit & Risk Committee meetings.

17. 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 August 2023

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Auditor's Independence Declaration to the Directors of Ardent Leisure Group Limited

As lead auditor for the audit of Ardent Leisure Group Limited for the financial year ended 27 June 2023, 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 audit;

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Anthony Ewan
Partner
24 August 2023

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Income Statement
for the year ended 27 June 2023

	Note	2023 $'000	2022 $'000
Income			
Revenue from operating activities	3	83,875	49,459
Net gain from derivative financial instruments		145	-
Interest income		4,821	31
Other income	4	1,705	3,219
Total income		**90,546**	**52,709**
Expenses			
Purchases of finished goods		13,049	9,133
Salary and employee benefits		43,548	37,802
Finance costs	5	377	1,799
Property expenses		729	710
Depreciation and amortisation		8,003	8,335
Loss on disposal of assets		54	94
Advertising and promotions		6,087	5,594
Repairs and maintenance		7,480	5,725
Dreamworld incident related costs		2,950	684
Movement in fair value of derivative financial instruments used to hedge Main Event sale proceeds		-	32,895
Other expenses	6	16,656	15,471
Total expenses		**98,933**	**118,242**
Loss before tax expense/(benefit)		**(8,387)**	**(65,533)**
Income tax expense/(benefit)	7	9,324	(4,062)
Loss from continuing operations		**(17,711)**	**(61,471)**
Profit/(loss) from discontinued operations	30(b)	682,428	(35,960)
Profit/(loss) for the year		**664,717**	**(97,431)**
Attributable to:			
Ordinary shareholders		**664,717**	**(97,431)**

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

Total basic earnings/(losses) per share (cents)	9	138.57	(20.31)
Total diluted earnings/(losses) per share (cents)	9	138.23	(20.31)
Basic losses per share from continuing operations (cents)	9	(3.69)	(12.81)
Diluted losses per share from continuing operations (cents)	9	(3.69)	(12.81)

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Statement of Comprehensive Income
for the year ended 27 June 2023

	Note	2023 $'000	2022 $'000
Profit/(loss) for the year		664,717	(97,431)
Other comprehensive income for the year			
Items that may be reclassified to profit and loss:			
Foreign exchange translation difference	18	-	3,173
Reclassification of foreign currency translation reserve to Income Statement	18	9,205	-
Other comprehensive income for the year, net of tax		**9,205**	**3,173**
Total comprehensive income/(loss) for the year, net of tax		**673,922**	**(94,258)**
Attributable to:			
Ordinary shareholders		673,922	(94,258)
Total comprehensive income/(loss) for the year, net of tax		**673,922**	**(94,258)**
Total comprehensive income/(loss) for the year, net of tax attributable to shareholders arises from:			
Continuing operations		(17,711)	(61,471)
Discontinued operations		691,633	(32,787)
Total comprehensive income/(loss) for the year, net of tax		**673,922**	**(94,258)**

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

Balance Sheet
as at 27 June 2023

	Note	2023 $'000	2022 $'000
Current assets			
Cash and cash equivalents	8(a)	46,424	40,765
Other financial assets	8(b)	95,000	-
Receivables	11	1,493	734
Inventories	12	2,942	2,384
Derivative financial instruments	22	55	-
Other	13	2,593	1,782
		148,507	**45,665**
Assets classified as held for sale	30(f)	-	956,785
Total current assets		**148,507**	**1,002,450**
Non-current assets			
Property, plant and equipment	15	127,335	114,942
Right-of-use assets	21(a)	609	361
Derivative financial instruments	22	29	-
Livestock		108	115
Intangible assets	16	2,637	2,554
Deferred tax assets	7(e)	4,115	13,439
Total non-current assets		**134,833**	**131,411**
Total assets		**283,340**	**1,133,861**
Current liabilities			
Payables	14	25,444	23,621
Derivative financial instruments	22	-	32,895
Interest bearing liabilities	20	203	21,120
Current tax liabilities		-	2,500
Provisions	28(b)	1,897	1,737
Other		-	2
		27,544	**81,875**
Liabilities directly associated with assets classified as held for sale	30(f)		954,187
Total current liabilities		**27,544**	**1,036,062**
Non-current liabilities			
Payables	14	395	594
Interest bearing liabilities	20	398	24,590
Provisions	28(b)	424	487
Non-current tax liabilities		-	8,459
Total non-current liabilities		**1,217**	**34,130**
Total liabilities		**28,761**	**1,070,192**
Net assets		**254,579**	**63,669**
Equity			
Contributed equity	17	556,124	777,124
Reserves	18	(102,320)	(112,190)
Accumulated losses	19	(199,225)	(628,746)
Total equity		254,579	36,188
Non-controlling interest	30(f)	-	27,481
Total equity		**254,579**	**63,669**

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

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Statement of Changes in Equity
for the year ended 27 June 2023

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
Total equity at 29 June 2021		777,124	(116,281)	(530,500)	39,341	169,684
Loss for the year		-	-	(97,431)	-	(97,431)
Other comprehensive income for the year	18	-	3,173	-	-	3,173
Total comprehensive loss for the year		**-**	**3,173**	**(97,431)**	**-**	**(94,258)**
Transactions with owners in their capacity as owners:						
Equity-based payments	18	-	103	-	-	103
Dividend paid to non-controlling interests		-	-	-	(11,860)	(11,860)
Transfer of reserve on disposal of financial asset	18, 19	-	815	(815)	-	-
Total equity at 28 June 2022		**777,124**	**(112,190)**	**(628,746)**	**27,481**	**63,669**
Profit for the year	19	-	-	664,717	-	664,717
Other comprehensive income for the year	18	-	9,205	-	-	9,205
Total comprehensive income for the year		**-**	**9,205**	**664,717**	**-**	**673,922**
Transactions with owners in their capacity as owners:						
Equity-based payments	18	-	190	-	-	190
Transfer of reserve on disposal of financial asset	18, 19	-	475	(475)	-	-
Dividend paid	19	-	-	(234,721)	-	(234,721)
Return of capital paid	17	(221,000)	-	-	-	(221,000)
Disposal of discontinued operation	30(f)	-	-	-	(27,481)	(27,481)
Total equity at 27 June 2023		**556,124**	**(102,320)**	**(199,225)**	**-**	**254,579**

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

Statement of Cash Flows
for the year ended 27 June 2023

	Note	2023 $'000	2022 $'000
Operating activities			
Receipts from customers		90,560	644,494
Payments to suppliers and employees		(98,333)	(451,549)
Property expenses paid		(729)	(15,416)
Payments for construction of Main Event centres		-	(30,910)
Interest received		3,452	31
Government grants received		49	2,049
Reimbursements received for construction of Main Event centres		-	23,228
US withholding tax paid		-	(4,721)
Insurance recoveries		1,656	2,026
Realised gain on derivatives		61	-
Income tax paid		(10,963)	(1,396)
Net cash flows (used in)/from operating activities	8(c)	**(14,247)**	**167,836**
Investing activities			
Payments for other financial assets		(142,409)	-
Payments for property, plant and equipment		(16,792)	(106,580)
Payments for intangible assets		(692)	(10,656)
Payment for purchase of business net of cash acquired		-	(28,657)
Proceeds from other financial assets		47,409	-
Proceeds from the sale of plant and equipment		13	182
Proceeds from the sale of Main Event, net of selling costs and cash disposed		616,392	-
Settlement of forward foreign exchange contracts		(32,895)	-
Proceeds from the sale of investment held for sale		500	858
Payments for investment held at fair value		-	(2,459)
Net cash flows from/(used in) investing activities		**471,526**	**(147,312)**
Financing activities			
Proceeds from loans		-	50,661
Repayments of loans		(45,689)	(21,990)
Payment of principal portion of lease liabilities	21(b)	(199)	(13,112)
Lease interest paid	21(b)	(28)	(37,241)
Loan interest paid		(3)	(17,540)
Dividend paid to ordinary shareholders	19	(234,721)	-
Return of capital paid to ordinary shareholders	17	(221,000)	-
Dividends paid to non-controlling interests		-	(11,860)
Net cash flows used in financing activities		**(501,640)**	**(51,082)**
Net decrease in cash and cash equivalents		(44,361)	(30,558)
Cash and cash equivalents at the beginning of the year		90,623	114,962
Effect of exchange rate changes on cash and cash equivalents		162	6,219
Cash and cash equivalents at the end of the year	8(a)	**46,424**	**90,623**

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

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Notes to the Financial Statements
for the year ended 27 June 2023

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.

Ardent Leisure Group Limited is a for-profit entity for the purposes of preparing financial statements.

The significant policies which have been adopted in the preparation of these consolidated financial statements for the year ended 27 June 2023 are set out in the accompanying notes. These policies have been consistently applied to the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with the requirements of the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*.

(a) Historical cost convention

The 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.

(b) Compliance with IFRS as issued by the IASB

Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, these financial statements have also been prepared in accordance with, and comply with, IFRS as issued by the IASB.

(c) Principles of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Australian dollars, which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or when they are attributable to part of the net investment in a foreign operation.

Foreign operations

Assets and liabilities of foreign controlled entities held in the prior year were translated at exchange rates ruling at reporting date while income and expenses were translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign controlled entities were taken directly to the foreign currency translation reserve. On consolidation, exchange differences on loans denominated in foreign currencies, where the loan was considered part of the net investment in that foreign operation, were taken directly to the foreign currency translation reserve. At 28 June 2022, the spot rate used was A$1.00 = US$0.6928 and the average spot rate during the year ended 28 June 2022 was A$1.00 = US$0.7245.

On completion of the sale of the Group's US Main Event business, all accumulated foreign exchange losses were reclassified from the foreign currency translation reserve to the income statement and form part of the net gain on disposal – refer to Note 30(d).

(e) 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 fair values described in Notes 16, 22, 24, 28 and 33 and assumptions related to deferred tax assets and liabilities, impairment testing of assets and 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 annual reporting period.

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1. Basis of preparation (continued)

(f) 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.

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 cash proceeds (before transaction costs) of US$462.8 million ($634.6 million) for its share of the business, representing base consideration of $667.5 million net of the settlement of forward foreign exchange contracts of $32.9 million. Additional post-completion proceeds of approximately 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 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 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 June 2023, the Group is well capitalised with $141.4 million of cash and short term deposits 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.

(g) New accounting standards, amendments and interpretations not yet adopted by the Group

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 28 June 2023 but which the Group has not yet adopted. The Group's assessment of the impact of those new standards, amendments and interpretations which may have an impact is set out below:

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

In January 2020, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Due to the sale of Main Event and repayment and termination of all debt facilities subsequent to the reporting date, the amendments are not expected to have a material impact on the Group.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

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Notes to the Financial Statements
for the year ended 27 June 2023

1. Basis of preparation (continued)

(g) New accounting standards, amendments and interpretations not yet adopted by the Group (continued)

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

These amendments are not expected to have a material impact on the Group.

AASB 2021-5Amendments to AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments are effective for annual periods beginning on or after 1 January 2023 and should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Earlier application is permitted as long as this fact is disclosed.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

(h) New and amended standards adopted by the Group

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

- Amendment to AASB 1, *Subsidiary as a First-time Adopter;*
- Amendments to AASB 3, *Reference to the Conceptual Framework;*
- Amendment to AASB 9, *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities;*
- Amendments to AASB 116, *Property, Plant and Equipment: Proceeds before Intended Use;*
- Amendments to AASB 137, *Onerous Contracts – Cost of Fulfilling a Contract;*
- Amendment to AASB 141, *Taxation in Fair Value Measurements; and*
- AASB 2021-7 Amendments to AASs – *Effective Date of Amendments to AASB 10 and AASB 128*

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

(i) Rounding

The Group has relied on the relief provided by ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded to the nearest thousand dollars in accordance with that Instrument, unless otherwise indicated.

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2. Segment information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

Segment income, expenditure, assets and liabilities are those that are directly attributable to a segment and which can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of cash, receivables (net of any related provisions), inventories, property, plant and equipment, intangible assets, lease right-of-use assets and investments. Any assets used jointly by segments are allocated based on reasonable estimates of usage.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The main income statement items used by management to assess each of the divisions are divisional revenue and divisional EBITDA.

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.

