

# **E V E N T**

HOSPITALITY & ENTERTAINMENT

## **EVENT HOSPITALITY & ENTERTAINMENT LIMITED**

ABN: 51 000 005 103

### **FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021**

**(INCLUDING ADDITIONAL APPENDIX 4E DISCLOSURES)**

**ASX CODE: EVT**

**RELEASED  
23 AUGUST 2021**

# EVENT

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## INTERNET

These results will be available on the internet at [www.evt.com](http://www.evt.com) under the Investor Centre menu.

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## APPENDIX 4E (Rule 4.3A) PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021 RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to the year ended 30 June 2020)

|                                                                                                |                                 |                     |           | 2021<br>A\$'000             | Restated*<br>2020<br>A\$'000 |
|------------------------------------------------------------------------------------------------|---------------------------------|---------------------|-----------|-----------------------------|------------------------------|
| Revenue and other income                                                                       |                                 |                     | to        | 692,474                     | 1,030,921                    |
| <b>Total revenues and other income</b>                                                         | <b>Down</b>                     | <b>32.8%</b>        | <b>to</b> | <b>692,474</b>              | <b>1,030,921</b>             |
| <b>(Loss)/profit before individually significant items, net finance costs and income tax</b>   |                                 |                     |           | <b>(35,744)</b>             | <b>37,020</b>                |
| Net finance costs                                                                              |                                 |                     |           | (41,194)                    | (32,513)                     |
| <b>(Loss)/profit before individually significant items and income tax</b>                      |                                 |                     |           | <b>(76,938)</b>             | <b>4,507</b>                 |
| Individually significant items                                                                 |                                 |                     |           | 13,910                      | (72,949)                     |
| <b>Loss before income tax</b>                                                                  |                                 |                     |           | <b>(63,028)</b>             | <b>(68,442)</b>              |
| Income tax benefit                                                                             |                                 |                     |           | 14,992                      | 11,455                       |
| <b>Loss attributable to members of the parent entity</b>                                       | <b>Up</b>                       | <b>15.7%</b>        | <b>to</b> | <b>(48,036)</b>             | <b>(56,987)</b>              |
|                                                                                                |                                 |                     |           |                             |                              |
| <b>Dividends</b>                                                                               |                                 | Amount per security |           | Franked amount per security |                              |
| Final dividend                                                                                 | - Current year                  | Nil                 |           | Nil                         |                              |
|                                                                                                | - Previous corresponding period | Nil                 |           | Nil                         |                              |
| Interim dividend                                                                               | - Current year                  | Nil                 |           | Nil                         |                              |
|                                                                                                | - Previous corresponding period | 21.0 ¢              |           | 21.0 ¢                      |                              |
| Total dividend (interim and final):                                                            |                                 |                     |           |                             |                              |
|                                                                                                | - Current year                  | Nil                 |           | Nil                         |                              |
|                                                                                                | - Previous corresponding period | 21.0 ¢              |           | 21.0 ¢                      |                              |
|                                                                                                |                                 |                     |           |                             |                              |
| Record date for determining entitlements to the dividend                                       |                                 | Not applicable      |           |                             |                              |
| Date of final dividend payment                                                                 |                                 | Not applicable      |           |                             |                              |
| For an explanation of the figures reported refer to the commentary on results in the Annexure. |                                 |                     |           |                             |                              |

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## APPENDIX 4E (Rule 4.3A) PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### Commentary on the full year results

See attached annexure and the Directors' Report.

### Restatement of financial statements

The Group has applied various changes to accounting policies, which has impacted both the opening position of its financial statements and the performance and position of previous reporting periods. See attached consolidated financial report for more information.

### Controlled Entities Acquired or Disposed of

See attached consolidated financial report.

### Associates and Joint Venture Entities

See attached consolidated financial report.

### Net Tangible Asset Backing

|                                                  | 30 June 2021 | Restated<br>30 June 2020 |
|--------------------------------------------------|--------------|--------------------------|
| Net tangible asset backing per ordinary security | \$4.78       | \$5.11                   |

### Compliance statement

The attached consolidated financial report for EVENT Hospitality & Entertainment Limited has been subject to audit by KPMG. A copy of the independent auditor's report to the members of EVENT Hospitality & Entertainment Limited is attached.

# DIRECTORS' REPORT

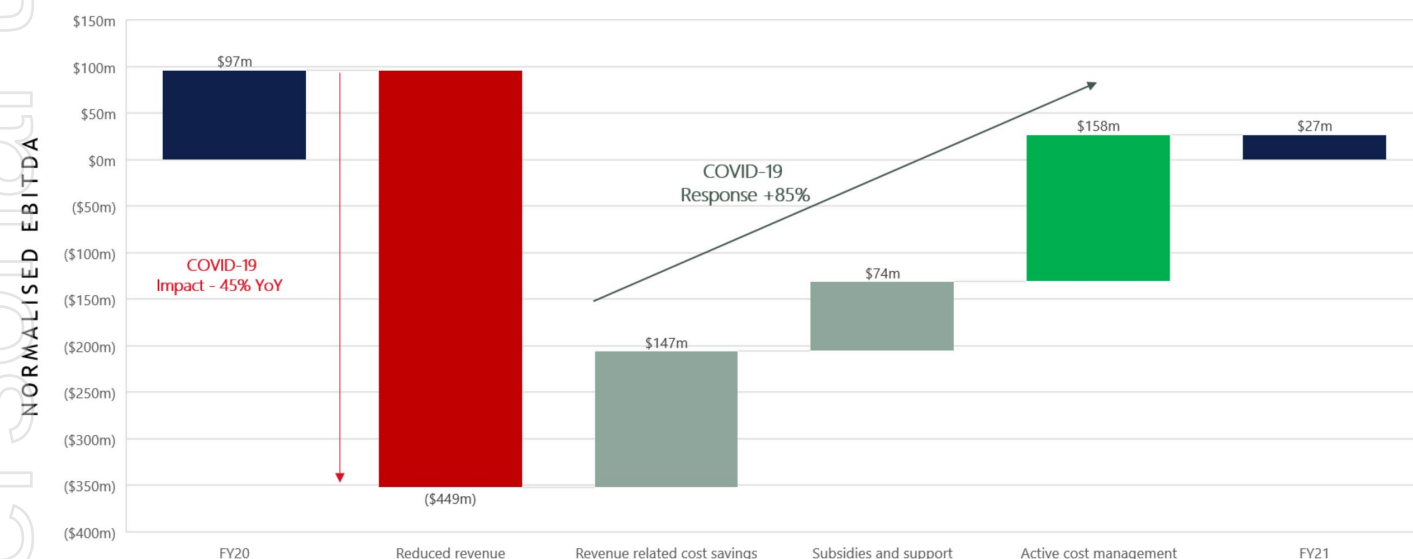
*The information presented below is the Operating and Financial Review, which forms part of the 2021 Directors Report*

## OPERATING AND FINANCIAL REVIEW

The result for the year was materially impacted by the continued and unprecedented global COVID-19 pandemic resulting in significant government mandated trading restrictions and closures. These restrictions were most severe in the first half of the year, and when restrictions eased in the second half, there were signs of a return to pre-COVID-19 demand. Group revenue excluding the benefit of government subsidies was \$540.7 million, down \$449.3 million or 45.4% on the prior year. Group revenue in the second half was up 30.9% on the first half and for divisions that were open, all exceeded revenue on the comparable half year period.

In Entertainment, with cinemas re-opening globally, towards the end of the year studios began to release blockbuster films and the immediate pent-up demand for the cinema experience was evident. Despite various interstate and international travel restrictions, Hotels experienced quarter-on-quarter improvement in trading, reaching 63.1% occupancy in the fourth quarter. At Thredbo, whilst the available audience was impacted by more than 50% due to government restrictions, the changes implemented to adapt to the constraints mitigated the impact. In addition, record demand for the summer experience contributed to Thredbo achieving a full year record revenue result.

To mitigate the impact of government trading restrictions on revenue, swift action was taken by management in the development of new COVID-safe and viable operating models. Active cost management as a result of business transformation initiatives reduced costs by \$158 million, excluding government subsidies. The new business models are expected to deliver longer term benefits with improved margins post the pandemic. Since the commencement of the pandemic, active cost management strategies have delivered a total reduction in costs in the period from March 2020 to June 2021 of \$264 million.



1. Normalised EBITDA is profit before depreciation, amortisation, the impact of AASB 16 Leases, interest, tax and individually significant items. Normalised profit is an unaudited non-International Financial Reporting Standards ("IFRS") measure.
2. Reduced revenue is before wage subsidies and support (presented separately).
3. Revenue related cost savings include film hire and cost of goods sold.
4. Subsidies and support represent incremental amounts recognised during the year ended 30 June 2021 when compared with the year ended 30 June 2020 and includes German government support recognised during the year and wage subsidies including JobKeeper in Australia, the Wage Subsidy in New Zealand, and Short-Time Pay in Germany. Approximately half of all wage subsidies received in the year represented a pass-through to employees that were not working during the period.
5. Active cost management represents all other cost savings.