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Notes to the Financial Statements
for the year ended 27 June 2023

2. Segment information (continued)

29 June 2022 to 27 June 2023	Theme Parks & Attractions $'000	Corporate $'000	Continuing operations $'000	Discontinued operations Main Event $'000	Total $'000
Segment revenue	**83,874**	**1**	**83,875**	**-**	**83,875**
Operating EBITDA	**3,087**	**(7,915)**	**(4,828)**	**-**	**(4,828)**
Gain on disposal of Main Event business	-	-	-	682,428	682,428
Segment EBITDA	**3,087**	**(7,915)**	**(4,828)**	**682,428**	**677,600**
Depreciation and amortisation	(7,784)	(28)	(7,812)	-	(7,812)
Amortisation of lease assets	(113)	(78)	(191)	-	(191)
Segment EBIT	**(4,810)**	**(8,021)**	**(12,831)**	**682,428**	**669,597**
Borrowing costs			(349)	-	(349)
Lease liability interest expense			(28)	-	(28)
Interest income			4,821	-	4,821
(Loss)/profit before tax			**(8,387)**	**682,428**	**674,041**
Income tax expense			(9,324)	-	(9,324)
Net (loss)/profit after tax			**(17,711)**	**682,428**	**664,717**
The segment EBITDA above has been impacted by the following specific items:					
Dreamworld incident related costs, net of insurance recoveries	(1,294)	-	(1,294)	-	(1,294)
Gain on disposal of Main Event business	-	-	-	682,428	682,428
Other unrealised derivative gains	-	145	145	-	145
Non-cash LTI plan valuation expense	(151)	(39)	(190)	-	(190)
Restructuring and other non-recurring items	(237)	-	(237)	-	(237)
Lease payments no longer recognised in EBITDA under AASB 16 *Leases*	115	80	195	-	195
Net loss on disposal of assets	(54)	-	(54)	-	(54)
	(1,621)	**186**	**(1,435)**	**682,428**	**680,993**
The net (loss)/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*	(139)	(80)	(219)	-	(219)
Capitalised borrowing costs written off on repayment of debt following Main Event sale	-	(329)	(329)	-	(329)
Tax impact of specific items listed above	528	(9,802)	(9,274)	-	(9,274)
Tax losses for which deferred tax asset not recognised	(623)	(1,924)	(2,547)	-	(2,547)
Tax deductible temporary differences for which deferred tax asset not recognised	268	204	472	-	472
	34	**(11,931)**	**(11,897)**	**-**	**(11,897)**
Total assets	141,905	141,435	283,340	-	283,340
Acquisitions of property, plant and equipment, and intangible assets	20,362	-	20,362	-	20,362

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2. Segment information (continued)

30 June 2021 to 28 June 2022	Theme Parks & Attractions $'000	Corporate $'000	Continuing operations $'000	Discontinued operations Main Event $'000	Total $'000
Segment revenue	**49,459**	**-**	**49,459**	**588,100**	**637,559**
Operating EBITDA	**(14,447)**	**(8,088)**	**(22,535)**	**199,205**	**176,670**
Costs associated with the sale of Main Event	-	(32,895)	(32,895)	(98,254)	(131,149)
Segment EBITDA	**(14,447)**	**(40,983)**	**(55,430)**	**100,951**	**45,521**
Depreciation and amortisation	(8,091)	(74)	(8,165)	(42,210)	(50,375)
Amortisation of lease assets	(94)	(76)	(170)	(20,316)	(20,486)
Segment EBIT	**(22,632)**	**(41,133)**	**(63,765)**	**38,425**	**(25,340)**
Borrowing costs			(1,781)	(32,812)	(34,593)
Lease liability interest expense			(18)	(39,616)	(39,634)
Interest income			31	56	87
Loss before tax			**(65,533)**	**(33,947)**	**(99,480)**
Income tax benefit/(expense)			4,062	(2,013)	2,049
Net loss after tax			**(61,471)**	**(35,960)**	**(97,431)**
The segment EBITDA above has been impacted by the following specific items:					
Reversal of impairment of property, plant and equipment and lease-right-of-use assets	-	-	-	8,184	8,184
Early termination of leases	-	-	-	925	925
Pre-opening expenses	-	-	-	(6,300)	(6,300)
Dreamworld incident related insurance recoveries, net of costs	516	-	516	-	516
Summit business acquisition costs	-	-	-	(185)	(185)
Main Event LTI plan valuation expense	-	-	-	(83,392)	(83,392)
RedBird option valuation expense	-	-	-	(7,547)	(7,547)
Main Event sale costs	-	-	-	(7,315)	(7,315)
Movement in fair value of derivative financial instruments used to hedge Main Event sale proceeds	-	(32,895)	(32,895)	-	(32,895)
Restructuring and other non-recurring items	-	-	-	(299)	(299)
Lease payments no longer recognised in EBITDA under AASB 16 *Leases*	110	78	188	50,202	50,390
Net loss on disposal of assets	(94)	-	(94)	(64)	(158)
	532	**(32,817)**	**(32,285)**	**(45,791)**	**(78,076)**
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*	(108)	(80)	(188)	(59,932)	(60,120)
Tax impact of specific items listed above	(127)	9,869	9,742	20,668	30,410
Tax losses for which deferred tax asset not recognised	(7,968)	(3,512)	(11,480)	(4,037)	(15,517)
Tax deductible temporary differences for which deferred tax asset not recognised	316	(204)	112	-	112
	(7,887)	**6,073**	**(1,814)**	**(43,301)**	**(45,115)**
Total assets	131,819	45,257	177,076	956,785	1,133,861
Acquisitions of property, plant and equipment, and intangible assets	10,864	-	10,864	102,789	113,653

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3. Revenue from operating activities

Revenue by type	2023 $'000	2022 $'000
Revenue from services	55,637	28,910
Revenue from sale of goods	28,238	20,549
Revenue from operating activities	**83,875**	**49,459**

Revenue by geographical market	2023 $'000	2022 $'000
Australia	83,875	49,459
	83,875	**49,459**

Timing of revenue recognition	2023 $'000	2022 $'000
Goods and services transferred at a point in time	62,258	35,782
Services transferred over time	21,617	13,677
	83,875	**49,459**

(a) Accounting policy

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Rendering of services

Revenue from rendering of services including ticket/pass sales, premium experiences, functions and sponsorships is recognised when performance obligations to the customers have been satisfied.

In the case of Theme Parks & Attractions, the performance obligation is satisfied by the provision of the service including, for ticket/pass sales, entry to Dreamworld, WhiteWater World and SkyPoint during the validity period of the entry pass/ticket.

Revenue relating to theme park annual/season passes is recognised on a straight-line basis over the period that the pass allows access to the parks.

Sale of goods

Revenue from sale of goods including merchandise and food and beverage items is recognised when control of the goods has passed to the buyer, generally on delivery of the goods at the time of sale.

(b) Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of year is as follows:

	2023 $'000	2022 $'000
Within one year	11,178	12,073
More than one year	467	89
	11,645	**12,162**

Set out below is the amount of revenue recognised from:

	2023 $'000	2022 $'000
Amounts included in deferred revenue at the beginning of the year	11,578	6,979

4. Other income

	2023 $'000	2022 $'000
Government subsidies and grants	49	2,019
Insurance recoveries	1,656	1,181
Other	-	19
Total other income	**1,705**	**3,219**

(a) Accounting policy

Government subsidies and grants are recognised where there is reasonable assurance that the subsidy or grant will be received, and all attached conditions will be complied with. When the subsidy or grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the subsidy or grant relates to an asset, it reduces the carrying amount of the asset. The subsidy or grant is then recognised in profit and loss over the useful life of the depreciable asset by way of a reduced depreciable charge.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Insurance recoveries income is recognised when receipt of proceeds is considered virtually certain.

5. Finance costs

	Note	2023 $'000	2022 $'000
Interest on loans		349	2,224
Interest on leases	21(a)	28	18
Net (remission of interest)/interest on tax liabilities		-	(443)
		377	**1,799**

(a) Accounting policy

Finance costs are recognised as expenses using the effective interest rate method, except where they are included in the costs of qualifying assets.

Finance costs include interest on short term and long term borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, the interest expense on lease liabilities and preferred dividends payable by a subsidiary where the underlying preferred shares are classified as debt under AASB 132 *Financial Instruments*.

Finance costs associated with the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Finance costs not associated with qualifying assets, are expensed in the Income Statement.

The capitalisation rate used to determine the amount of finance costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

6. Other expenses

	2023 $'000	2022 $'000
Audit fees	382	415
Consulting fees	623	610
Consumables	973	823
Electricity	2,254	1,070
Insurance	6,655	7,162
Legal fees	151	141
Merchant fees	924	539
Printing, stationery and postage	122	149
Taxation fees	21	21
Telecommunications	37	48
Travel costs	154	58
Training	502	447
Other administrative costs	2,066	2,336
Utilities	930	777
Other	862	875
	16,656	**15,471**

7. Taxation

(a) Income tax expense/(benefit)

	Note	2023 $'000	2022 $'000
Current tax		154	7,635
Deferred tax		9,324	(8,783)
Over provided in prior year		(154)	(901)
		9,324	**(2,049)**
Income tax expense/(benefit) is attributable to:			
Loss from continuing operations		9,324	(4,062)
Profit from discontinued operations	30(b)	-	2,013
		9,324	**(2,049)**
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:			
Decrease/(increase) in deferred tax assets	7(e)	9,203	(30,964)
Increase in deferred tax liabilities	7(g)	121	22,181
		9,324	**(8,783)**

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7. Taxation (continued)

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

	Note	2023 $'000	2022 $'000
Loss from continuing operations before income tax expense/(benefit)		(8,387)	(65,533)
Profit/(loss) from discontinued operations before income tax expense/(benefit)	30(b)	682,428	(33,947)
Prima facie profit/(loss) before tax		**674,041**	**(99,480)**
Prima facie tax at the Australian tax rate of 30% (2022: 30%)		202,212	(29,844)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:			
Entertainment		8	1
Sundry items		43	2,812
RedBird preferred stock dividend		-	4,615
RedBird option unrealised valuation loss		-	2,387
Employee benefits		-	2
Tax losses for which deferred tax asset not recognised		2,547	15,517
Tax deductible temporary differences for which deferred tax asset not recognised		(472)	(112)
Gain on disposal of discontinued operation		(194,860)	-
US withholding tax expense		-	4,721
Foreign exchange conversion differences		-	253
US State taxes		-	(1,218)
Research and development and other credits		-	(970)
Difference in overseas tax rates		-	688
Over provided in prior year		(154)	(901)
Income tax expense/(benefit)		**9,324**	**(2,049)**

(c) Unrecognised temporary differences

	2023 $'000	2022 $'000
Deductible temporary differences for which no deferred tax asset has been recognised:		
Australia - Property, plant and equipment	48,078	49,651
Total temporary differences	**48,078**	**49,651**
Potential Australian tax benefit at 30%	14,423	14,895
Total potential tax benefit	**14,423**	**14,895**

(d) Tax consolidation legislation

The Company and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation and entered into tax sharing and tax funding agreements with the entities in the tax consolidated group. The tax sharing agreement limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity, Ardent Leisure Group Limited.

Under the tax funding agreement, the wholly-owned entities fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are payable upon demand by the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are netted off in non-current inter-entity payables.

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7. Taxation (continued)

(e) Deferred tax assets

	Note	2023 $'000	2022 $'000
The balance comprises temporary differences attributable to:			
Employee benefits		1,194	1,131
Provisions and accruals		1,072	782
Deferred revenue		1,837	1,811
Unrealised loss on derivatives		41	9,558
Lease liabilities		180	109
Other		92	228
Deferred tax assets		**4,416**	**13,619**
Set-off of deferred tax balances pursuant to set-off provisions			
Australia	7(g)	(301)	(180)
Net deferred tax assets		**4,115**	**13,439**
Movements			
Balance at the beginning of the year		13,619	114,622
Foreign exchange differences		-	10,244
(Debited)/credited to the Income Statement	7(a)	(9,203)	30,964
Reclassified as assets held for sale		-	(142,211)
Balance at the end of the year		**4,416**	**13,619**
Deferred tax assets to be recovered within 12 months		2,307	11,472
Deferred tax assets to be recovered after more than 12 months		2,109	2,147
		4,416	**13,619**

(f) Unrecognised tax losses

	2023 $'000	2022 $'000
Unused US tax losses for which deferred tax asset not recognised	-	102,388
Unused Australian tax losses for which deferred tax asset not recognised	130,873	122,789
Total losses	**130,873**	**225,177**
Potential US tax benefit at 21%	-	21,501
Potential Australian tax benefit at 30%	39,262	36,837
Total potential tax benefit	**39,262**	**58,338**

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7. Taxation (continued)

(g) Deferred tax liabilities

	Note	2023 $'000	2022 $'000
The balance comprises temporary differences attributable to:			
Prepayments		-	34
Property, plant and equipment		301	146
Deferred tax liabilities		**301**	**180**
Set-off deferred tax balances pursuant to set-off provisions			
Australia	7(e)	(301)	(180)
Net deferred tax liabilities		**-**	**-**
Movements			
Balance at the beginning of the year		180	109,966
Foreign exchange differences		-	10,244
Debited to the Income Statement	7(a)	121	22,181
Reclassified as liabilities directly associated with assets held for sale		-	(142,211)
Balance at the end of the year		**301**	**180**
Deferred tax liabilities to be settled within 12 months		-	34
Deferred tax liabilities to be settled after more than 12 months		301	146
		301	**180**

(h) Review of prior period taxation arrangements

As noted in the June 2020 annual report, a settlement was reached in October 2019 with the ATO under which the Group was required to make further tax payments in respect of prior periods totalling $15.9 million. Of this, $10.0 million (2022: $10.0 million) was payable on deferred settlement terms commencing September 2022, for which a liability was recognised in the June 2022 financial statements. The ATO took security over the freehold and business assets of SkyPoint until such time as the tax liability was fully repaid.