Since March 2020, the Group has applied government wage subsidy programs including JobKeeper in Australia, the Wage Subsidy in New Zealand, and Short-Time Pay in Germany. The JobKeeper program concluded in March 2021. Overall, approximately half of all wage subsidies received to date represented a pass-through to employees that were not working during the period, and as such provided no net benefit to the Group. The balance of the wage subsidies received assisted the Group in retaining employees during periods of government-mandated periodic closures, lockdowns and travel restrictions, which have materially impacted all of the Group's businesses.

The Group's unallocated corporate costs were down 12.6% on the prior full year. This included the voluntary salary reductions from the CEO and Executive, and reduced Board fees. In addition, no bonus payments were made in the financial year. These unallocated cost savings were partially offset by an increase in insurance premiums of \$2.0 million and overall, the Group's insurance costs escalated to \$11.2 million, up 75.9%.

## DIRECTORS' REPORT

The Group achieved a positive normalised EBITDA for the year of \$27.2 million. The second half delivered improved EBITDA when compared with both the prior comparable period and the first half of the current year. All divisions generated a positive EBITDA in the second half and for the first time Thredbo delivered a positive EBITDA and PBIT in this period.

Good progress has been made on the non-core property divestment strategy, realising \$79.6 million of gross proceeds (before selling costs and tax). Gross proceeds of \$49.3 million were settled during the year ended 30 June 2021 and \$30.3 million is to settle before September 2021. The total gross proceeds exceeded the most recent valuations for these properties by \$29.8 million, a 60% increase. Further non-core properties have been identified and are being prepared for sale in the year ending 30 June 2022 with additional non-core properties being contemplated for potential sale in FY23. The Group is on track to achieve the goal of realising proceeds of \$250 million in non-core asset sales within two years.

The overall independent value of the Group's property portfolio increased 4.2% to \$2,057.4 million at 30 June 2021, notwithstanding the sale of non-core properties last valued at \$49.8 million for proceeds of \$79.6 million. Excluding Rydges Melbourne, Rydges North Sydney and Rydges Queenstown, the portfolio valuations increased 8.4%. Rydges Melbourne has been identified as a priority asset with a major upgrade programme required and, subject to cost assessments, planned to close for works to commence and complete in calendar year 2022. Rydges North Sydney has been identified as a non-core property and is expected to be sold in the 2021/22 financial year. The Rydges Queenstown accommodation wings were closed in February 2019 and work is underway to determine options for seismic strengthening.

Good progress was made on the two major property developments with significant initial value of \$37 million added to the 525 George Street property through the Stage 1 Development Application ("DA") approval. The Stage 2 DA application is expected to be lodged this financial year and, subject to market conditions and the sale of the 109 apartments, this project is targeted to commence in 2023/24 and be completed in 2026/27. The DA for the podium component of the proposed 458-472 George Street development has been approved. This will include ground floor retail space (340m<sup>2</sup>) on George Street, an extension of the QT Sydney hotel with 72 additional hotel rooms, a conference centre and QT rooftop bar. The Stage 1 DA for the commercial office tower above the podium will be lodged this financial year.

Improved trading in the second half, active cost management and the execution on the non-core property divestment strategy, has enabled the Group to reduce gross debt to \$476.4 million and net debt to \$355.5 million at 30 June 2021.

The Group continues to make strong progress on transformation and future growth initiatives including:

- Hotel network expansion maximising local capabilities, introducing innovative commercial structures, and evaluating emerging accommodation sectors; a record year of hotel network expansion was achieved.
- Right-sizing of the cinema portfolio, with 'fewer and best' locations and a targeted investment in proven 'Cinema of the Future' concepts; new upgrades have delivered double digit growth in key metrics.
- Transformation of the Thredbo business model and an enhanced on-mountain experience including the introduction of year-round new revenue opportunities; a record earnings year was achieved.
- Growing the value of the property portfolio through major property developments at 458-472 George Street and 525 George Street in Sydney, investment in key hotel assets and divestment of non-core properties; property portfolio increased in value, and on track to achieve proceeds of \$250 million in non-core asset sales within two years.
- Transformation of support functions to future-proof and increase agility and productivity; critical investment has been required in IT and the first stage of the cloud migration project has been completed, established a centralised procurement function and on track to deliver savings in future years, development of data dashboards and customised rostering tools to underpin the new operating models.
- Commitment to customer-centric strategies to improve customer satisfaction and ensure best leverage of customer data; customer sentiment measurement established, Group data project underway, eCommerce enhancements and development and trial of new mobile customer transaction options.
- Highly engaged culture: 'ELEVATE' people framework and tools implemented including recognition of performance against the Group's vision, values and strategic goals, retention incentives and alternative recruitment programmes implemented to recognise the competitive employment market.
- This year, the Group will formally launch its corporate social responsibility strategy, details of which will be finalised and communicated to shareholders and other stakeholders during the year ending 30 June 2022. In addition, to support the Group's existing climate change risk management framework, the Group has for the first time disclosed its Scope 1 and 2 carbon emissions in the Corporate Governance Statement released separately to ASX, and will start to report under the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") framework with effect from the year ending 30 June 2022.

# DIRECTORS' REPORT

## July 2021 Result (unaudited)

Whilst the COVID-19 Delta variant outbreak and government lockdowns in Australia in June 2021 did not significantly impact the result for the year, this has materially impacted the results for the Group's Australian divisions in July 2021. New Zealand operated largely without restrictions in July, however in August the New Zealand market also entered into a period of lockdown. German cinemas have reopened from 1 July 2021 with government restrictions in place. The unaudited Group EBITDA for July 2021 was \$0.4 million, up \$6.7 million on July 2020, which included \$9.6 million in relevant government wage subsidies.

Thredbo delivered a positive contribution in July despite restrictions limiting access to around 25% of the available audience. The government mandated closure of Thredbo in August will materially impact the Winter season.

In Germany, initial trading results have been encouraging notwithstanding various capacity restrictions applicable across the German states, with July 2021 achieving the best admissions total since July 2018. The Group's Australian and New Zealand cinemas have performed well when they have been open and when content has been available, with New Zealand EBITDA positive and up approximately \$1 million on July 2020. The Group's Hotels and Resorts in New Zealand were EBITDA positive and ahead of July 2020, whilst in Australia the result was severely impacted due to the increase in comparative year-on-year government lockdowns and restrictions resulting in the first negative EBITDA since the pandemic commenced.

The absence of direct Australian government support in the current lockdowns for large businesses, including the EVENT Group, has been challenging and the Group continues to implement active cost management strategies in response to these government-mandated restrictions. It was pleasing to see the immediate response from the New Zealand Government with the return of the wage subsidy scheme to support all businesses in retaining employees through the lockdown period. The speed of the government vaccine rollout program will determine the timeline for re-opening in the affected areas of Australia and New Zealand.

The Group is confident that once restrictions are eased, the pent-up demand and swift rebound experienced in the second half, will continue. The Group's Hotels group continues to outperform the local market, there is a strong line up of films to release when all cinemas can reopen and the new business model for Thredbo provides foundation for growth. The Group has a strong balance sheet and is in an advantageous position to face the immediate challenges and invest in growth for the future.

# DIRECTORS' REPORT

## Overview of the Group

Reported net loss after tax and individually significant items was \$48,036,000 (2020: loss of \$56,987,000), \$8,951,000 above the prior year result. The normalised result before interest and income tax expense was a loss of \$51,061,000 (2020: profit of \$14,012,000), and the normalised result after tax was a loss of \$54,051,000 (2020: loss of \$3,289,000). A summary of the normalised result is outlined below:

|                                                     | 30 June 2021                                |                                                            |                                             |                               |                                                       | Restated <sup>1</sup><br>30 June 2020       |                                                            |                                             |                               |                                                       |
|-----------------------------------------------------|---------------------------------------------|------------------------------------------------------------|---------------------------------------------|-------------------------------|-------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|---------------------------------------------|-------------------------------|-------------------------------------------------------|
|                                                     | Normalised<br>EBITDA <sup>2</sup><br>\$'000 | Depreciation<br>and<br>amortisation <sup>3</sup><br>\$'000 | Normalised<br>result <sup>4</sup><br>\$'000 | Impact of<br>AASB16<br>\$'000 | Reconciliation<br>to reported<br>net profit<br>\$'000 | Normalised<br>EBITDA <sup>2</sup><br>\$'000 | Depreciation<br>and<br>amortisation <sup>3</sup><br>\$'000 | Normalised<br>result <sup>4</sup><br>\$'000 | Impact of<br>AASB16<br>\$'000 | Reconciliation<br>to reported<br>net profit<br>\$'000 |
| <b>CONSOLIDATED GROUP RESULT</b>                    |                                             |                                                            |                                             |                               |                                                       |                                             |                                                            |                                             |                               |                                                       |
| <b>Entertainment</b>                                |                                             |                                                            |                                             |                               |                                                       |                                             |                                                            |                                             |                               |                                                       |
| Australia and New Zealand                           | (6,400)                                     | (32,201)                                                   | (38,601)                                    | 15,316                        | (23,285)                                              | 24,729                                      | (33,399)                                                   | (8,670)                                     | 20,426                        | 11,756                                                |
| Germany                                             | (33,616)                                    | (8,976)                                                    | (42,592)                                    | 139                           | (42,453)                                              | (8,416)                                     | (11,696)                                                   | (20,112)                                    | 1,458                         | (18,654)                                              |
| <b>Hospitality and Leisure</b>                      |                                             |                                                            |                                             |                               |                                                       |                                             |                                                            |                                             |                               |                                                       |
| Hotels and Resorts                                  | 33,449                                      | (27,494)                                                   | 5,955                                       | (138)                         | 5,817                                                 | 61,022                                      | (28,418)                                                   | 32,604                                      | 1,124                         | 33,728                                                |
| Thredbo Alpine Resort                               | 29,775                                      | (4,651)                                                    | 25,124                                      | —                             | 25,124                                                | 24,865                                      | (3,916)                                                    | 20,949                                      | —                             | 20,949                                                |
| <b>Property and Other Investments</b>               | 16,748                                      | (2,745)                                                    | 14,003                                      | —                             | 14,003                                                | 9,142                                       | (2,788)                                                    | 6,354                                       | —                             | 6,354                                                 |
| <b>Unallocated revenues and expenses</b>            | (12,735)                                    | (2,215)                                                    | (14,950)                                    | —                             | (14,950)                                              | (14,789)                                    | (2,324)                                                    | (17,113)                                    | —                             | (17,113)                                              |
|                                                     | <b>27,221</b>                               | <b>(78,282)</b>                                            | <b>(51,061)</b>                             | <b>15,317</b>                 | <b>(35,744)</b>                                       | <b>96,553</b>                               | <b>(82,541)</b>                                            | <b>14,012</b>                               | <b>23,008</b>                 | <b>37,020</b>                                         |
| Net finance costs                                   |                                             |                                                            | (17,914)                                    | (23,280)                      | (41,194)                                              |                                             |                                                            | (8,130)                                     | (24,383)                      | (32,513)                                              |
|                                                     |                                             |                                                            | <b>(68,975)</b>                             | (7,963)                       | <b>(76,938)</b>                                       |                                             |                                                            | <b>5,882</b>                                | <b>(1,375)</b>                | <b>4,507</b>                                          |
| Income tax credit/(expense)                         |                                             |                                                            | 14,924                                      | 2,204                         | 17,128                                                |                                             |                                                            | (9,171)                                     | 489                           | (8,682)                                               |
| <b>Profit before individually significant items</b> |                                             |                                                            | <b>(54,051)</b>                             | <b>(5,759)</b>                | <b>(59,810)</b>                                       |                                             |                                                            | <b>(3,289)</b>                              | <b>(886)</b>                  | <b>(4,175)</b>                                        |
| Individually significant items – net of tax         |                                             |                                                            |                                             |                               | 11,774                                                |                                             |                                                            |                                             |                               | (52,812)                                              |
| <b>Reported net loss</b>                            |                                             |                                                            |                                             |                               | <b>(48,036)</b>                                       |                                             |                                                            |                                             |                               | <b>(56,987)</b>                                       |

1. The comparative information has been restated as a result of changes in accounting policy (as outlined in note 1.5 to the financial statements).
2. Normalised EBITDA is the normalised result (see below) for the year before depreciation and amortisation and excluding the impact of AASB 16 *Leases*.
3. Depreciation and amortisation excludes the impact of AASB 16 *Leases*.
4. Normalised result is profit for the year before individually significant items (as outlined in note 2.2 to the financial statements) and excluding the impact of AASB 16 *Leases*. As outlined in Note 2.2 to the financial statements, this measure is used by the Group's Chief Executive Officer to allocate resources and in assessing the relative performance of the Group's operations. The normalised result is an unaudited non-IFRS measure.

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### Overview of the Group (continued)

An analysis of the last five years is outlined below:

|                                            | 2021    | Restated<br>2020 <sup>(b)</sup> | 2019      | 2018      | 2017      |
|--------------------------------------------|---------|---------------------------------|-----------|-----------|-----------|
| Total revenue and other income (\$'000)    | 692,474 | 1,030,921                       | 1,304,288 | 1,289,738 | 1,294,269 |
| Basic earnings per share (cents)           | (29.8)  | (35.4)                          | 69.6      | 69.8      | 69.6      |
| Dividends declared <sup>(a)</sup> (\$'000) | –       | 33,851                          | 83,822    | 83,670    | 81,886    |
| Dividends per share (cents)                | –       | 21                              | 52        | 52        | 51        |

(a) No dividends were declared in relation to the year ended 30 June 2021 and no final dividend was declared in relation to the year ended 30 June 2020.

(b) The 2020 comparative information has been restated as outlined in note 1.5.

### CineStar Germany

On 22 October 2018, the sale of the German cinema exhibition operations to Vue International Bidco plc (“Vue”), subject to German Federal Cartel Office (“FCO”) approval, was announced. On 3 March 2020, the Group announced that the FCO had provided conditional clearance for the transaction subject to the divestment of six sites within a six-month period. On 21 August 2020 the Group announced that a sale of one of these six sites had been completed and that the FCO had provided an extension of time for satisfaction of its conditions in respect of the remaining five sites until 13 November 2020. In December 2020, the sale was deemed prohibited by the FCO as a result of Vue’s failure to satisfy the FCO’s condition for the sale transaction. The Group continues to consider all of its legal options in relation to Vue’s breach of the sale and purchase agreement. Further details in relation to the transaction have been provided within note 1.5 of the financial statements.

### Individually significant items

Individually significant items comprised the following:

|                                                                                           | 2021<br>\$'000 | 2020<br>\$'000 |
|-------------------------------------------------------------------------------------------|----------------|----------------|
| Profit on sale of properties                                                              | 35,205         | –              |
| Reversal of impairment charges booked in previous years                                   | 3,997          | 2,219          |
| Impairment charges                                                                        | (9,920)        | (56,910)       |
| Write-off of assets                                                                       | –              | (6,232)        |
| Restructure costs, redundancies and staff retention costs arising as a result of COVID-19 | (5,895)        | (6,723)        |
| Hotel and cinema pre-opening costs                                                        | –              | (592)          |
| Legal and other costs associated with the sale of a business segment                      | (4,683)        | (2,263)        |
| Other expenses (net of income items)                                                      | (4,794)        | (2,448)        |
| Individually significant items expense before income tax                                  | 13,910         | (72,949)       |
| Income tax benefit                                                                        | (2,136)        | 20,137         |
| Individually significant items (expense)/income after income tax                          | 11,774         | (52,812)       |

### Investments

The Group acquired property, plant and equipment totalling \$30,283,000 during the year. The significant acquisitions and capital additions include the following:

- cinema developments at Village Clayton (joint venture) in Victoria and EVENT Edmondson Park (joint venture) in New South Wales;
- cinema refurbishments at EVENT Toowoomba and EVENT George Street in Sydney, EVENT Innaloo in Western Australia and EVENT Queensgate in New Zealand; and
- refurbishment requirements for Thredbo, cinemas, hotels and resorts.

On 30 April 2021, the Group acquired 100% of Jucy Snooze Limited (“Snooze”), having previously acquired a 50% interest on 3 February 2020. The net consideration paid for the acquisition of the remaining 50% interest was NZ\$3,718,000 (A\$3,460,000). Further information relating to the acquisition has been outlined within note 5.1 of the Annual Report.

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## HOSPITALITY & ENTERTAINMENT

### Property

The Group announced in February 2021 the initiation of a strategy to divest non-core property assets, and strong progress has been made with this strategy during the year ended 30 June 2021. The Group has also continued to make progress with the two major development projects at 525 George Street and 458-472 George Street, Sydney. Further information regarding these matters is set out below in the Review of Operations by Division.

The Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, is independently valued by registered qualified valuers on a progressive three-year cycle. Independent valuations for the majority of the Group's properties were obtained at 30 June 2021, and the total value of the Group's interest in land and buildings based on these independent valuations is \$2,057,443,000 (refer to Notes 3.3, 3.4 and 3.5 to the financial statements) whilst the total written-down book value of these land and buildings including integral plant and equipment at 30 June 2021 was \$1,112,920,000.

The total value of the Group's properties as at 30 June 2021 included:

|                                               | Valuations<br>2021 <sup>(a)</sup><br>\$'000 | Carrying value<br>2021<br>\$'000 | Valuations<br>2020 <sup>(a), (b)</sup><br>\$'000 | Carrying value<br>Restated 2020 <sup>(a), (b)</sup><br>\$'000 |
|-----------------------------------------------|---------------------------------------------|----------------------------------|--------------------------------------------------|---------------------------------------------------------------|
| Valuation of:                                 |                                             |                                  |                                                  |                                                               |
| Interest in land and buildings                | 1,965,563                                   | 1,030,447                        | 1,953,202                                        | 1,092,506                                                     |
| Investment properties                         | 64,500                                      | 64,500                           | 74,550                                           | 74,550                                                        |
| Assets held for sale <sup>(c)</sup>           | 27,380                                      | 17,973                           | —                                                | —                                                             |
|                                               | <b>2,057,443</b>                            | <b>1,112,920</b>                 | <b>2,027,752</b>                                 | <b>1,167,056</b>                                              |
| Less: assets subsequently sold <sup>(d)</sup> | —                                           | —                                | (49,800)                                         | (37,148)                                                      |
| <b>Total</b>                                  | <b>2,057,443</b>                            | <b>1,112,920</b>                 | <b>1,977,952</b>                                 | <b>1,129,908</b>                                              |

(a) Valuations are based on independent valuations (as outlined in note 3.3 of the 2021 Annual Report).