On 1 July 2022, the Group paid the total amount owing to the ATO, using net proceeds from the sale of Main Event. The ATO subsequently released security over the freehold and business assets of SkyPoint, effective 1 July 2022.

(i) Accounting policy

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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7. Taxation (continued)

(i) Accounting policy (continued)

Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Ardent Leisure Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Entities within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such investment allowances as tax credits. This means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the taxation authority, are presented as operating cash flow.

8. Cash flow information

(a) Cash and cash equivalents

Cash and cash equivalents at 27 June 2023 comprise the following:

	2023 $'000	2022 $'000
Cash at banks and on hand	46,292	38,334
Restricted cash	132	2,431
	46,424	**40,765**

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. Restricted cash includes deposits held as security for ancillary merchant, hedging and bank guarantee facilities.

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Other financial assets

	2023 $'000	2022 $'000
Term deposits	95,000	-
	95,000	**-**

As the maturity term when entering the term deposits was greater than three months they have been recognised as other financial assets in accordance with AASB 107 *Statement of Cash Flows*.

An amount of $6,467,285 of term deposits are held as security for letters of credit, merchant and bank guarantee facilities.

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8. Cash flow information (continued)

(c) Reconciliation of profit/(loss) for the year to net cash flows from operating activities

	2023 $'000	2022 $'000
Profit/(loss) for the year	664,717	(97,431)
Non-cash items		
Depreciation of property, plant and equipment	7,255	45,688
Amortisation	748	25,171
Reversal of impairment	-	(8,184)
Equity-based payments	356	83,678
Expected credit losses on receivables	123	513
Inventory provision (increase)/decrease	85	119
Loss on sale of property, plant and equipment	54	158
Valuation gain on financial asset held at fair value	-	(56)
Net foreign exchange differences	(162)	-
Classified as financing activities		
Finance costs	377	74,227
Classified as investing activities		
Movement in fair value of derivative financial instruments	(84)	39,939
Gain on disposal of Main Event business	(682,428)	-
Changes in assets and liabilities:		
Decrease/(increase) in assets:		
Receivables	(882)	(9,040)
Inventories	(644)	(3,017)
Deferred tax assets	9,324	(8,783)
Other assets	(796)	(1,591)
Increase/(decrease) in liabilities:		
Payables and other liabilities	(1,424)	25,096
Provisions	97	732
Current tax liabilities	(2,500)	617
Non-current tax liabilities	(8,463)	-
Net cash flows (used in)/from operating activities	**(14,247)**	**167,836**

(d) Accounting policy

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

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8. Cash flow information (continued)

(e) Changes in interest bearing liabilities arising from financing activities

	Note	2023 $'000	2022 $'000
Interest bearing liabilities			
Opening interest bearing liabilities balance		45,710	624,701
Changes from financing cash flows		(45,917)	(8,022)
Reclassified as liabilities directly associated with assets classified as held for sale		-	(699,904)
Effect of changes in foreign currency rates		-	5,639
Changes in lease liabilities	21(a)	466	108,249
Other		342	15,047
Closing interest bearing liabilities balance		**601**	**45,710**
Derivative financial instruments			
Opening derivative liability		-	2,405
Reclassified as liabilities directly associated with assets classified as held for sale		-	(2,405)
Closing derivatives net liability		**-**	**-**
Total financial liabilities		**601**	**45,710**

9. Earnings/(losses) per share

	2023	2022
Basic losses per share (cents) from continuing operations	(3.69)	(12.81)
Basic earnings/(losses) per share (cents) from discontinued operations	142.26	(7.50)
Total basic earnings/(losses) per share (cents)	**138.57**	**(20.31)**
Diluted losses per share (cents) from continuing operations	(3.69)	(12.81)
Diluted earnings/(losses) per share (cents) from discontinued operations	141.92	(7.50)
Total diluted earnings/(losses) per share (cents)	**138.23**	**(20.31)**
Earnings/(losses) used in the calculation of basic and diluted earnings per share ($'000)	664,717	(97,431)
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 (refer to Note 33) ('000)(1)	1,192	92
Weighted average number of shares on issue used in the calculation of diluted earnings/(losses) per share ('000)	480,898	479,706

(1) In accordance with AASB 133 *Earnings per share*, these are not included in the prior year calculation of diluted earnings per share, as they are anti-dilutive.

Basic earnings per share are determined by dividing profit by the weighted average number of ordinary shares on issue during the period.

Diluted earnings per share are determined by dividing the profit by the weighted average number of ordinary shares and dilutive potential ordinary shares on issue during the period.

10. Distributions and 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 dividend has been paid or declared for the year ended 27 June 2023 (28 June 2022: nil).

(a) Franking credits

The tax consolidated group has franking credits arising from the payment of tax in prior periods of $1,501,307 (2022: $1,501,307).

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11. Receivables

	2023 $'000	2022 $'000
Trade receivables	1,512	770
Allowance for expected credit losses	(19)	(36)
	1,493	**734**

The Group has recognised an expense of $123,064 in respect of expected credit losses (ECLs) during the year ended 27 June 2023 (2022: $30,203). The expense has been included in other expenses in the Income Statement.

Refer to Note 23(e) for information on the Group's management of, and exposure to, credit risk.

(a) Accounting policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method less allowances for ECLs. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The collectability of debts is reviewed on an ongoing basis. Debts are written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group applies a provision matrix in calculating ECLs for trade receivables. The provision rates are based on days past due for groupings of customers that have similar loss patterns and are based on the Group's historically observed default rates and adjusted with forward-looking information at each reporting date where applicable.

Assessment of the relationship between historical observed default rates, forecast economic conditions and ECLs requires judgement. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of actual default rates in the future.

The amount of any provision for ECLs is recognised in the Income Statement within other expenses. When a trade receivable for which a provision has been recognised becomes uncollectible in a subsequent period, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited against other expenses in the Income Statement.

12. Inventories

	2023 $'000	2022 $'000
Goods held for resale	3,089	2,446
Provision for diminution	(147)	(62)
	2,942	**2,384**

The expense relating to the write-downs of inventories during the year ended 27 June 2023 was $85,018 (2022: $62,465).

(a) Accounting policy

Inventories are valued at the lower of cost and net realisable value. Cost of goods held for resale is determined by weighted average cost. Cost of catering stores (which by nature are perishable) and other inventories is determined by purchase price.

13. Other assets

	2023 $'000	2022 $'000
Prepayments	1,221	1,777
Accrued income	1,372	5
	2,593	**1,782**

14. Payables

	2023 $'000	2022 $'000
Current		
GST payable	179	213
Trade creditors	1,892	2,483
Employee benefits	4,691	4,231
Deferred revenue	10,846	11,510
Capital expenditure	4,101	1,292
Other payables	3,735	3,892
Total current	**25,444**	**23,621**
Non-current		
Other payables	395	594
Total non-current	**395**	**594**
Total payables	**25,839**	**24,215**

(a) Accounting policy

Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 to 60 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

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Notes to the Financial Statements
for the year ended 27 June 2023

15. Property, plant and equipment

Segment	Cost 2023 $'000	Accumulated depreciation & impairments 2023 $'000	Consolidated book value 2023 $'000	Cost 2022 $'000	Accumulated depreciation & impairments 2022 $'000	Consolidated book value 2022 $'000
Theme Parks & Attractions	329,793	(202,469)	127,324	310,207	(195,304)	114,903
Other	4,133	(4,122)	11	4,133	(4,094)	39
Total	**333,926**	**(206,591)**	**127,335**	**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 years is set out below:

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
2023							
Carrying amount at the beginning of the year	61,195	41,799	5,256	2,757	78	3,857	114,942
Additions	40	40	793	165	118	18,565	19,721
Transfer from construction in progress	389	610	795	149	-	(1,943)	-
Disposals	-	(62)	(19)	(1)	-	-	(82)
Depreciation	(2,274)	(3,192)	(1,149)	(608)	(23)	-	(7,246)
Carrying amount at the end of the year	**59,350**	**39,195**	**5,676**	**2,462**	**173**	**20,479**	**127,335**

	Land and buildings $'000	Major rides and attractions $'000	Plant and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
2022							
Carrying amount at the beginning of the year	236,309	20,711	105,352	2,734	17	43,388	408,511
Additions	2,416	389	12,053	341	66	56,433	71,698
Acquired through business combinations	67,092		10,375				77,467
Transfers from intangibles	-	-	-	-	-	1	1
Transfer from construction in progress	41,034	23,768	2,682	344	-	(67,828)	-
Disposals	(66,917)	(12)	(34)	-	-	-	(66,963)
Depreciation	(5,576)	(3,057)	(35,871)	(662)	(5)	-	(45,171)
Foreign exchange movements	1,618	-	1,324	-	-	(444)	2,498
Reversal of impairment	4,488	-	2,322	-	-	-	6,810
Transfer to assets reclassified as held for sale	(219,269)	-	(92,947)			(27,693)	(339,909)
Carrying amount at the end of the year	**61,195**	**41,799**	**5,256**	**2,757**	**78**	**3,857**	**114,942**

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Notes to the Financial Statements
for the year ended 27 June 2023

15. Property, plant and equipment (continued)

(a) Accounting policy

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

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

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.

Assets classified as held for sale are excluded from the scope of AASB 136 and are accounted for under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. In the prior year, this applied to Main Event property, plant and equipment. Refer to Note 30(f) for further details.

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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing impairment of assets, the Group has determined that it has the following CGUs:

- Dreamworld/WhiteWater World combined theme park;
- SkyPoint, including the SkyPoint climb; and
- Dreamworld excess land.

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	2023 $'000	2022 $'000
Pre-tax discount rate	14.6%	13.9%
Long term EBITDA growth rate	2.5%	2.5%

SkyPoint	2023 $'000	2022 $'000
Pre-tax discount rate	n/a(1)	14.6%
Long term EBITDA growth rate	n/a(1)	2.5%

(1) For SkyPoint, the Directors do not consider there to be any indicators of impairment at 27 June 2023, therefore impairment testing has not been required in the current year.

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	+0.5%	(4,500)
	-0.5%	4,689
10-year Average Annual EBTDA	+5%	5,429
	-5%	(5,429)
Long term EBITDA growth rate	+0.5%	2,739
	-0.5%	(2,526)

Depreciation

Land and construction work in progress are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or impaired amounts, net of their residual values, over their estimated useful lives as follows:

	2023	2022
Buildings	10 - 40 years	10 - 40 years
Land improvements	20 - 40 years	20 - 40 years
Major rides & attractions	5 - 40 years	5 - 40 years
Plant and equipment	3 - 25 years	3 - 25 years
Furniture, fittings & equipment	3 - 20 years	3 - 20 years
Motor vehicles	4 - 10 years	4 - 10 years

16. Intangible assets

	2023 $'000	2022 $'000
Other intangibles at cost	7,151	6,510
Accumulated amortisation and impairment	(4,514)	(3,956)
Total intangible assets	**2,637**	**2,554**

	2023 $'000	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	641	5,600
Transfer to assets classified as held for sale	-	(17,490)
Transfer to property, plant and equipment	-	(1)
Disposals	-	(206)
Amortisation	(558)	(4,632)
Foreign exchange movements	-	134
Closing net book amount	**2,637**	**2,554**
Total intangible assets	**2,637**	**2,554**

(a) Goodwill

Goodwill in the prior year represented goodwill acquired by the Group as part of various acquisitions associated with the Main Event business.

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 to dispose of Main Event. At this date, the assets (including goodwill) and liabilities of Main Event were reclassified as held-for-sale - refer to Note 30(f).

(b) Accounting policy

Software

Software is amortised on a straight-line basis over the period during which the benefits are expected to be received, which is between 5 – 8 years (2022: 5 – 8 years).

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purposes of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (refer to Note 2).

Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Assets classified as held for sale are excluded from the scope of AASB 136 and are accounted for under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. This applies to Main Event goodwill at 28 June 2022, refer to Note 30(f) for further details.

Other intangibles

Other intangibles including the Safety Case and licence to operate for amusement parks are amortised on a straight-line basis over the period during which the benefits are expected to be received, which is five years.

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Notes to the Financial Statements
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17. Contributed equity

No. of shares	Details	Date of income entitlement	2023 $'000	2022 $'000
479,706,016	Shares on issue at beginning of the year	28-Jun-22	777,124	777,124
	Return of capital	13-Jul-23	(221,000)	-
479,706,016	**Shares on issue at end of the year**	**27-Jun-23**	**556,124**	**777,124**

18. Reserves

	Note	2023 $'000	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	30(d)	9,205	-
Closing balance		**-**	**(9,205)**
Equity-based payment reserve			
Opening balance		(8,419)	(8,522)
Option expense		190	103
Closing balance		**(8,229)**	**(8,419)**
Financial Asset revaluation reserve			
Opening balance		(475)	(1,290)
Transfer to accumulated losses on disposal of financial asset	19	475	815
Closing balance		**-**	**(475)**
Corporate restructure reserve			
Opening balance		(94,091)	(94,091)
Closing balance		**(94,091)**	**(94,091)**
Total reserves		**(102,320)**	**(112,190)**

Foreign currency translation reserve

Exchange differences arising on the translation of foreign controlled entities held in the prior year were taken to the foreign currency translation reserve. In addition, on consolidation, exchange differences on loans denominated in foreign currencies were taken directly to the foreign currency translation reserve where the loan was considered part of the net investment in that foreign operation.