(b) The comparative information has been restated as a result of changes in accounting policy (as outlined in note 1.5 of the 2021 Annual Report).

(c) Assets held for sale have been independently valued at 30 June 2021.

(d) Assets subsequently sold include those freehold assets disposed of during the year ended 30 June 2021.

### Capital structure

Cash and term deposits at 30 June 2021 totalled \$120,978,000 (2020: \$76,594,000) and total bank debt outstanding was \$476,428,000 (2020: \$488,300,000).

### Treasury policy

The Group manages interest rate risk in accordance with a Board approved treasury policy covering the types of instruments, range of protection and duration of instruments. The financial instruments cover interest rate swaps and forward rate agreements. Maturities of these instruments are up to a maximum of five years. Interest rate swaps and forward rate agreements allow the Group to raise long term borrowings at floating rates and swap a portion of those borrowings into fixed rates.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. At 30 June 2021, the Group had no interest rate hedges (2020: no interest rate hedges).

### Liquidity and funding

As at 30 June 2021, the Group's secured bank debt facilities comprised the following:

- \$650,000,000 revolving multi-currency loan facility maturing on 3 July 2023;
- \$43,500,000 non-revolving loan facility maturing on 3 January 2022; and
- \$2,500,000 credit support facility (for the issue of letters of credit and bank guarantees).

The debt facilities are supported by interlocking guarantees from most Australian and New Zealand domiciled Group entities and secured by specific property mortgages. The debt facilities were amended and restated on 3 July 2020 and initially consisted of the \$650,000,000 revolving multi-currency loan, a \$100,000,000 non-revolving loan facility and \$2,500,000 credit support facility. In relation to the non-revolving loan facility, the Group repaid and cancelled \$56,500,000 of that facility during the year.

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## HOSPITALITY & ENTERTAINMENT

Debt drawn under the loan facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.75% and 4.35% per annum. As at 30 June 2021, the Group had drawn \$476,428,000 (2020: \$488,300,000) under the loan facilities and \$1,225,000 under the credit support facility (2020: \$1,124,000). The debt facilities replaced a \$545,000,000 revolving multi-currency loan facility and a \$15,000,000 credit support facility that were in place at 30 June 2020.

### Cash flows from operations

Net cash inflows from operating activities as reported decreased to \$148,137,000 from \$176,367,000 in the prior year. After adjusting to include the payment of lease liabilities, net cash inflows from operating activities decreased to \$45,412,000 from \$77,035,000 in the prior year. This movement was driven by the full impact of COVID-19 on the Group's operations during the year ended 30 June 2021. Adjusted net cash flow from operating activities improved significantly in the second half of the year ended 30 June 2021 to net inflows of \$77,976,000, from net outflows of \$29,564,000 in the first half.

### Impact of legislation and other external requirements

Since March 2020, a number of statutory requirements have been introduced in Australia, New Zealand and Germany by relevant authorities in response to COVID-19. Where applicable, these requirements have been satisfied by the Group in each territory. Safety and wellbeing remain the Group's highest priority. Detailed COVID-19 safety plans and staff training programs have been developed for each of the Group's operating divisions. In addition, to ensure these plans are consistent with best practice in Australia, advice was also sought from infectious diseases experts and the advice was incorporated into the Group's safety plans.

There were no other changes in environmental or other legislative requirements during the year that have significantly impacted the results of operations of the Group.

## REVIEW OF OPERATIONS BY DIVISION

### Entertainment Group

The Group's Entertainment divisions continue to perform well when films are released, and Government mandated restrictions are lifted. A combination of the benefits from the 'Cinema of the Future' strategic initiatives and new operating models have delivered significant benefits when cinemas have been permitted to reopen, with an increase in revenue per admission, a lower cost to serve, and improved customer sentiment.

The impact of COVID-19 globally resulted in cinema closures and studios making the decision to delay film releases in cinemas until major markets had re-opened. Government restrictions and mandated closures have materially impacted the Group's cinema operations during the year. The German cinemas initially reopened in July and August 2020 and traded with Government mandated capacity restrictions in place before closing again for nearly eight months from 2 November 2020. In Australia due to the various state lockdowns, including the extended Victorian lockdown from July to November 2020, every trading month was impacted with closures or government mandated restrictions. The New Zealand circuit was less impacted by government mandated restrictions but suffered from the delay of major blockbuster film titles whilst key overseas markets remained closed.

The enduring customer appeal of cinemas continues to be demonstrated by strong and immediate demand when cinemas are open and blockbuster titles are released. In Australia and New Zealand, Easter weekend outperformed the pre-COVID-19 Easter weekend in 2019 in terms of box office, admissions and spend per head. In Germany, initial trading results have been encouraging notwithstanding various capacity restrictions applicable across German states, with July 2021 achieving the best admissions total since July 2018.

The reopening of cinemas in the USA and European markets because of more advanced vaccination programmes, has unlocked the release of major blockbusters globally. Whilst there were fewer blockbuster films released in the second half relative to pre-COVID 2019, most of the franchise blockbusters released traded ahead of box office expectations and outperformed the prior release in the franchise including *Godzilla vs Kong (Godzilla: King of the Monsters)*, *Fast and Furious 9 (Fast and Furious presents Hobbs and Shaw)* and *A Quiet Place 2 (A Quiet Place)*. All results indicate that cinema rebounds quickly when blockbusters are available, due to pent up demand for customers to return to cinemas.

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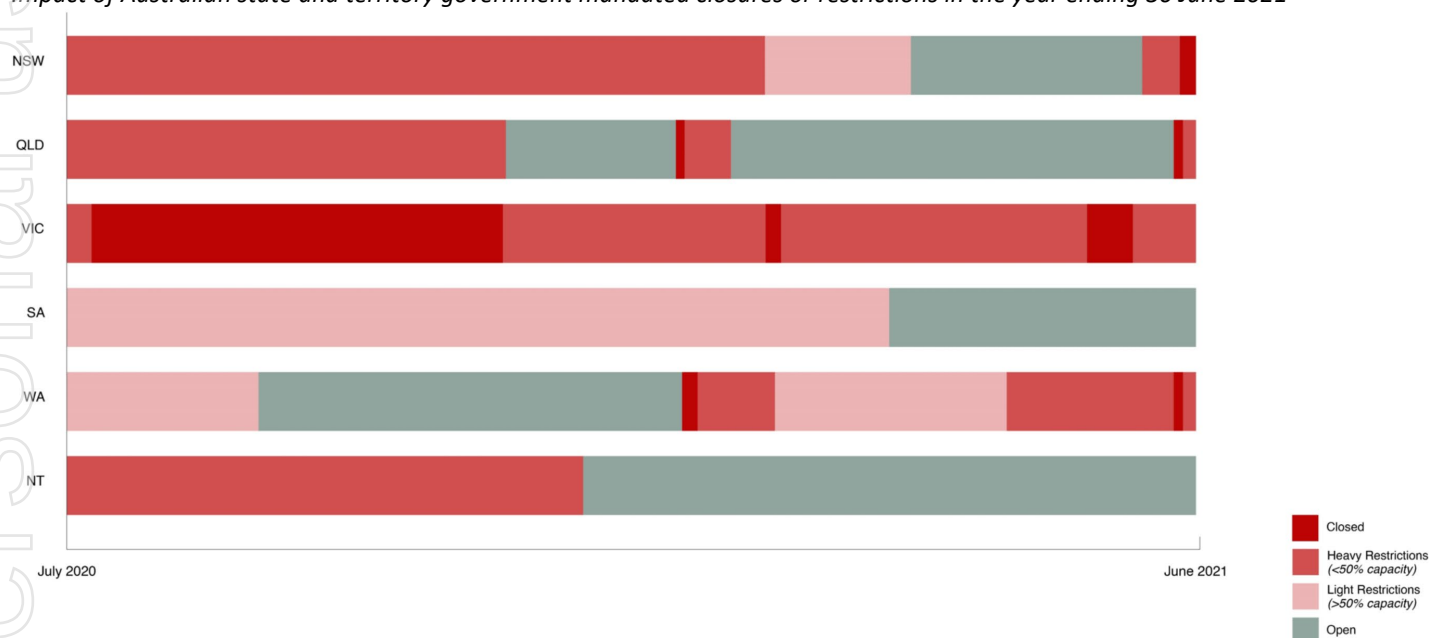
### Entertainment Australia

| As at 30 June     | 2021 | 2020 | Movement |
|-------------------|------|------|----------|
| Cinema locations* | 71   | 72   | (1)      |
| Cinema screens*   | 680  | 686  | (6)      |

\* Managed and joint venture cinema sites (excludes Moonlight Cinema sites and screens and the State Theatre).