On completion of the sale of the Group's US Main Event business, all accumulated foreign exchange losses were reclassified from the foreign currency translation reserve to the income statement and form part of the net gain on disposal (refer to Note 30(d)).

Equity-based payment reserve

The equity-based payment reserve is used to recognise the fair value of performance rights issued to employees under the Group's equity-based DSTI and LTI plans.

Corporate restructure reserve

Under the corporate restructure in December 2018, Ardent Leisure Group Limited shares were issued to security holders in exchange for their stapled securities. Ardent Leisure Group Limited share capital was measured at fair value at the date of the transaction, being the market capitalisation of the previous stapled Ardent Leisure Group at the date of implementation ($777.1 million). The difference between the contributed equity of Ardent Leisure Group Limited and the pre-restructure contributed equity of the stapled Ardent Leisure Group at the date of the transaction was recognised as a corporate restructure reserve.

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19. Accumulated losses

	Note	2023 $'000	2022 $'000
Opening balance		(628,746)	(530,500)
Profit/(loss) for the year		664,717	(97,431)
Transfer from financial asset revaluation reserve	18	(475)	(815)
Dividends paid and payable		(234,721)	-
Closing balance		**(199,225)**	**(628,746)**

20. Interest bearing liabilities

	2023 $'000	2022 $'000
Current		
Queensland Government loan[(1)]	-	20,997
Lease liabilities	203	123
Total current	**203**	**21,120**
Non-current		
Queensland Government loan[(1)]	-	24,679
Less: unamortised borrowing costs	-	(329)
Lease liabilities	398	240
Total non-current	**398**	**24,590**
Total interest bearing liabilities	**601**	**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.

(a) Queensland Government loan

In the year ended 29 June 2021, 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 comprised a three-year secured loan facility of $63.7 million (which included capitalised interest and fees) and grants of $6.2 million which could be used to fund working capital and approved capital expenditure.

The weighted average interest rate payable on the Queensland Government loan at 28 June 2022 was 4.28% per annum.

As at 28 June 2022, the Australian business had access to the following credit facilities:

	2022 $'000
Queensland Government loan facility	63,662
Amount used	(45,676)
Amount unused	**17,986**

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.

(c) Total secured liabilities and assets pledged as security

The carrying amounts of Theme Park assets pledged as security for the Queensland Government loan facility at 28 June 2022 were as follows:

	2022 $'000
Current assets	46,165
Non-current assets	117,972
Total assets	**164,137**

(d) Accounting policy

Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowing using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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Notes to the Financial Statements
for the year ended 27 June 2023

21. Leases

(a) Amounts recognised in the balance sheet

June 2023 Right-ot-use assets	Buildings $'000	Equipment $'000	Vehicles $'000	Total $'000
At 28 June 2022	240	-	121	361
Additions	252	181	5	438
Amortisation	(156)	(3)	(31)	(190)
At 27 June 2023	**336**	**178**	**95**	**609**

June 2022 Right-ot-use assets	Buildings $'000	Equipment $'000	Vehicles $'000	Total $'000
At 29 June 2021	286,218	490	4	286,712
Additions	73,336	34	134	73,504
Amortisation	(19,989)	(289)	(17)	(20,295)
Modifications to lease terms	5,195	-	-	5,195
Reversal of impairment	1,374	-		1,374
Classified as held for sale	(350,006)	(246)		(350,252)
Variable lease payment adjustments	792	-		792
Foreign exchange movements	3,320	11		3,331
At 28 June 2022	**240**	**-**	**121**	**361**

June 2023 Lease liabilities	Buildings $'000	Equipment $'000	Vehicles $'000	Total $'000
At 28 June 2022	248	-	115	363
Additions	252	181	5	438
Interest expenses	15	9	4	28
Lease payments	(165)	(29)	(34)	(228)
At 27 June 2023	**350**	**161**	**90**	**601**

June 2022 Lease liabilities	Buildings $'000	Equipment $'000	Vehicles $'000	Total $'000
At 29 June 2021	363,433	550	1	363,984
Additions	73,336	34	134	73,504
Interest expenses	28,720	35	3	28,758
Modifications to lease terms	5,195	-	-	5,195
Classified as held for sale	(438,247)	(288)		(438,535)
Variable lease payment adjustments	792	-	-	792
Lease payments	(36,823)	(343)	(23)	(37,189)
Foreign exchange movements	3,842	12	-	3,854
At 28 June 2022	**248**	**-**	**115**	**363**

Lease liabilities are presented in the balance sheet as follows:

Interest bearing liabilities	Note	June 2023 $'000	June 2022 $'000
Current	20	203	123
Non-current	20	398	240
		601	**363**

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21. Leases (continued)

(b) Additional profit or loss and cashflow information

The Group recognised nil rent expenses from variable lease payments for the year ended 27 June 2023 (2022: $615,129).

Cash flows in respect of leases in the current year are $0.2 million (2022: $50.4 million). For interest expense in relation to leasing labilities, refer to finance costs (Note 5).

The Group has some lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	Total $'000
Within five years	87
More than five years	-
	87

(c) Accounting policy

For new contracts entered into, the Group considers whether the contract is, or contains a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assess whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all identified lease contracts in which it is a lessee.

(i) Lease liabilities

At the commencement date of the lease, the Group recognises a lease liability measured at present value of lease payments to be made over the lease term.

Lease payments may include:

- Fixed payments (including reasonably certain extension options), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period on which the event or condition that triggers the payment occurs.

Cash payments for the principal and interest portion of lease liabilities are classified as financing activities within the statement of cashflows. Cash payments for variable lease payments not measured in lease liability are presented within the operating activities.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Subsequent to initial measurement, lease liabilities increase to reflect the accretion of interest on the balance outstanding and are reduced for lease payments made. The finance cost for interest on the lease is charged to profit or loss over the lease period.

The lease liability is remeasured to reflect any reassessment or modification of lease term or changes in the in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has not elected to apply the short-term lease and the low-value assets lease practical expedients. These leases are included in the measurement of lease liability.

(ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received or make good costs to be incurred at the end of the lease. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of- use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment and, where required, impairment testing is performed in conjunction with property, plant and equipment (refer to Note 15(a)).

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21. Leases (continued)

(c) Accounting policy (continued)

(iii) Significant judgement in determining the lease term of contracts

The Group determines the lease term as the non-cancellable period of the lease, together with any periods covered by options to extend the lease if the Group is reasonably certain to exercise those options. The Group has the option, under some of its leases to extend the lease for additional terms of 1-2 years. Management uses its judgement and experience to determine whether or not an option would be reasonably certain to be exercised on a lease by lease basis. In doing so, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the renewal option.

22. Derivative financial instruments

	2023 $'000	2022 $'000
Current assets		
Forward foreign exchange contracts	55	-
	55	**-**
Non-current assets		
Forward foreign exchange contracts	29	-
	29	**-**
Current liabilities		
Forward foreign exchange contracts	-	32,895
	-	**32,895**

(a) Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to buy Euro and sell Australian dollars at a weighted average rate of 0.6199. At 27 June 2023, these contracts total Euro 2.8 million/A$4.5 million (28 June 2022: nil).

In the prior year, the Group entered into deal-contingent forward foreign exchange contracts to provide certainty over proceeds from the sale of Main Event under which the Group had contracted to sell US$485 million if and when the Main Event sale completed. The contracts allowed the Group to sell the US dollars at a weighted average rate of 0.7265 on or before 1 September 2022.

The Group elected not to apply hedge accounting for its forward foreign exchange contracts in the current and prior years. Accordingly changes in fair value of these contracts were recorded in the Income Statement. Notwithstanding the accounting outcome, the Group considered that these derivative contracts were appropriate and effective in offsetting the economic foreign exchange exposures of the Group.

(b) Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument if hedging criteria are met, and if so, the nature of the item being hedged. The Group may designate certain derivatives as either hedges of exposures to variability in cash flows associated with future interest payments on variable rate debt (cash flow hedges) or hedges of net investments in foreign operations (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months. They are classified as current assets or liabilities when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are recycled in the Income Statement in the period when the hedged item impacts the Income Statement.

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22. Derivative financial instruments (continued)

(c) Accounting policy (continued)

Cash flow hedges (continued)

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

23. Capital and financial risk management

(a) Capital risk management

The Group's objectives when managing capital is to optimise shareholder value through the mix of available capital sources while complying with statutory requirements, maintaining gearing, interest cover and debt serviceability ratios within approved limits and continuing to operate as a going concern.

The Group assesses its capital management approach as a key part of the Group's overall strategy and it is continuously reviewed by management and the Board.

The Group is able to alter its capital mix by issuing new shares, activating the DRP, electing to have the DRP underwritten, adjusting the amount of dividends paid, activating a return of capital or share buy-back program or selling assets to reduce borrowings.

The Group has a long-term target gearing ratio of 30% to 35% of net debt to net debt plus equity.

Protection of the Group's equity in foreign denominated assets was achieved through borrowing in the local functional currency to provide a natural hedge supplemented by the use of foreign exchange forward contracts to provide additional hedge protection. The Group has a target equity hedge of 50% to 100% of the asset value by foreign currency.

The Group also protects its equity in assets by taking out insurance with creditworthy insurers.

(b) Financial risk management

The Group's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities and derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. The Group manages its exposure to these financial risks in accordance with the Group's Financial Risk Management (FRM) policy as approved by the Board.

The FRM policy sets out the Group's approach to managing financial risks, the policies and controls utilised to minimise the potential impact of these risks on its performance and the roles and responsibilities of those involved in the management of these financial risks.

The Group uses various measures to manage exposures to these types of risks. The main methods include foreign exchange and interest rate sensitivity analysis, ageing analysis and counterparty credit assessment and the use of cash flow forecasts.

The Group uses derivative financial instruments such as forward foreign exchange contracts, interest rate swaps and interest rate caps to manage its financial risk as permitted under the FRM policy. Such instruments are used exclusively for hedging purposes i.e. not for trading or speculative purposes.

(c) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates will change the Australian dollar value of the Group's net assets or its Australian dollar earnings.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currency of a Group entity.

In previous years, the Group was exposed to foreign exchange risk through investing in overseas businesses and deriving operating income from those businesses. The Group managed this exposure on a consolidated basis.

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Notes to the Financial Statements
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23. Capital and financial risk management (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Foreign investment

In previous years, the Group has aimed to minimise the impact of fluctuations in foreign currency exchange rates on its net investments overseas by funding such investments with borrowings in the local overseas currency or by taking out forward foreign exchange contracts. The Group's policy is to hedge 50% to 100% of overseas investments in this way.

The table below sets out the Group's overseas investments as at the current and prior reporting dates, by currency, and how, through the use of forward foreign exchange contracts, this exposure has been reduced. All figures in the table below are shown in Australian dollars with foreign currency balances translated at the year-end spot rate:

		Australian dollars		**US dollars**	
	Note	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
Assets					
Cash and cash equivalents		46,424	40,765	-	-
Other financial assets		95,000	-	-	-
Receivables, inventories and other current assets		7,028	4,900	-	-
Derivative financial instruments		84	-	-	-
Property, plant and equipment		127,335	114,942	-	-
Intangible assets		2,637	2,554	-	-
Right-of-use assets		609	361	-	-
Other non-current assets		4,223	13,554	-	-
		283,340	**177,076**	**-**	**-**
Assets classified as held for sale	30(f)	-	500	-	956,285
Total assets		**283,340**	**177,576**	**-**	**956,285**
Liabilities					
Current payables and other current liabilities		27,341	27,860	-	-
Derivative financial instruments		-	32,895	-	-
Interest bearing liabilities		601	45,710	-	-
Non-current payables and other non-current liabilities		819	9,540	-	-
		28,761	**116,005**	**-**	**-**
Liabilities directly associated with assets classified as held for sale	30(f)	-	-	-	954,187
Total liabilities		**28,761**	**116,005**	**-**	**954,187**
Net assets		**254,579**	**61,571**	**-**	**2,098**
Notional value of derivatives[1]		-	-	-	(700,058)
Net exposure to foreign exchange movements		**-**	**-**	**-**	**(697,960)**

(1) The notional value of derivatives presented in the prior year, relates to deal contingent forward contracts which the Group entered into to hedge the expected proceeds on completion of the sale of Main Event. Refer to Note 22(a) for further details.

23. Capital and financial risk management (continued)

(c) Market risk (continued)

(ii) Foreign exchange rate sensitivity

The table below demonstrates the sensitivity of the above net exposures as at the reporting date to reasonably possible changes in foreign exchange rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit, or equity, while a positive amount reflects a potential net increase.

	Profit movement		Total equity movement	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
AUD:USD - increase 10%	-	-	-	63,735
AUD:USD - decrease 10%	-	-	-	(77,898)

Foreign income

Through investing in overseas assets, the Group has previously earned foreign denominated income. Net operating income derived was naturally offset by local currency denominated expenses including interest and tax.

From time to time, the Group has used forward foreign exchange contracts to convert this net foreign denominated currency exposure back to Australian dollars at pre-determined rates out into the future. Following the sale of Main Event, the Group has no foreign income, therefore there is no hedging in place at the reporting date.

(iii) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will impact the earnings of the Group.

The Group is exposed to interest rate risk predominantly through borrowings and cash. The Group manages this exposure on a consolidated basis. The Group applies benchmark hedging bands across its differing interest rate exposures and utilises interest rate swaps and caps, to manage its exposure between these bands. Compliance with the policy is reviewed regularly by management and is reported to the Board at each meeting.

The Group had exposures to interest rate risk on its net monetary assets/(liabilities) as at the reporting date, mitigated by the use of interest rate swaps and caps, as shown in the table below:

	Australian interest		US interest	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Floating rates				
Cash and cash equivalents	46,424	40,765	-	49,858
Interest bearing liabilities	-	(45,676)	-	(197,614)
	46,424	**(4,911)**	**-**	**(147,756)**
Interest rate swaps and interest rate caps	-	-	-	57,737
Net interest rate exposure	**46,424**	**(4,911)**	**-**	**(90,019)**

Refer to Note 30(f)(v) for further details on the interest rate swaps and interest rate caps applicable to US interest exposures in the prior year.

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23. Capital and financial risk management (continued)

(c) Market risk (continued)

(iv) Interest rate sensitivity

The table below demonstrates the sensitivity of the above net exposures as at the reporting date to reasonably possible changes in interest rates, with all other variables held constant. A negative amount in the table reflects a potential net reduction in the profit or equity, while a positive amount reflects a potential net increase.

	Profit movement		Total equity movement	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
100bp increase in AUD rate	429	(102)	429	(102)
100bp decrease in AUD rate	(429)	102	(429)	102
100bp increase in USD rate	-	(843)	-	(843)
100bp decrease in USD rate	-	843	-	843

At reporting date, the Group has not fixed or capped its floating interest exposure (2022: 23.73% fixed/capped).

(d) Liquidity risk

Liquidity risk arises if the Group has insufficient liquid assets to meet its short-term obligations. Liquidity risk is managed by maintaining sufficient cash balances and adequate committed credit facilities. Prudent liquidity management implies maintaining sufficient cash and marketable shares, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The instruments entered into by the Group were selected to ensure sufficient funds would be available to meet the ongoing cash requirements of the Group.

The following tables provide the contractual maturity of the Group's fixed and floating rate financial liabilities and derivatives as at the reporting date. The amounts presented represent the future contractual undiscounted principal and interest cash flows and therefore do not equate to the values shown in the Balance Sheet. Repayments which are subject to notice are treated as if notice were given immediately.

2023	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	25,839	25,444	395	-	-	-	-	25,839
Lease liabilities	601	227	159	161	95	15	-	657
Total undiscounted financial	**26,440**	**25,671**	**554**	**161**	**95**	**15**	**-**	**26,496**

2022	Book value $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	Over 5 years $'000	Total $'000
Payables	113,519	112,925	-	-	-	-	-	112,925
Lease liabilities	472,455	56,742	63,717	64,349	64,366	64,687	537,768	851,629
Term debt	197,614	17,141	16,985	205,044	-	-	-	239,170
Preferred shares of subsidiaries	99,443	-	-	-	-	228,630	-	228,630
Queensland Government loan	24,679	2,595	46,542	-	-	-	-	49,137
Current and non-current tax liabilities	10,959	2,500	2,500	2,500	5,921	-	-	13,421
Forward foreign exchange contracts	32,895	32,895	-	-	-	-	-	32,895
Total undiscounted financial liabilities	**951,564**	**224,798**	**129,744**	**271,893**	**70,287**	**293,317**	**537,768**	**1,527,807**

23. Capital and financial risk management (continued)

(e) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and will cause the Group to make a financial loss. The Group has exposure to credit risk on all of its financial assets included in the Group's Balance Sheet.

The Group manages credit risk on receivables by performing credit reviews of prospective debtors, obtaining collateral where appropriate and performing detailed reviews on any debtor arrears. The Group has policies to review the aggregate exposures of receivables across its portfolio. The Group has no significant concentrations of credit risk on its trade receivables. The Group holds collateral in the form of security deposits or bank guarantees, over some receivables.

For derivative financial instruments, there is only a credit risk where the contracting entity is liable to pay the Group in the event of a close out. Similarly, for cash and cash equivalents, there is a credit risk where the contracting entity holds the Group's cash balances and investments. The Group has policies that limit the amount of credit exposure to any financial institution. Derivative counterparties and cash investment transactions are limited to investment grade counterparties in accordance with the Group's FRM policy. As such, the Group's exposure to credit losses on derivative financial instruments and cash and cash equivalents is considered insignificant. The Group monitors the public credit rating of its counterparties.

Credit risk adjustments relating to receivables have been applied in line with the policy set out in Note 11. No fair value adjustment has been made to derivative financial assets or cash investments, with the impact of credit risk being assessed as minimal. The Group's maximum exposure to credit risk is noted in the table below.

Details of the concentration of credit exposure of the Group's assets are as follows:

	Note	2023 $'000	2022 $'000
Cash and cash equivalents		46,424	40,765
Other financial assets		95,000	-
Receivables – Australia		1,493	734
Receivables – US	30(f)	-	12,809
Derivative financial instruments		84	576
		143,001	**54,884**

All cash, derivative financial instruments and interest-bearing receivables are neither past due nor impaired.

The table below shows the ageing analysis of those receivables which are past due or impaired:

			Past due but not impaired				
	Note	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days		
		$'000	$'000	$'000	$'000	$'000	$'000
2023							
Receivables - Australia	11	1,442	42	-	9	19	1,512
		1,442	**42**	**-**	**9**	**19**	**1,512**
2022							
Receivables - Australia	11	705	27	2	-	36	770
Receivables - US	30(f)	11,769	892	95	53	-	12,809
		12,474	**919**	**97**	**53**	**36**	**13,579**

There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

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24. Fair value measurement

(a) Fair value hierarchy

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Derivative financial instruments;
- Investment held for sale; and
- Investment held at fair value by Main Event (classified as held-for-sale. Refer Note 30(f)).

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 assets and liabilities:

2023	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:					
Derivative financial instruments	22	-	84	-	84

2022	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets measured at fair value:					
Investment held at fair value	30(f)	-	-	3,084	3,084
Derivative financial instruments	30(f)	-	576	-	576
Liabilities measured at fair value:					
Derivative financial instruments	22	-	32,895	-	32,895
RedBird share purchase option	30(f)	-	-	10,677	10,677
Liabilities for which fair values are disclosed:					
Interest bearing liabilities	24(c)	-	243,290	-	243,290
RedBird preferred shares	24(c)	-		93,154	93,154
ALUSH Series B preferred stock	24(c)	-		1,475	1,475

There has been no transfer between level 1, level 2 and level 3 during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the year.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 27 June 2023.

24. 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 used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps and caps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date.

All of the resulting fair value estimates are included in level 2 except for unlisted equity shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(i) Fair value measurements using significant unobservable inputs

Redbird share purchase option

This equity option previously held by RedBird Capital Partners (RedBird) gave the holder the right to buy or sell Main Event equity at a predefined strike rate at specified date(s) as stipulated in the option agreement.

In the prior year, the fair value was determined with reference to the expected incremental proceeds which were payable to RedBird upon cancellation of the option, which occurred on completion of the sale of Main Event.

Redbird preferred shares

The initial carrying value of the liability component of RedBird's investment in Main Event was determined by discounting the contractual stream of future cash flows (coupon of 10% and principal of US$80 million) to the present value, at the rate of interest at inception (18.62%) applicable to instruments of comparable credit status and within similar industries, with similar terms.

The equity component of RedBird's investment in Main Event was measured as the residual after taking account of the option and fair value of debt.

ALUSH Series B preferred stock

The initial carrying value of the liability component of Main Event executives' investment in Main Event was determined by discounting the contractual stream of future cash flows (coupon of 10% and principal of US$1.1 million) to the present value, at the rate of interest at inception (14.35%) applicable to instruments of comparable credit status and within similar industries, with similar terms.

The equity component of Main Event executives' investment in Main Event was measured as the residual after taking account of the fair value of debt.

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Notes to the Financial Statements
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24. Fair value measurement (continued)

(c) Fair values of other financial instruments

In the prior year, the Group also had a number of financial instruments which were not measured at fair value in the Balance Sheet. For the majority of these instruments, the fair values were not materially different to their carrying amounts, since the interest receivable/payable was either close to the current market rates or the instruments were short term in nature. Differences were identified for the following instruments at 28 June 2022:

	Carrying amount 2023 $'000	Fair value 2023 $'000	Discount rate 2023 %	Carrying amount 2022 $'000	Fair value 2022 $'000	Discount rate 2022 %
US term debt and revolving credit	-	-	-	197,614	197,998	7.56
Queensland Government loan	-	-	-	45,676	45,699	5.82
RedBird preferred shares	-	-	-	93,154	97,900	18.62
ALUSH Series B preferred stock	-	-	-	1,475	1,649	14.35

In determining the fair values above, the principal amounts payable were discounted at rates which reflected the price that market participants would use when transferring the financial instruments, assuming that market participants act in their economic best interest. They were classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including the Group's own credit risk.

(d) Accounting policy

Fair value estimation

The Group measures financial instruments, such as derivatives and equity investments at fair value at each balance date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps and caps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of trade receivables and payables approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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Notes to the Financial Statements
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25. Contingent liabilities

At the reporting date, the representative shareholder class action against the Company was still ongoing. The claim alleged contraventions of the *Corporations Act 2001* (Cth). Throughout the year, the Company continued to maintain that it considered the proceedings to be without merit and was vigorously defending them.

Subsequent to the reporting date, the Company has reached agreement with the applicants to settle the class action, as disclosed in Note 27 below.

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

26. Capital commitments

	2023 $'000	2022 $'000
Property, plant and equipment		
Payable:		
Within one year	5,007	400
Later than one year but not later than five years	5,049	-
	10,056	**400**

27. Events occurring after reporting date

On 24 August 2023, the Company announced to the market that it has reached agreement with the applicants to settle the shareholder class action that was commenced in June 2020. The settlement deed has been executed and is subject only to Court approval. The Company is required to make a one-off payment of approximately $4.0 million following Court approval and the balance of the settlement proceeds are fully insured.

On 24 August 2023, the Directors resolved that the Company will undertake an on-market share buy-back of up to 10% of the issued capital, commencing on or about 18 September 2023 and to be completed within 12 months. The buy-back is subject to prevailing share price and market conditions and will be executed at the Company's discretion in accordance with regulatory requirements.

Since the end of the financial year, the Directors of the Company are not aware of any other matters or circumstances not otherwise dealt with in the financial report that has 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 years subsequent to the year ended 27 June 2023.

28. Provisions

(a) Distributions to shareholders

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the reporting date.

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 2023 (28 December 2021: Nil).

(b) Other provisions

	Employee benefits $'000	Sundry[1] $'000	Total $'000
At 29 June 2022	1,889	335	2,224
Additions	390	225	615
Provisions utilised in the year	(167)	(194)	(361)
Unused amounts reversed	(116)	-	(116)
Unwinding of discount and changes in discount rate	(41)	-	(41)
At 27 June 2023	**1,955**	**366**	**2,321**
Current	1,531	366	1,897
Non-current	424	-	424
Total provisions	**1,955**	**366**	**2,321**

(1) Sundry provisions include insurance excess/deductible amounts for public liability insurance and fringe benefits tax provisions.

The current provision for employee benefits includes accrued long service leave which covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. This is presented as current, since the Group does not have an unconditional right to defer settlement for any of these Obligations.

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28. Provisions (continued)

(c) Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Where amounts are not expected to be settled within 12 months, expected future payments are discounted to their net present value using market yields at the reporting date on high quality corporate bonds.

The obligations are presented as current liabilities in the Balance Sheet if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Bonus plans

The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

29. Net tangible assets

	Note	2023 $'000	2022 $'000
Net tangible assets are calculated as follows:			
Total assets		283,340	1,133,861
Less: intangible assets		(2,637)	(112,502)
Less: right-of-use assets		(609)	(377,621)
Less: total liabilities		(28,761)	(1,070,192)
Add: lease liabilities	20, 21(a)	601	472,455
Net tangible assets		**251,934**	**46,001**
Total number of shares on issue	17	479,706,016	479,706,016
Net tangible asset backing per share		$0.53	$0.10

30. 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 cash proceeds (before transaction costs) of US$462.8 million ($634.6 million) for its share of the business, representing base consideration of $667.5 million net of the settlement of forward foreign exchange contracts of $32.9 million. On 19 October 2022, the Group received additional post-completion proceeds of US$9.1 million ($12.8 million) following the finalisation of working capital adjustments.