The Group's Entertainment Australia revenue was \$219.3 million, a 35.9% decrease on the prior year. The period was materially disrupted by the various State government mandated closures and COVID-19 operating restrictions. In all States, every month of the year was impacted due to government mandated closures or restrictions on operations, as outlined in the diagram below.

### Impact of Australian state and territory government mandated closures or restrictions in the year ending 30 June 2021



As a result of the above, the Australian Box Office decreased by 46.6% on the prior year due to the major disruption from Australian government mandated restrictions and blockbuster titles being delayed. Only six blockbuster titles were released during the year versus 14 in the prior year due to COVID-19 related cinema closures globally. The absence of blockbuster content resulted in the top 10 films grossing \$182.2 million, a decrease of 50.0% on the collective gross of the top ten titles in the prior year.

### Second half highlights

The second half result was significantly improved on the first half, with positive EBITDA of \$15.7 million compared with an EBITDA loss of \$18.9 million in the first half, an improvement of \$34.6 million. The key reasons for the improvement in performance in the second half include:

1. More blockbuster films were released due to the gradual reopening of cinemas globally in markets with advanced COVID-19 vaccination programs. Three of the six blockbuster films for the year were released in the second half and a further two of these blockbuster films were released on Boxing Day and earned the majority of their box office in the second half. Only one title, *Tenet*, earned the majority of its box office in the first half.
2. An immediate return of audiences due to pent-up demand for the cinema experience across all customer segments. In addition, sequels including *Godzilla vs Kong*, *Fast and Furious 9* and *A Quiet Place 2* outperformed the previous titles in their respective series. All customer segments have returned to the cinema with analysis of the Group's Cinebuzz membership database clearly showing similar audience demographics by age when compared with the pre-COVID-19 period.

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- Key revenue metrics including spend per head and average admission price delivered strong increases across the circuit and the upgraded Cinema of the Future locations further exceeded the circuit averages.
- Strong active cost management with total savings excluding government subsidies of \$46.8 million in the year. In addition, the success of the new operating model has demonstrated significant margin improvement when blockbuster titles were released, with an over 20 percentage point improvement in profit per admission achieved during the release of *Fast and Furious 9* when compared with the previous title in that series.
- Increased customer sentiment because of desire for the cinema experience, COVID-safe practices at a lower cost to serve.

Premium concepts were strongly favoured by customers, reflected in the admission contribution from premium concepts increasing by 3.9 percentage points. In addition, a period of record merchandising spend per head was achieved resulting in every month in the year being a record, and overall merchandising spend per head grew by 24.5% over the prior period. The new merchandising layouts, continued growth of the owned brand Parlour Lane and eCommerce enhancements underpinned this growth. The percentage of admissions purchased online also increased by 6.3 percentage points. It is evident that the pent-up demand factor is driving customers to spend more when they can visit a cinema.

The Group's direct customer relationships remain exceptionally strong with Cinebuzz representing 71% of cinema visits and 88% of online transactions. The total registered member database at 30 June 2021 was 2.4 million, consistent with the prior year.

Recognised COVID-19 safety plans were developed, implemented and endorsed by infectious disease experts. A new variable operating model was designed to try and offset the cost of COVID-19 safety plan operation and better reflect trading patterns. This has resulted in a strong improvement in customer satisfaction evidenced by improved net promoter scores, up nine points across the circuit, at a reduced cost to serve. In addition, flexible work arrangements were introduced for required roles, and the review and, where appropriate, restructure of head office functions continued.

Negotiations with landlords in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase were substantially completed prior to 30 June 2021. Rental abatements are recognised when formal legal agreements, and the majority have been recognised in the second half of the financial year.

The Group opened a new six-screen cinema, Event Cinemas Ed Square, Edmondson Park, Western Sydney in April 2021. The complex is comprised of two 3-seat concept Vmax auditoriums and four traditional auditoriums with a choice of full recliners or wide-cushioned standard seats. The cinema has performed very strongly from opening until the Greater Sydney lockdown in late June 2021, with the average admission price 28.0% higher than the circuit average, and merchandising spend per head for the site 33.9% up on the circuit average excluding Gold Class.

During the year the Group refurbished the five screen Toowoomba Grand complex. In line with the strategy of targeted investment in premium concepts, a new Vmax auditorium added to the existing complex which consisted of the new 3-seat concept format of daybeds, reclining seats and premium fixed back seating delivering growth in key metrics.

As part of the pre-COVID-19 strategy to divest or close the underperforming cinemas in portfolio, the Group closed the Townsville City cinema (5 screens) and Adelaide City cinema (5 screens) in July 2020, and exited the lease at Arndale (8 screens).

### Entertainment New Zealand

(Note: all amounts in Australian dollars unless otherwise stated)

| As at 30 June             | 2021 | 2020 | Movement |
|---------------------------|------|------|----------|
| <b>Cinema locations *</b> | 20   | 21   | (1)      |
| <b>Cinema screens *</b>   | 140  | 144  | (4)      |

\* Managed and joint venture cinema sites.

Entertainment New Zealand revenue was \$41.7 million or 39.4% below the prior year. Cinemas remained open with the exception of the government mandated closure of the Auckland cinemas for an 18-day period in August when the city went into level three

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COVID-19 restrictions. Cinemas across the country were impacted by capacity restrictions from mid-August to early October. Despite the relaxation of COVID-19 restrictions in New Zealand, box office revenue was impacted by studio decisions to delay the release of blockbuster films globally until key USA and European markets were able to reopen.

New Zealand nationwide box office decreased by 35.1% over the prior year. During the year there were only eight titles that grossed over \$2 million at the New Zealand Box Office: *Godzilla vs Kong* (NZ\$4.5 million), *Peter Rabbit 2* (NZ\$3.9 million), *Wonder Woman 1984* (NZ\$3.9 million), *The Croods: A New Age* (NZ\$3.7 million), *Fast and Furious 9* (NZ\$3.7 million), *Tenet* (NZ\$3.0 million), *A Quiet Place Part II* (NZ\$2.5 million) and *Trolls World Tour* (NZ\$2.3 million); compared to 15 titles in the prior comparable period. The absence of blockbuster content resulted in the top 10 films grossing \$30.6 million, a decrease of 48.9% on the collective gross of the top ten titles in the prior year. Whilst there were no titles over NZ\$6 million at the New Zealand Box Office during the financial year, the number of titles released remained strong in the context of the impact of COVID-19-related restrictions.

In New Zealand, where there are less restrictions, the majority of sequel titles including *Fast and Furious 9*, *Trolls: World Tour*, *The Conjuring: The Devil Made Me Do It* and *Godzilla vs Kong* exceeded the box office performance of the previous titles in those respective series.

As with Entertainment Australia, the second half result was significantly improved on the first half. Adjusting for wage subsidies the result for the second half was a positive EBITDA of \$1.2 million compared with an adjusted EBITDA loss of \$5.6 million in the first half, an improvement of \$6.8 million.

A material improvement in key metrics was driven by new pricing strategies and operational model changes introduced in 2020 in response to the impact of COVID-19. Similar to the Australian market, customers continued to prefer the Group's premium seating options, with the proportion of admissions choosing these options increasing by 5.3 percentage points over the prior year. In addition, a record period of merchandising spend per head was achieved up 20.0%. Cinebuzz maintained its strong influence with Cinebuzz representing approximately 78.4% of all online transactions.

The Net Promoter Score for Entertainment New Zealand showed a strong improvement of 3 points to 46 points, resulting in an improved customer experience at a lower cost to serve.

During the year the Group continued the cost mitigation plans which were implemented in response to the impact of COVID-19, resulting in active cost management resulted in savings of \$11.0 million during the year.

Negotiations with landlords in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase were substantially completed prior to 30 June 2021. Rental abatements are recognised when formal legal agreements, and the majority have been recognised in the second half of the financial year.

As part of the pre-COVID-19 strategy to divest or close the underperforming cinemas in the portfolio, the Group closed the four-screen Mount Maunganui cinema in July 2020, and the Group signed a contract for the sale of this property in June 2021 at NZ\$5.2 million, NZ\$2.1 million above the most recent valuation.

### Entertainment Germany

| As at 30 June      | 2021 | 2020 | Movement |
|--------------------|------|------|----------|
| Cinema locations * | 49   | 51   | (2)      |
| Cinema screens *   | 384  | 394  | (10)     |

\* Managed and joint venture cinema sites.

The German circuit result for the year was defined by the German government-mandated closure of cinemas for most of the year, including the entire second half, in response to the second wave of COVID-19 in Europe.

Given the extended market closure, even less films were able to be released in Germany. The highest grossing titles within the German market included: *Tenet* (1.6 million admissions); *After Truth* (0.9 million admissions) and *Jim Knopf und die Wilde 13* (0.7 million admissions). The top ten films achieved total market admissions of 5.1 million, 86.2% below the admissions achieved by the top ten films in the prior year when the market was open.

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Entertainment Germany revenue was \$87.5 million, 64.5% below the prior year due to the impact of COVID-19. In the first half of the financial year, cinemas re-opened, and nationwide box office recovered to only 53% down on prior year for the month of September 2020, a strong result given the absence of major blockbuster releases as outlined above for Australia and New Zealand. However, because of the German government directive to close cinemas in response to a second wave of COVID-19 in Europe, all cinemas were closed in November 2020 through to the end of June 2021.

The Entertainment Germany division reopened on 1 July 2021. Given the extended lockdown period in Germany, the Group has mitigated some of the financial impact with active cost management initiatives and has continued to pursue available German government subsidies and support for our German personnel and operations. The German government has implemented a damage compensation program for affected businesses for the November and December 2020 lockdown period, and a subsidy program for the January to June 2021 period referred to as Bridging Aid III. Applications for Bridging Aid III subsidies are currently being prepared and assessed. Applications for the German government's November and December 2020 damage compensation program have been lodged with a total value of €27.5 million received to date.

The active cost mitigation plans implemented by the Group resulted in a total of \$64.6 million of savings during the year, including the benefit of rent abatements, and excluding the government support outlined above. Including the benefit of German government support and subsidies, and rent abatements finalised with landlords, normalised EBITDA was a loss of \$33.6 million and normalised PBIT was a loss of \$42.6 million.

Initial trading results have been encouraging notwithstanding various capacity restrictions applicable across the various German states. "3G" rules, referring to the German words *geimpft* (vaccinated), *getestet* (tested) and *genesen* (recovered), apply in certain regions and require that customers admitted to a cinema provide evidence that they are vaccinated, have a recent negative COVID-19 test, or have recovered from COVID-19.

The sale of CineStar to Vue International Bidco plc was prohibited by the German Federal Cartel Office (FCO) in December 2020 as a result of Vue's failure to satisfy the FCO's condition for the transaction. The Group continues to consider all of its legal options in relation to Vue's breach of the sale and purchase agreement.

### Hotels and Resorts

| As at 30 June            | 2021   | 2020   | Movement |
|--------------------------|--------|--------|----------|
| <b>Locations *</b>       | 70     | 66     | 4        |
| <b>Rooms *</b>           | 11,071 | 10,366 | 705      |
| <b>Locations (owned)</b> | 25     | 26     | (1)      |
| <b>Rooms (owned)</b>     | 3,705  | 3,805  | (100)    |

\* Owned, managed and other hotels with which the Group has a branding, license or affiliate agreement.

Notwithstanding the impact of Government restrictions and lockdowns, which impacted a total of 205 trading days in Australia and New Zealand, overall Hotels and Resorts revenue was \$202.7 million, a decrease of only 27.0% on the prior comparable period, reflecting the Group's strong market share in a limited market.

Earnings momentum gathered pace throughout the year with trends improving significantly in the second half. All key metrics showed steady quarter on quarter growth throughout the year, with occupancy reaching 63.1% in the fourth quarter. This was despite trading disruption caused by the measures initiated by all Australian State and Territory governments to contain a spike in COVID cases in late May and June.

Occupancy in the Group's owned hotels was 51.7% with a revenue per available room (revpar) of \$88, down on the prior comparable period by 14.1 percentage points and \$32 respectively. Both measures surged in the second half of the year supported by resilient domestic leisure demand and the early stages of corporate travel recovery with peak weekly occupancy by brand for Rydges (68.6%), QT (80.2%) and Atura (83.9%), all achieved in April 2021.

Business transformation initiatives conducted in the early stages of the pandemic, combined with improving revenues and good market share is paving the path to an earnings recovery when current lockdowns and restrictions are eased. Active cost management savings of \$30.3 million were achieved, and from September 2020 the division was EBITDA positive (excluding government wage

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subsidies) in every month of the financial year. The fourth quarter EBITDA was the highest quarterly result of the year despite being impacted by regional lockdowns in Australia in May and June 2021.

The Group continued to participate in government hotel quarantine programs in Australian and New Zealand. Revenue from quarantine business at the Group's owned hotels Rydges Rotorua and QT Gold Coast comprised 6.2% of revenue for the year.

EBITDA of \$33.4 million declined over the prior comparable period by \$27.6 million or 45.2% and normalised profit before interest and income tax expense was \$6.0 million, a decrease of \$26.6 million or 81.7% below the prior year.

At a brand level, Rydges, QT and Atura remain well positioned and are poised to benefit as pent-up demand underpins a market recovery. In the latter months of the year, RevPAR across the Atura portfolio exceeded the comparable pre pandemic 2019 results. Prior to the May and June lockdowns, QT Hotels were also approaching pre pandemic RevPAR levels, with peak weekly occupancy of 80.2% achieved in April 2021. Rydges Hotels performed well relative to their respective market locations, however the pace of recovery is impeded by the bulk of the portfolio being located in Sydney and Melbourne, the two Australian locations most impacted by the pandemic.

Investment in customer experience technology has been a key priority. A new state of the art central reservations and distribution platform is under development. Due for completion in the year ahead, the system is designed to enhance market share and speed network growth. Several other technological innovations to enhance the guest digital experience are at an advanced stage of development including a mobile app with digital check-in and digital guest menus.

During the year, the Group launched a pivotal new strategic growth brand 'The Independent Collection by Event'. The new brand recognises the opportunity to maximise the Group's local market leading expertise across all hotel categories and meet the emerging needs of independent hotel owners. The Independent Collection portfolio will grow to 13 hotels during the year ending 30 June 2022. Six existing hotels transitioned into the Independent Collection portfolio during the year and three hotels were added including the Tank Stream Sydney, the Oval Hotel Adelaide and the Yarra Valley Lodge. Agreements were signed for a further four properties to join the portfolio in the 2022 financial year including The Terrace Adelaide (July 2021), The Kennigo Brisbane (July 2021), Hotel Motel Adelaide (October 2021) and The Chifley Adelaide (early 2022).

QT brand expansion continued with QT Auckland taking the total number of QT hotels to 10, with management agreements signed for QT Newcastle (opening 2022) and QT Parramatta (opening 2024). Three new Rydges management agreements were signed for Rydges Gold Coast Airport (October 2020), Rydges Formosa Resort (December 2020), Rydges Port Adelaide (opening 2023), whilst the Atura brand continues to expand with the conversion of a 108-room Atura Hotel (formerly the Thorndon) completed (February 2021), and a management agreement executed for a new Atura Hotel to be developed in Oran Park Sydney (opening 2023).

The Group acquired a 100% interest in the Jucy Snooze budget accommodation business in April 2021. Jucy Snooze currently has two locations, in Queenstown and Christchurch, with a new flagship property in Auckland due to open in the first half of the 2022 calendar year.

As part of the strategy to divest underperforming assets, The Reef Plaza Cairns (formerly Rydges Plaza) was sold and the Rydges on Swanston management agreement was terminated in the second quarter of the financial year. Over the next year, divestment of two hotels not located in key city locations, Rydges Bankstown and Rydges North Sydney, are planned. The priority upgrade properties include Rydges Melbourne and QT Gold Coast. At this stage, Rydges Melbourne is planned to close for the 2022 calendar year to complete this project. Both upgrade projects have identified underutilised real estate to unlock new revenue opportunities.

### Thredbo Alpine Resort

The full year result for Thredbo reflects the continued success of the new business model generating a strong return from the 2020 snow season despite material COVID-19 capacity restrictions and less than favourable snow conditions. In addition, the 2020-21 summer mountain biking and hiking season resulted in record visitation and mountain biking revenue, despite continuing COVID-19 restrictions resulting in the cancellation of all larger summer events, with a positive EBITDA and PBIT delivered for the peak summer period (December to April) for the first time.

A new strategic direction was developed that focussed on an improved customer experience to protect revenue and grow profitability. The strong response by management in developing industry leading COVID-19 practices and defining a new operating model enabled Thredbo to operate successfully throughout the year. Customer sentiment remained high with an improved NPS score.

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COVID-19 related government mandated restrictions resulted in a delayed start to the 2020 snow season. Furthermore, capacity restrictions were imposed that permitted only up to 50% of pre-COVID capacity, and skier days for the year were down 38.7% on the prior year. The new operating model implemented by the Group in response was essential, and the effective new product strategies offset the impact of reduced visitation with a 66.2% improvement in yield.

Revenue from summer operations continued the growth trend with an increase in visitation of 23% compared to the 2018-19 summer, with the 2019-20 summer having been severely impacted by bushfires and COVID-19. The summer performance underpinned a record setting second half result.

EBITDA for the full year was \$29,775,000, 19.7% above the prior comparable full year, and the normalised profit before income tax expense was \$25,124,000, 19.9% above the prior comparable full year result. This was an incredible result in the context of the COVID-19 capacity restrictions outlined above.