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

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30. Discontinued operations (continued)

(b) Financial performance

The financial performance for the year ended 27 June 2023 was as follows:

	Note	2023 $'000	2022 $'000
Revenue		-	588,706
Expenses		-	(615,338)
Costs incurred relating to the sale of the Main Event business		-	(7,315)
Loss before income tax		**-**	**(33,947)**
Income tax expense	7(a)	-	(2,013)
Loss after income tax of discontinued operation		**-**	**(35,960)**
Gain on sale of discontinued operation after tax	30(d)	682,428	-
Profit/(loss) after tax from discontinued operation		**682,428**	**(35,960)**

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

(c) Cash flow information

The cash flows for the year ended 27 June 2023 were as follows:

	2023 $'000	2022 $'000
Net cash inflow from operating activities	-	197,310
Net cash inflow/(outflow) from investing activities	633,355	(131,901)
Net cash outflow from financing activities	-	(112,446)
Net increase/(decrease) in cash and cash equivalents	**633,355**	**(47,037)**

(d) Gain on sale of the Main Event business

	Note	2023 $'000
Consideration received		
Base consideration[(1)]		667,457
Cash adjustment for working capital adjustments		12,782
Total consideration received		**680,239**
Selling costs		(13,989)
Net liabilities attributable to shareholders of the company		25,383
Reclassification of foreign currency translation reserve to Income Statement	18	(9,205)
Gain on sale before income tax		**682,428**
Income tax expense		-
Gain on sale after income tax		**682,428**

(1) The net cash proceeds received were $634.6 million representing base consideration of $667.5 million net of the settlement of forward foreign exchange contracts of $32.9 million (refer Note 22).

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.

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30. Discontinued operations (continued)

(e) Contingent consideration

In addition to the proceeds set out above, the Group is entitled to receive its share of contingent consideration amounting to approximately US$8.8 million 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 June 2023 and will not be recognised until such time as receipt is considered virtually certain.

(f) Carrying value of assets on sale

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

	Explanatory note	Main Event $'000	Other[(1)] $'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	(i)	391,139	-	391,139
Intangible assets	(ii), (vi)	109,948	-	109,948
Right-of-use assets	(iii)	377,260	-	377,260
Financial asset held at fair value		2,584	500	3,084
Derivative financial instruments	(iv)	576	-	576
Other		5,000	-	5,000
Total assets		**956,285**	**500**	**956,785**
Payables		(89,304)	-	(89,304)
Interest bearing liabilities	(v)	(758,634)	-	(758,634)
Provisions		(89,739)	-	(89,739)
Derivative financial instruments	(iv)	(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 on 22 July 2022 for proceeds equal to the carrying amount, with no gain/loss recorded on disposal.

(i) Property, plant and equipment

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 circumstances indicate that the carrying amount of the assets exceed their recoverable amount.

Assets classified as held for sale are excluded from the scope of AASB 136 and are accounted for under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. This applied to Main Event at 28 June 2022.

The recoverable amount of assets was determined immediately prior to being classified as held-for-sale on 6 April 2022 based on value-in-use calculations, which included the following key assumptions:

	2022 $'000
Pre-tax discount rate	16.3
Long term EBITDA growth rate	3.0

This resulted in a reversal of impairment at that date of $8.2 million (US$5.7 million). After being classified as held-for-sale, Main Event assets were accounted for under AASB 5.

(ii) Intangible assets

Intangible assets included $86.0 million relating to goodwill held by the Main Event business. This goodwill was subject to impairment testing on 6 April 2022 in accordance with AASB 136, immediately prior to these assets being classified as held-for-sale. As a consequence of the proposed sale, the recoverable amount of Main Event goodwill was assessed with reference to the fair value less costs of disposal of Main Event assets rather than value-in-use. The impairment testing performed did not give rise to any impairment to goodwill. After being classified as held-for-sale, Main Event's assets were accounted for under AASB 5.

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30. Discontinued operations (continued)

(f) Carrying value of assets on sale (continued)

(iii) Right-of-use assets

Right-of-use assets relate to leases of real estate property, equipment and motor vehicles. In determining the value of right-of-use assets, the Main Event business projected a 20-year operating cycle for each entertainment centre, with further consideration of specific facts and performance of individual centres in determining the respective lease terms of each of its property leases. Leases for equipment and motor vehicles do not generally contain renewal option periods.

(iv) Derivative financial instruments

In the prior the year, Main Event had an interest rate cap agreement in place under which it could limit its interest expense on an initial notional principal amount of US$40.0 million. This notional principal amount was scheduled to reduce to US$20.0 million in April 2023, with the agreement scheduled to terminate in April 2024.

The Group elected not to apply hedge accounting for Main Event's interest rate swap and cap agreements. Accordingly, changes in fair value of these swaps and caps were recorded in the Income Statement within the loss from discontinued operations. Notwithstanding the accounting outcome, the Group considered that these derivative contracts were appropriate and effective in offsetting adverse economic interest rate exposures of the Group during the prior year.

The table below shows the notional value and maturity profile of the interest rate swaps and caps:

	2022 $'000
Less than 1 year	28,868
1 - 2 years	28,868
	57,736

(v) Interest bearing liabilities

US term debt and revolving credit facilities

	2022 $'000
US Term debt & revolving credit facilities	197,614
Less: unamortised loan costs	(4,226)
RedBird preferred stock	97,968
Less: unamortised borrowing costs	(6,289)
Series B preferred stock	1,475
Lease liabilities	472,092
Total interest bearing liabilities	**758,634**

At 28 June 2022, Main Event had access to a US$136.9 million term loan facility, comprising a US$122.3 million drawn term loan and a US$14.6 million delayed draw term loan, as well as a US$25.0 million revolving credit facility (collectively, the Facility). The facility was secured and guaranteed by Main Event and was non-recourse to the other assets of the Group.

The term debt facilities required principal repayments equal to 1.0% of the original principal amounts drawn on these facilities each year.

The terms of the facility ordinarily imposed 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 had a variable interest rate, which were partially fixed during the year using interest rate swaps and caps. The weighted average interest rates payable on the loans, including the impact of the interest rate caps in place at 28 June 2022, was 7.56% per annum for USD denominated debt.

At 28 June 2022, Main Event had unrestricted access to the following credit facilities:

	2022 $'000
Main Event US$ term debt	197,614
Amount used	(197,614)
Amount unused	**-**
Main Event US$ revolving credit facility	36,085
Amount used	-
Amount unused	**36,085**
Total facilities	233,699
Total amount used	(197,614)
Total amount unused	**36,085**

RedBird preferred stock

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 entitled RedBird to a 10.0% per annum preferred coupon on the US$80.0 million invested, which was not paid in cash but accumulated and compounded semi-annually. RedBird was 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 have enabled it to move to a 51% controlling interest, exercisable between 30 June 2022 and 30 June 2024.

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Notes to the Financial Statements
for the year ended 27 June 2023

30. Discontinued operations (continued)

(f) Carrying value of assets on sale (continued)

(v) Interest bearing liabilities (continued)

RedBird preferred stock (continued)

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

	2022 $'000
Interest bearing liability	91,679
Equity (minority interest in the Group)	27,186
Derivative option liability	10,677

ALUSH Series B preferred stock

On 16 March 2021, key executives of Main Event purchased 1,100 shares of newly issued Series B Preferred Stock in ALUSH for US$1.1 million. The stock entitled each investor a preferential dividend of 10% per annum, which was not paid in cash but accumulated and compounded semi-annually. Investors were also entitled to participate in common stock dividends of ALUSH and residual net assets in the event of its liquidation. Series B Preferred Stock would have converted into common stock when RedBird's Series A Preferred Stock converted to common stock.

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

	2022 $'000
Interest bearing liability	1,475
Equity (minority interest in the Group)	295

Total secured liabilities and assets pledged as security

The carrying amounts of Main Event assets pledged as security for the US term debt and revolving credit facilities at 28 June 2022 was as follows:

	2022 $'000
Current assets	74,778
Non-current assets	797,843
Total assets	**872,621**

(vi) Business combinations

On 3 March 2022, Main Event completed the acquisition of three family entertainment centres in Colorado operating as 'The Summit'.

The total purchase price (inclusive of working capital adjustments) was US$75.4 million. This was funded from existing available liquidity within Main Event of US$25.2 million and the sale and leaseback of land and buildings relating to these centres, which yielded proceeds of US$50.2 million. As the sale and leaseback occurred immediately following the acquisition of the assets at fair value, no gain or loss arose on this transaction.

The acquired business contributed revenues of $13.4 million (US$9.7 million) and a profit before tax of $3.3 million (US$2.4 million) to the Group for the period 3 March 2022 to 28 June 2022. If the acquisition had occurred at the beginning of the financial year, it would have contributed revenues of $39.8 million (US$28.9 million) and a profit before tax of $12.5 million (US$9.1 million).

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of The Summit as at the date of acquisition were:

	Fair value recognised on acquisition A$'000	Fair value recognised on acquisition US$'000
Assets		
Cash and cash equivalents	53	40
Inventories	263	197
Property, plant and equipment	77,467	57,961
Total assets	**77,783**	**58,198**
Liabilities		
Payables	(140)	(105)
Other	(731)	(547)
Total liabilities	**(871)**	**(652)**
Total identifiable net assets at fair value	**76,912**	**57,546**
Goodwill arising on acquisition	23,901	17,883
Cash purchase consideration	**100,813**	**75,429**

The goodwill recognised on acquisition was attributable to the synergistic growth opportunities provided by the three acquired centres. Being located within Denver and Colorado Springs, they provide immediate penetration into one of Main Event's target trade areas, along with the business' existing Denver centre.

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31. Deed of Cross Guarantee

In 2019, Ardent Leisure Group Limited, Ardent Leisure Limited, Ardent Leisure Management Limited, Ardent Leisure Entertainment Pty Ltd and Main Event Entertainment Pty Ltd entered into a Deed of Cross Guarantee under which each company guaranteed the debts of the others.

By entering into the deeds, Ardent Leisure Limited has been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

(a) Consolidated Income Statement

Ardent Leisure Group Limited, Ardent Leisure Limited, Ardent Leisure Management Limited, Ardent Leisure Entertainment Pty Ltd and Main Event Entertainment Pty Ltd represent a 'Closed Group' for the purposes of the Class Order. Set out below is a consolidated Income Statement for the year ended 27 June 2023 of the Closed Group:

	2023 $'000	2022 $'000
Income		
Revenue from operating activities	83,875	49,459
Net gain from derivative financial instruments	145	-
Reversal of impairment of investment in subsidiary	-	34,530
Interest income	3,002	25
Dividend income	-	31,475
Other income	1,705	3,220
Total income	**88,727**	**118,709**
Expenses		
Purchases of finished goods	13,049	9,133
Salary and employee benefits	43,548	37,802
Finance costs	377	1,799
Property expenses	729	710
Depreciation and amortisation	5,908	5,173
Loss on disposal of assets	53	78
Advertising and promotions	6,087	5,594
Repairs and maintenance	7,480	5,725
Movement in fair value of derivative financial instruments used to hedge Main Event sale proceeds	-	32,895
Dreamworld incident costs	2,950	684
Other expenses	16,655	15,367
Total expenses	**96,836**	**114,960**
(Loss)/profit before tax expense/(benefit)	**(8,109)**	**3,749**
Income tax expense/(benefit)	9,511	(2,730)
(Loss)/profit from continuing operations	**(17,620)**	**6,479**
Profit/(loss) from discontinued operations	548,343	**(1,694)**
Profit for the year	**530,723**	**4,785**

Attributable to:		
Ordinary shareholders	530,723	4,785
Profit for the year	**530,723**	**4,785**

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Notes to the Financial Statements
for the year ended 27 June 2023

31. Deed of Cross Guarantee (continued)

(b) Consolidated Statement of Comprehensive Income

Set out below is a consolidated Statement of Comprehensive Income for the year ended 27 June 2023 of the Closed Group:

	2023 $'000	2022 $'000
Profit for the year	530,723	4,785
Other comprehensive income for the year, net of tax	**-**	**-**
Total comprehensive income for the year, net of tax	**530,723**	**4,785**
Attributable to:		
Ordinary shareholders	530,723	4,785
Total comprehensive income for the year, net of tax	**530,723**	**4,785**
Total comprehensive income for the year, net of tax attributable to		
Continuing operations	(17,620)	6,479
Discontinued operations	548,343	(1,694)
Total comprehensive income for the year, net of tax	**530,723**	**4,785**

31. Deed of Cross Guarantee (continued)

(c) Consolidated Balance Sheet

Set out below is a consolidated Balance Sheet as at 27 June 2023 of the Closed Group:

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	36,925	36,497
Other financial assets	45,000	-
Receivables	1,493	734
Inventories	2,942	2,384
Derivative financial instruments	55	-
Investment held for sale	-	500
Other	2,169	1,782
Intercompany receivables	52,911	-
Total current assets	**141,495**	**41,897**
Non-current assets		
Property, plant and equipment	81,100	66,611
Right-of-use assets	609	361
Investment in subsidiaries	167,269	439,925
Derivative financial instruments	29	-
Livestock	108	115
Intangible assets	2,637	2,554
Deferred tax assets	3,911	13,274
Total non-current assets	**255,663**	**522,840**
Total assets	**397,158**	**564,737**
Current liabilities		
Payables	25,446	24,401
Derivative financial instruments	-	32,895
Interest bearing liabilities	203	21,120
Current tax liabilities	-	2,500
Provisions	1,897	1,737
Other	-	2
Total current liabilities	**27,546**	**82,655**
Non-current liabilities		
Payables	395	594
Intercompany payables	-	154,749
Interest bearing liabilities	398	24,590
Provisions	424	487
Non-current tax liabilities	-	8,459
Total non-current liabilities	**1,217**	**188,879**
Total liabilities	**28,763**	**271,534**
Net assets	**368,395**	**293,203**
Equity		
Contributed equity	556,124	777,124
Reserves	(126,975)	(127,640)
Accumulated losses	(60,754)	(356,281)
Total equity	**368,395**	**293,203**

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Notes to the Financial Statements
for the year ended 27 June 2023

31. Deed of Cross Guarantee (continued)

(d) Consolidated Statement of Changes in Equity

Set out below is a consolidated statement of Changes in Equity for the year ended 27 June 2023 of the Closed Group:

	Note	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total Equity $'000
Total equity at 29 June 2021		777,124	(128,558)	(360,251)	288,315
Loss for the year		-	-	4,785	4,785
Other comprehensive loss for the year		-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**4,785**	**4,785**
Transactions with owners in their capacity as owners:					
Equity-based payments	18	-	103	-	103
Transfer from financial assets revaluation reserve	18, 19		815	(815)	-
Total equity at 28 June 2022		**777,124**	**(127,640)**	**(356,281)**	**293,203**
Loss for the year		-	-	530,723	530,723
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		**-**	**-**	**530,723**	**530,723**
Transactions with owners in their capacity as owners:					
Equity-based payments	18	-	190	-	190
Return of capital	17	(221,000)	-	-	(221,000)
Dividends paid and payable	19	-	-	(234,721)	(234,721)
Transfer from financial assets revaluation reserve	18, 19	-	475	(475)	-
Total equity at 27 June 2023		**556,124**	**(126,975)**	**(60,754)**	**368,395**

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Notes to the Financial Statements
for the year ended 27 June 2023

32. Remuneration of auditor

The auditor of the Group in the current year, Ernst & Young (EY), earned the following remuneration:

	2023 $	2022 $
Fees to EY Australia		
Audit of financial statements of the Group	381,501	414,692
Other services:		
Tax compliance	21,000	21,000
Total fees to EY Australia	**402,501**	**435,692**
Fees to overseas member firms of EY Australia (US)		
Audit of financial statements of the Group and financial statements of Main Event	-	804,996
Other services:		
Tax advice	-	184,429
Transaction due diligence	-	27,265
Total fees to overseas member firms of EY Australia (US)	**-**	**1,016,690**
Total auditors' remuneration	**402,501**	**1,452,382**

33. Equity-based payments

(a) Deferred Short Term Incentive Plan (DSTI)

	DSTI
Who can participate?	All employees are eligible for participation at the discretion of the Board; however, Non-Executive Directors do not participate in the DSTI.
What types of securities are issued?	Performance rights that can be converted into fully paid shares once vested. The performance rights differ from options in that they do not carry an exercise price. Performance rights do not represent physical securities and do not carry any voting or distribution entitlements.
What restrictions are there on the securities?	Performance rights are non-transferable.
When can the securities vest?	The plan contemplates that the performance rights will vest equally one year and two years following the grant date.
What are the vesting conditions?	Plan performance rights will normally vest only if the participant remains employed by the Group (and is not under notice terminating the contract of employment from either party) as at the relevant vesting date.

(i) Equity settled payments

Since the DSTI was introduced in July 2010, incentives have been provided to certain executives under the plan. Under the terms of the DSTI, participants may be granted performance rights of which one half will vest one year after grant date and one half will vest two years after grant date.

A total of 290,462 performance rights vested during the year and a corresponding number of shares were issued to employees under the terms of the DSTI (2022: 14,777).

The characteristics of the DSTI indicate that, at the Group level, it is an equity settled payment under AASB 2 *Share-based Payment* as the holders are entitled to receive shares as long as they meet the DSTI's service criteria.

Fair value

The fair value of equity settled performance rights granted under the DSTI is recognised in the Group financial statements as an employee benefit expense with a corresponding increase in equity. The fair value of each grant of performance rights is determined at grant date using a Cox-Ross Rubenstein Binomial valuation model and then is recognised over the vesting period during which employees become unconditionally entitled to the underlying shares.

At each reporting date, the estimate of the number of performance rights that are expected to vest is revised. The employee benefit expense recognised each financial period takes into account the most recent estimate.

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33. Equity-based payments (continued)

(a) Deferred Short Term Incentive Plan (DSTI) (continued)

(ii) Valuation inputs

For the performance rights outstanding at 27 June 2023, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. Under AASB 2, this valuation is used to value the equity settled performance rights granted to employees at 27 June 2023:

Grant	2023	2022
Grant date	24 August 2022	25 August 2021
Vesting date – year 1	31 August 2023	5 September 2022
Vesting date – year 2	31 August 2024	31 August 2023
Average risk-free rate	3.09% per nnum	0.2% per annum
Expected price volatility	50.0% per annum	60.0% per annum
Expected dividend yield	0.0% per annum	0.0% per annum
Share price at grant date	$0.56	$1.04
Valuation per performance right on issue	$0.56	$1.04

Grants of performance rights are made annually with the grant date being the date of the issue of the offer letters to employees. Although the grant date may vary from year to year, the testing period (subject to any hurdles) remains constant with the vesting date being 24 hours immediately following the announcement of the Group's full year financial results.

(iii) Tenure hurdle

The vesting of the performance rights is subject to a tenure hurdle and participants must remain employed by the Group (and not be under notice terminating the contract of employment from either party) as at the relevant vesting date.

The number of rights outstanding and the grant dates of the rights are shown in the table below:

Grant date	Expiry date	Exercise price	Grant date Valuation per right - ALG	Balance at the beginning of the year	Adjustment[1]	Granted	Exercised	Balance at the end of the year
25 Aug 2021	31 Aug 2023	$Nil	34.4 cents[1]	192,276	388,645	-	(290,462)	290,459
24 Aug 2022	31 Aug 2024	$Nil	56.0 cents	-	-	415,206	-	415,206
				192,276	**388,645**	**415,206**	**(290,462)**	**705,665**

(1) The grant date valuation of outstanding performance rights at 13 July 2022 was adjusted by a factor of 0.3310 to reflect the rebasing of the Company's share price from $1.42 to $0.47 following the Special Dividend and Return of Capital of $0.95 per share paid on this date. The number of outstanding performance rights was correspondingly increased by a factor of 3.0213. There was no change in the aggregate grant date valuation of outstanding performance rights.

The rights have an average maturity of six months.

(b) Long Term Incentive Plan (LTI Plan)

Who can participate?	All executives, including Executive KMP, are eligible for participation at the discretion of the Board.
What types of securities are issued?	Awards are typically granted in the form of performance rights that can be converted into fully paid shares for nil consideration when and if vested. Performance rights do not carry any voting or distribution entitlements.
How are entitlements under the previous cash-based LTI Plan affected?	Effective from the start of FY23, this equity-based LTI Plan replaced the one-time cash-based LTI plan which had previously been in place for the Theme Parks & Attractions business since FY19. All executives participating in the former cash-based LTI Plan have relinquished rights under that plan to participate in the new Plan. Details in relation to the former cash-based LTI plan are included in the FY22 Remuneration Report.

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33. Equity-based payments (continued)

(b) Long Term Incentive Plan (LTI Plan) (continued)

What restrictions are there on the securities?	Performance rights issued under the new LTI Plan are non-transferable. Executives may not hedge any portion of their unvested awards.
What pre-conditions must be met in order for vesting of performance rights to occur?	Participants must remain employed by the Group as at the relevant vesting date. Where there has been a Qualifying Cessation, the Board will determine in its discretion the number (if any) of performance rights which will not lapse, and which will either be immediately vested or remain to be tested against the performance hurdles.
When can performance rights vest?	Each grant of performance rights is split into two equal 50% tranches, with the first tranche becoming eligible to vest after three years and the second tranche becoming eligible to vest after four years. As consideration for relinquishing rights held under the previous Theme Parks & Attractions cash-based LTI Plan, the Board has modified the initial FY23 grant of performance rights to reflect a revised split of tranches and shorter vesting periods as follows: • First tranche - 25% of performance rights which becomes eligible to vest on 25 June 2024; and • Second tranche - 75% of performance rights which becomes eligible to vest on 24 June 2025.
What conditions must be met in order for vesting of performance rights to occur?	The number of eligible performance rights that vest is determined with reference to the Group's performance against the following dual performance hurdles which are applied with equal 50% weighting: • Operating Revenue Compound Annual Growth Rate (CAGR)[1] • Total Shareholder Return (TSR) (1) EPS was considered as an alternative performance hurdle, however, given the Theme Parks & Attractions business has been loss-making, and the current focus is on returning this business to profitability, a revenue measure was determined as being more appropriate in the near term. The Board intends to adopt an earnings measure such as EPS CAGR in the future when the business returns to consistent profitability.
What is Operating Revenue CAGR and how is vesting performance measured under this hurdle?	Operating Revenue CAGR is the compound annual growth rate of the Company's operating revenue over the applicable performance period. In order for any or all of the applicable performance rights to vest under this hurdle, the Group's Operating Revenue CAGR for the Performance Period must exceed 20%. The vesting schedule for the portion of performance rights which are subject to the Operating Revenue CAGR performance hurdle is as follows:

	Operating Revenue CAGR for the performance period	**Proportion of applicable performance rights vesting**
	Below 20%	0%
Threshold performance	20%	50%
	Between 20% and 25%	Straight line vesting between 50% and 100%
Target Performance	25%	100%
	Between 25% and 35%	Straight line vesting between 100% and 110%
Stretch performance	35% or higher	110%

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Notes to the Financial Statements
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33. Equity-based payments (continued)

(b) Long Term Incentive Plan (LTI Plan) (continued)

What is TSR and how is vesting performance measured under this hurdle?

TSR is the total return an Ardent Leisure Group Limited investor would receive over a period, taking account of both changes in the share price plus any dividends/other payments received by shareholders during that period. It is expressed as a percentage of the initial share price at the beginning of the period and adjusted for changes in the Company's capital structure during the period.

For each tranche of performance rights, the Company's TSR performance over the applicable performance period is measured relative to consumer discretionary market peers. For this purpose, the Company's performance is compared to the change in the S&P ASX200 Consumer Discretionary Index (XDJ)(Comparator Index).

In order for any or all of the applicable performance rights to vest under this hurdle, the Group's TSR for the performance period must be positive and exceed the change in the Comparator Index for the same period. The vesting schedule for the portion of performance rights which are subject to the TSR performance hurdle is as follows:

	TSR of the Company relative to change in Comparator Index	**Proportion of applicable performance rights vesting**
	Below Comparator Index	0%
Threshold performance	Equal to Comparator Index	50%
	0-10% outperformance of Comparator Index	Straight line vesting between 50% and 100%
Target performance	10% outperformance of Comparator Index	100%
	10-20% outperformance of Comparator Index	Straight line vesting between 100% and 110%
Stretch performance	20% outperformance of Comparator Index	110%

(i) Equity settled payments

A new Group LTI Plan was introduced during the year to provide long term incentives to certain executives. Under the terms of the LTI Plan, employees may be granted performance rights which vest in accordance with the terms set out in the table above.

No LTI Plan performance rights vested on 31 August 2022 (2022: Nil).

Awards of performance rights under the Group's new LTI Plan are accounted as equity settled share-based payments under AASB 2 *Share-based payment*, as the holders of performance rights are entitled to receive shares in Ardent Leisure Group Limited provided they meet the pre-conditions and performance criteria set out above.

Fair value

Under AASB 2, the fair value of performance rights awarded under this Plan is determined at each of their respective grant dates. This fair value is recognised in the financial statements as an employee benefit expense over the associated vesting period, with a corresponding increase in equity (equity-based payment reserve). At each reporting date, the estimate of the number of rights expected to vest is revised, and the employee benefit expense recognised for the period is based on the most recent estimate.