Strong progress continues to be made with Thredbo's strategic growth plan. Merritts Gondola was completed ahead of the 2020 winter season, whilst planning is underway for a major upgrade of Merritts Mountain House. A new mountain biking skills park was added during the year, taking total mountain biking trails to eight. A new trail, Sidewinder, will open for the 2021-22 summer and will be Thredbo's easiest beginner trail. A further four more trails in the Cruiser area are planned for the next two years, and a proposed Alpine Coaster installation is expected to add a further year-round attraction. Major improvements to the snowmaking pipeline were completed prior to the 2021 winter season, and preparatory work has commenced for the replacement of the two-seater Snowgums chairlift with a new six-seater chairlift.

### Property and Other Investments

The normalised profit before interest and income tax expense was \$14,003,000, \$7,694,000 or 120.4% above the prior year. The result included a fair value increment of \$6,950,000 compared to a \$1,657,000 decrement in the prior year.

Rental revenue was below the prior year due to COVID-19 related rent relief provided to tenants and, in addition, the normalised result includes a provision for rental income receivable that is not expected to be recovered from tenants impacted by COVID-19.

The Group's property portfolio is independently valued on a three-year cycle and updated valuations were obtained at 30 June 2021. The overall independent value of the Group's property portfolio increased to \$2,057.4 million, up from \$2,027.7 million at 30 June 2020, notwithstanding \$79.6 million in non-core property sales. Excluding the properties sold during the year ended 30 June 2021, the overall portfolio value increased 4.2%. The non-core property sales were achieved at an average of 60% above previous valuations. Overall, the Group is on track to achieve the goal of realising proceeds of \$250 million in non-core asset sales within two years.

Excluding Rydges Melbourne and Rydges Queenstown the portfolio valuations were up 7.8%. Rydges Melbourne is a priority asset with a major upgrade programme in development and subject to cost assessments, planned to take 12 months to complete commencing early 2022. The Rydges Queenstown accommodation wings were closed in February 2019 and work is underway to determine options for seismic strengthening.

The Group has continued to make strong progress with the two major development projects at 525 George Street and 458-472 George Street, Sydney. A Stage One Development Application has been approved for the proposed 525 George Street, Sydney development for a mixed use development of up to 43 storeys to include a podium with ground floor retail space on George Street (810m<sup>2</sup>), a five screen cinema complex, and a tower including a new hotel with 335 rooms, conference centre, 109 residential apartments and 165 car parking spaces. Subject to market conditions, construction is targeted to commence in the 2023/24 financial year with completion in the 2026/27 financial year.

In November 2020 the City of Sydney approved the Development Application for the podium component of the proposed 458-472 George Street, Sydney development. This will include ground floor retail space (340m<sup>2</sup>) on George Street, an extension of the QT Sydney hotel with 72 additional rooms and conference centre and QT rooftop bar. A second Development Application will be lodged for a commercial officer tower above the podium with 33 levels and approximately 34,000m<sup>2</sup> of commercial office space. Subject to market conditions, construction is targeted to commence in the 2025/26 financial year. It is anticipated that a joint venture partner will be identified to assist in funding and developing the commercial office tower component.

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The Group expects the value of the 458-472 George Street and 525 George Street properties to grow as Development Applications are approved for the proposed developments, with \$37 million added to the 525 George Street independent valuation following the approval of the Stage One Development Application.

Good progress has been made with the strategy announced in February 2021 to divest non-core property assets, realising \$79.6 million of gross proceeds (before selling costs and tax). Gross proceeds of \$49.3 million were settled during the year and \$30.3 million is to settle before September 2021. The total gross proceeds exceeded most recent valuations by \$29.8 million, a 60% increase. The assets sold were the Forum Building in Brisbane (retail and commercial office), Double Bay (commercial and service office), 201-203 Port Hacking Road Miranda (warehouse and light industrial), Rydges Plaza Cairns Hotel, Cairns City Cinema (cinema operations ceased in 2019) and Mt Maunganui Cinemas (cinema operations ceased in 2020).

Further non-core properties have been identified and are being prepared for sale in FY22, with additional non-core properties being contemplated for potential sale in FY23.

### Unallocated revenues and expenses

The unallocated revenues and expenses, which include the Group's corporate functions and various head office expenses, were 12.6% below the prior year. The favourable variance was driven by cost reduction measures, including measures taken in response to COVID-19, voluntary CEO and executive salary reductions and Director fee reductions in response to COVID-19. No short-term incentive awards were paid during the year and long-term incentives did not vest. The Group has also absorbed a material increase in insurance premiums of approximately \$2,013,000.

END

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ABN 51 000 005 103

## 2021 ANNUAL REPORT

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# DIRECTORS' REPORT

The directors present their report together with the financial report of EVENT Hospitality & Entertainment Limited, being the Company and its controlled entities ("Group"), for the year ended 30 June 2021 and the auditor's report thereon.

## DIRECTORS

The directors of the Company in office at any time during or since the end of the year are:

AG Rydge (Chairman)  
*Director since 1978*

PR Coates  
*Director since 2009*

VA Davies  
*Director since 2011*

DC Grant  
*Director since 2013*

JM Hastings (Managing Director and Chief Executive Officer)  
*Director since 2017*

PM Mann  
*Director since 2013*

RG Newton  
*Director since 2008.*

## Directors' qualifications, experience and independent status

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### Alan Rydge

Non-executive Chairman, Board member since 1978, Chairman of the Board since 1980. Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.

### Experience

A company director with more than 50 years of experience in the film, hospitality, leisure and tourism industries. Joined the Greater Union group in 1971 and was formerly the Group Managing Director.

### Directorships

Mr Rydge is also a director of the listed company, Carlton Investments Limited (appointed 1980, chairman since 1980). In addition, Mr Rydge is chairman of Alphoeb Pty Limited and Enbear Pty Limited.

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### Peter Coates AO, BSc (Mining Engineering), FAICD, FAusIMM

Independent non-executive director and Board member since 2009, and Chairman of the Nomination and Remuneration Committee. Mr Coates is the lead independent director.

### Experience

A company director with more than 50 years of resource industry experience including as chief executive officer of Xstrata and Glencore's global coal businesses until his retirement in December 2007. Mr Coates was a past non-executive chairman of Santos Limited, Sphere Minerals Limited and Minara Resources Ltd, and a past chairman of the Minerals Council of Australia, NSW Minerals Council and Australian Coal Association. He was made an Officer of the Order of Australia in 2009 and awarded the Australasian Institute of Mining and Metallurgy Medal in 2011.

### Directorships

Positions held by Mr Coates during the last three years include:

- director of Glencore plc; and
  - chairman of the Industry Advisory Council for the School of Minerals and Energy Resource Engineering, UNSW.
-

# DIRECTORS' REPORT

## Directors' qualifications, experience and independent status (continued)

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### Valerie Davies *FAICD*

Independent non-executive director and Board member since 2011.

#### Experience

A company director with more than 20 years of broad experience across diverse sectors, including tourism, property, technology, labour-hire, health and media. In parallel, Ms Davies established her own consultancy in corporate communications, working at the highest level with numerous tier 1 national and international business organisations addressing the complexities of issues management, communications, coaching and mentoring. Ms Davies is a member of Chief Executive Women, a former Telstra Business Woman of the Year (WA) and a past Vice-President of the Australian Institute of Company Directors (WA).

#### Directorships

Positions held by Ms Davies during the last three years include:

- director of Cedar Woods Properties Limited; and
  - commissioner of Tourism Western Australia (resigned 30 June 2021).
- 

### David Grant *BComm, CA, GAICD*

Independent non-executive director, Board member since 2013, and Chairman of the Audit and Risk Committee.

#### Experience

A company director and a Chartered Accountant with more than 25 years of accounting and finance experience spanning both the accounting profession and the commercial sector. Mr Grant's executive career included roles with Goodman Fielder Limited and Iluka Resources Limited. Mr Grant was formerly a non-executive director of iiNet Limited.

#### Directorships

Positions held by Mr Grant during the last three years include:

- director of Retail Food Group Limited;
  - director of The Reject Shop Limited;
  - director of A2B Australia Limited; and
  - director of Murray Goulburn Co-operative Co. Limited (appointed 27 October 2017 and resigned 26 June 2020).
- 

### Jane Hastings *BComm*

Managing Director and Chief Executive Officer ("CEO") since 1 July 2017.

#### Experience

Ms Hastings has more than 20 years of experience in the tourism, hospitality and entertainment sectors. Ms Hastings was previously CEO of New Zealand Media and Entertainment (NZME) (2014 – 2016). Ms Hastings was appointed as the Group's Chief Operating Officer in 2016 and CEO in 2017.

#### Directorships

Ms Hastings was previously a New Zealand Film Commission board member.

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# DIRECTORS' REPORT

## Directors' qualifications, experience and independent status (continued)

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### **Patria Mann *BEC, FAICD***

Independent non-executive director and Board member since 2013. Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee.

#### **Experience**

A professional non-executive director with extensive audit, ASX, risk management and corporate governance experience. Mrs Mann is a Fellow of the Australian Institute of Company Directors, qualified as a Chartered Accountant and was a former partner of KPMG. Mrs Mann has been a professional non-executive director for nearly 20 years.