The fair value of performance rights granted during the year was independently determined using a combination of the Cox-Ross Rubenstein Binomial model (for performance rights subject to Operating Revenue CAGR performance hurdles) and the Monte Carlo Simulation model (for performance rights subject to TSR performance hurdles).

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33. Equity-based payments (continued)

(b) Long Term Incentive Plan (LTI Plan) (continued)

(ii) Valuation inputs

For performance rights outstanding at 27 June 2023, the table below shows the fair value of the performance rights on each grant date as well as the factors used to value the performance rights at the grant date. Under AASB 2, this valuation is used to value the equity settled performance rights granted to employees at 27 June 2023:

Valuation input	FY23
Grant date	24 February 2023
Vesting date – Tranche 1 (25%)	25 June 2024
Vesting date – Tranche 2 (75%)	25 June 2025
Dividend yield	0%
Risk free rate – Tranche 1 (25%)	3.62%
Risk free rate – Tranche 2 (75%)	3.58%
Volatility	41.89%
Share price at grant date	$0.72
Valuation per performance right – Rights subject to Operating Revenue CAGR hurdle	$0.72
Valuation per performance right – Rights subject to TSR hurdle	$0.66

Grants of performance rights are made annually with the grant date being the date of the issue of the offer letters to employees. Although the grant date may vary from year to year, the testing period (subject to any hurdles) remains constant with the vesting date being 24 hours immediately following the announcement of the Group's full year financial results.

(iii) Performance hurdles

In order for any or all of the performance rights to vest under the LTIP, the Group's TSR and/or the Operating Revenue CAGR performance hurdles as set out above must be met. The number of rights outstanding at 27 June 2023 and the grant dates of the rights are shown in the table below:

Grant date	Expiry date	Exercise price	Grant date valuation per right	Balance at the beginning of the year	Granted	Exercised	Failed to vest	Balance at the end of the year
24 Feb 2023	31 Aug 2025	$Nil	68.7 cents	-	2,206,426	-	-	2,206,426
				-	**2,206,426**	**-**	**-**	**2,206,426**

The rights have an average maturity of one year and eight months.

The expense recorded in the Group financial statements in the year in relation to the DSTI and LTIP performance rights was $372,986 (2022: expense of $124,182).

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Notes to the Financial Statements
for the year ended 27 June 2023

34. Related party disclosures

(a) 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.

(b) Parent entity

The immediate and ultimate parent entity of the Group is Ardent Leisure Group Limited.

(c) Key controlled entities

These financial statements incorporate the assets, liabilities and results of the following wholly-owned key subsidiaries in accordance with the accounting policy disclosure as described in Note 1:

Entity	Activity	Country of establishment	Class of equity securities
Controlled entities of Ardent Leisure Group Limited:			
Ardent Leisure Trust	Theme parks & Attractions	Australia	Ordinary
Ardent Leisure Limited	Theme parks & Attractions, Corporate	Australia	Ordinary

(d) Transactions with related parties

(i) Key management personnel

	2023 $	2022 $
Short term employee benefits	1,927,100	6,420,103
Post-employment benefits	44,296	58,113
Share-based payments	107,749	38,014,055
	2,079,145	**44,492,271**

Remuneration of key management personnel (KMP) is shown in the Directors' report from pages 11 to 23.

(e) Loans to KMP

There were no loans to KMP during the financial year or prior corresponding period.

(f) Other transactions with KMP

No KMP has entered into a material contract with the Group and there were no material contracts involving KMP's interests existing at year end not previously disclosed.

34. Related party disclosures (continued)

(g) Transactions with related parties

All transactions with related parties were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of intercompany loans between the subsidiaries of the Group. Outstanding balances on these intercompany loans are unsecured and are repayable in cash. The terms and conditions of the tax funding agreement are set out in Note 7(d). The transactions incurred in the year with controlled entities were as follows:

	2023 $	2022 $
Reimbursable expenses paid to related parties	(29,423)	(96,008)

35. Parent entity financial information

The parent entity of the Group is Ardent Leisure Group Limited.

(a) Summary financial information

	2023 $'000	2022 $'000
Balance sheet		
Current assets	1	1
Total assets	300,516	521,326
Current liabilities	18,128	16,313
Total liabilities	18,128	16,313
Equity		
Contributed equity	556,314	777,124
Accumulated losses	(273,926)	(272,111)
Total equity	**282,388**	**505,013**
Profit for the period	**232,906**	**44,786**
Total comprehensive gain for the period	**232,906**	**44,786**

(b) Guarantees

There are no material guarantees entered into by Ardent Leisure Group Limited in relation to the debts of its subsidiaries.

(c) Contingent liabilities

At the reporting date, the representative shareholder class action against the Company was still ongoing. The claim alleged contraventions of the *Corporations Act 2001* (Cth). Throughout the year, the Company continued to maintain that it considered the proceedings to be without merit and was vigorously defending them.

Subsequent to the reporting date, the Company has reached agreement with the applicants to settle the class action, as disclosed in Note 27 above.

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

(d) Contractual commitments for the acquisition of property, plant and equipment

There was no capital expenditure contracted for at the reporting date but not recognised as liabilities (2022: $nil).

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35. Parent entity financial information (continued)

(e) Accounting policy

The financial information for the parent entity of the Group (Ardent Leisure Group Limited and, in the prior year, Ardent Leisure Trust) has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries are recognised as income in the parent entity's income statement.

Tax consolidation legislation

Ardent Leisure Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Ardent Leisure Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Ardent Leisure Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities also entered into a tax funding agreement, effective for the year ended 31 March 2020, under which the wholly-owned entities fully compensate Ardent Leisure Group Limited for any current tax payable assumed and are compensated by Ardent Leisure Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Ardent Leisure Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Directors' declaration to shareholders

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

(a) The financial statements and notes of Ardent Leisure Group Limited set out on pages 27 to 80 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 June 2023 and of its performance, as represented by the results of its operations, its changes in equity and its cash flows, for the financial year ended on that date;

(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;

(c) Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by International Accounting Standards Board; and

(d) At the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 31 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee as described in Note 31.

The Directors have been given the certifications required by Section 295A of the *Corporations Act 2001*.

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

Gary Weiss AM
Chairman

Brad Richmond
Director

Sydney
24 August 2023

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Ardent Leisure Group Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated balance sheet as at 27 June 2023, the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 27 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Sale of Main Event and gain recognized on disposal

Why significant	How our audit addressed the key audit matter
On 6 April 2022, the Group entered into a sale agreement for the disposal of the Main Event business. Upon completion of the transaction on 30 June 2023, the Group recognised proceeds (before transaction costs) of AU$680.2 million. The sale agreement includes contingent consideration of up to $8.8 million subject to the purchaser achieving certain tax outcomes which are outside the control of the Group. In respect of the sale, the Group recognised a gain on sale of AU$682.4 million which included recycling of the Foreign Currency Translation Reserve of $9.2 million to the income statement. This was considered a Key Audit Matter due to the significance of the transaction to the Group and the nature of the disclosures required.	Our audit procedures included the following: - Tested the mathematical accuracy of the gain on sale calculated by management of AU$682.4 million. - Checked that the Foreign Currency Translation Reserve of AU 9.2 million was recycled in the income statement. - Traced the net cash consideration received to the bank statement. For contingent consideration yet to be received we assessed the adequacy of the Group's contingent asset disclosure. - Assessed the adequacy of the Group's overall Discontinued Operations disclosure included in Note 30 to the financial report.

2. Recoverability of Theme Parks & Attractions - Property, Plant and Equipment

Why significant	How our audit addressed the key audit matter

The Group has $127.3 million of property, plant and equipment as at 27 June 2023 related to Theme Parks & Attractions as disclosed in Note 15.
 	
For the Dreamworld asset, Management prepared an impairment assessment in the form of a value in use calculation to test the recoverability of this asset in accordance with the requirements of AASB 136 *Impairment of Assets*.
 	
The value in use calculation is based upon several assumptions which are judgmental in nature, including customer attendance, cash flow forecasts, discount rates and growth rates. Management engaged a specialist to assist in deriving a discount rate to be used in the assessment.
 	
Note 15(a) of the financial report disclosed the accounting policy and management's assumptions applied in the impairment assessment.
 	
This was considered a Key Audit Matter due to the significance of the carrying value of property, plant and equipment and the judgmental nature of the assumptions underlying the discounted cash flows used in determining the recoverable amount.
	Our audit procedures included the following:
	
	- Assessed management's analysis and the reasonableness of the cash flows used in the value in use model as follows:
	  - We assessed the historical accuracy of management's cash flow forecasting and challenged management's cash flow projections.
	  - We tested the mathematical accuracy of the discounted cash flow model.
	  - We engaged EY Valuation and Business Modelling specialists in reviewing the model methodology, the discount rate provided by the specialist and to perform sensitivity calculations.
	- Assessed the adequacy of the Group's disclosures in Note 15 to the financial report in respect of asset carrying values and key assumptions.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 23 of the directors' report for the year ended 27 June 2023.

In our opinion, the Remuneration Report of Ardent Leisure Group Limited for the year ended 27 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our

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responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

A R Ewan

Anthony Ewan
Partner
Sydney
24 August 2023

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Investor Analysis

Top investors as at 23 August 2023		No. of shares	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	106,130,891	22.12
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,680,479	10.15
3	CITICORP NOMINEES PTY LIMITED	43,905,274	9.15
4	UBS NOMINEES PTY LTD	24,045,620	5.01
5	KAYAAL PTY LTD	22,672,159	4.73
6	PORTFOLIO SERVICES PTY LTD	21,277,233	4.44
7	NETWEALTH INVESTMENTS LIMITED	15,203,543	3.17
8	NATIONAL NOMINEES LIMITED	14,750,851	3.07
9	BNP PARIBAS NOMS PTY LTD	14,125,084	2.95
10	MIRRABOOKA INVESTMENTS LIMITED	11,129,182	2.32
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	10,206,606	2.13
12	RAGUSA PTY LTD	7,309,983	1.52
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	4,096,770	0.85
14	BNP PARIBAS NOMINEES PTY LTD	2,474,724	0.52
15	BNP PARIBAS NOMS PTY LTD	2,218,177	0.46
16	PALM VILLA PTY LTD	2,130,000	0.44
17	OLD CHAPEL PTY LTD	2,100,000	0.44
18	C&J KIRBY INVESTMENTS PTY LTD	2,000,000	0.42
19	DEEMCO PTY LIMITED	1,980,000	0.41
20	OCEAN CAPITAL PTY LIMITED	1,675,000	0.35
Total		358,111,576	74.65
Balance of register		121,594,440	25.35
Grand total		**479,706,016**	**100.00**

Range report as at 23 August 2023	No. of shares	%	No. of holders	%
100,001 and over	408,896,912	85.24	200	2.38
10,001 to 100,000	52,368,161	10.91	1,872	22.28
5,001 to 10,000	9,729,840	2.03	1,277	15.20
1,001 to 5,000	7,860,410	1.64	2,896	34.46
1 to 1,000	850,693	0.18	2,158	25.68
Total	**479,706,016**	**100.00**	**8,403**	**100.00**

The total number of investors with an unmarketable parcel of 582,709 shares as at 23 August 2023 was 1,889.

Voting rights

In accordance with the Company's Constitution, each member present at a meeting, whether in person, by proxy, by power of attorney or by a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands and one vote for each fully paid ordinary share on a poll.

On-market buy-back

On 24 August 2023, the Directors resolved that the Company will undertake an on-market share buy-back of up to 10% of the issued capital, commencing on or about 18 September 2023 and to be completed within 12 months. The buy-back is subject to prevailing share price and market conditions and will be executed at the Company's discretion in accordance with regulatory requirements.

Substantial shareholder notices received as at 23 August 2023	No. of shares	%
Perpetual Limited	56,480,186	11.77%
FIL Ltd	47,970,601	10.00%
River Capital Pty Ltd	50,111,480	10.45%
The Ariadne Substantial Holder Group(1)	45,844,317	9.56%

(1) The Ariadne Substantial Holder Group includes the following companies and partnerships – Portfolio Services Pty Limited, Ariadne Holdings Pty Limited, Ariadne Australia Limited, Bivaru Pty Limited and Kayaal Pty Ltd.

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Investor Relations and Corporate Directory

Corporate Governance Statement

In accordance with the ASX Listing Rules, the Group's Corporate Governance Statement is published and located in the Corporate Governance page of the Group's website (http://www.ardentleisure.com.au/Company/Corporate-Governance.aspx). A copy has also been provided to the ASX.

Contact details

Share registry
To access information on your holding or to update/change your details, contact:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

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Facsimile
+61 2 9287 0303

Website
www.linkmarketservices.com.au

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All other enquiries relating to your Ardent Leisure Group Limited investment can be directed to:

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North Sydney NSW 2059

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Company

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Directors
Gary Weiss AM
David Haslingden
Randy Garfield
Brad Richmond
Erin Wallace

Group Chief Financial Officer
José de Sacadura

Company Secretary
Chris Todd

ASX code

ALG

Auditor of the Group

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200 George Street
Sydney NSW 2000