#### **Directorships**

Positions held by Mrs Mann during the last three years include:

- director of Ridley Corporation Limited;
  - director of Allianz Australia Limited (resigned 30 June 2020); and
  - director of Bega Cheese Limited (appointed 10 September 2019).
- 

### **Richard Newton *BBus (Marketing), FAICD***

Independent non-executive director and Board member since 2008.

#### **Experience**

A company director with over 30 years of senior executive experience in property investment and development, specifically in hotel operations.

#### **Directorships**

Positions held by Mr Newton during the last three years include:

- chairman of Capricorn Village Joint Venture, WA;
  - chairman and director of Selpam (Australia) Pty Limited and a director of various companies wholly owned by Selpam (Australia) Pty Limited; and
  - director of Bonsey Jaden Pte Ltd, a digital advertising agency.
- 

**Explanation of abbreviations and degrees:** *AO* Officer of the Order of Australia; *BBus (Marketing)* Bachelor of Business (Marketing); *BComm* Bachelor of Commerce; *BEC* Bachelor of Economics; *BSc (Mining Engineering)* Bachelor of Science (Mining Engineering); *CA* Member of Chartered Accountants Australia and New Zealand; *FAICD* Fellow of the Australian Institute of Company Directors; *FAusIMM* Fellow of the Australasian Institute of Mining and Metallurgy; and *GAICD* Graduate Member of the Australian Institute of Company Directors.

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## COMPANY SECRETARIES

GC Dean CA, ACIS was appointed to the position of Company Secretary for EVENT Hospitality & Entertainment Limited in December 2002. GC Dean was Accounting Manager for the Company (2001 – 2002) and is a Chartered Accountant and a member of the Governance Institute of Australia.

DI Stone FCA, ACIS was appointed to the position of Company Secretary for EVENT Hospitality & Entertainment Limited in February 2012. Prior to this appointment, DI Stone was an audit senior manager at KPMG. DI Stone is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Governance Institute of Australia.

## CORPORATE GOVERNANCE

The Board endorses the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4<sup>th</sup> edition. The Group has disclosed its 2021 Corporate Governance Statement in the corporate governance section on its website (<https://www.evt.com/investors/>). As required, the Group has also lodged the 2021 Corporate Governance Statement and Appendix 4G with the ASX.

# DIRECTORS' REPORT

## DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the year are set out below:

|                            | Directors' meetings |          | Audit and Risk Committee meetings |          | Nomination and Remuneration Committee meetings |          | Other special purpose committee meetings <sup>(a)</sup> |          |
|----------------------------|---------------------|----------|-----------------------------------|----------|------------------------------------------------|----------|---------------------------------------------------------|----------|
|                            | Entitled to attend  | Attended | Entitled to attend                | Attended | Entitled to attend                             | Attended | Entitled to attend                                      | Attended |
| AG Rydge                   | 9                   | 9        | 5                                 | 5        | 7                                              | 7        | 13                                                      | 13       |
| PR Coates                  | 9                   | 9        | –                                 | –        | 7                                              | 7        | 13                                                      | 12       |
| VA Davies                  | 9                   | 9        | –                                 | –        | –                                              | –        | –                                                       | –        |
| DC Grant                   | 9                   | 8        | 5                                 | 5        | –                                              | –        | 13                                                      | 13       |
| JM Hastings <sup>(b)</sup> | 9                   | 9        | 5                                 | 5        | 4                                              | 4        | 13                                                      | 13       |
| PM Mann                    | 9                   | 8        | 5                                 | 5        | 7                                              | 7        | –                                                       | –        |
| RG Newton                  | 9                   | 9        | –                                 | –        | –                                              | –        | –                                                       | –        |

(a) Other special purpose committees were formed during the year to assist the Board with capital management matters and its oversight of the CineStar Germany transaction (refer to note 1.5 of the financial statements).

(b) JM Hastings attended Audit and Risk Committee and certain Nomination and Remuneration Committee meetings by invitation. Other directors who are not members of a committee may attend meetings by invitation from time to time.

From time to time, directors visit various sites to improve their understanding of the Group's locations and operations. Director site visits have been limited during the year ended 30 June 2021 due to travel restrictions implemented as a result of the impact of the global coronavirus pandemic ("COVID-19").

## PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the year included the following:

- cinema exhibition operations in Australia and New Zealand, including technology equipment supply and servicing, and the State Theatre;
- cinema exhibition operations in Germany (refer to note 1.5 of the financial statements);
- ownership, operation and management of hotels and resorts in Australia and overseas;
- operation of the Thredbo resort including property development activities; and
- property development, investment properties, and investment in shares in unlisted companies.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

COVID-19 has had, and continues to have, a material impact on the Group's operating divisions. The government-mandated temporary closure of certain businesses, and subsequent periodic closures, lockdowns and travel restrictions, have materially impacted all of the Group's businesses. Further information regarding the impact of COVID-19 on the Group is set out below in the Operating and Financial Review.

There were no other significant changes in the state of affairs of the Group during the year.

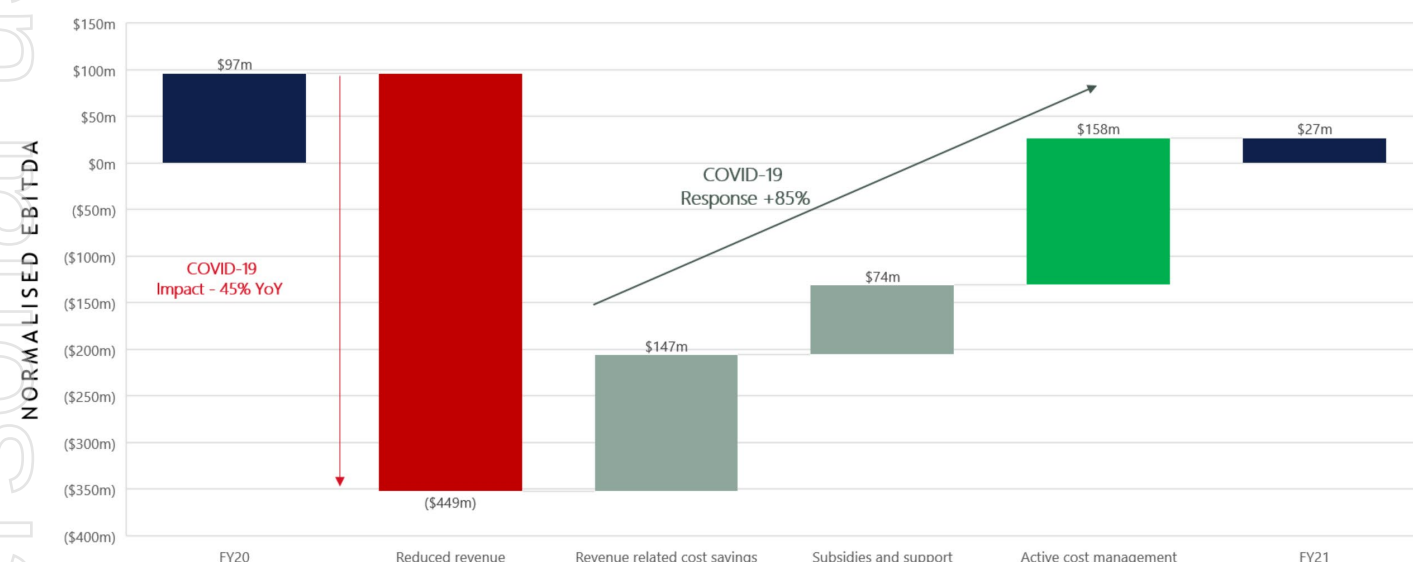
# DIRECTORS' REPORT

## OPERATING AND FINANCIAL REVIEW

The result for the year was materially impacted by the continued and unprecedented global COVID-19 pandemic resulting in significant government mandated trading restrictions and closures. These restrictions were most severe in the first half of the year, and when restrictions eased in the second half, there were signs of a return to pre-COVID-19 demand. Group revenue excluding the benefit of government subsidies was \$540.7 million, down \$449.3 million or 45.4% on the prior year. Group revenue in the second half was up 30.9% on the first half and for divisions that were open, all exceeded revenue on the comparable half year period.

In Entertainment, with cinemas re-opening globally, towards the end of the year studios began to release blockbuster films and the immediate pent-up demand for the cinema experience was evident. Despite various interstate and international travel restrictions, Hotels experienced quarter-on-quarter improvement in trading, reaching 63.1% occupancy in the fourth quarter. At Thredbo, whilst the available audience was impacted by more than 50% due to government restrictions, the changes implemented to adapt to the constraints mitigated the impact. In addition, record demand for the summer experience contributed to Thredbo achieving a full year record revenue result.

To mitigate the impact of government trading restrictions on revenue, swift action was taken by management in the development of new COVID-safe and viable operating models. Active cost management as a result of business transformation initiatives reduced costs by \$158 million, excluding government subsidies. The new business models are expected to deliver longer term benefits with improved margins post the pandemic. Since the commencement of the pandemic, active cost management strategies have delivered a total reduction in costs in the period from March 2020 to June 2021 of \$264 million.



1. Normalised EBITDA is profit before depreciation, amortisation, the impact of AASB 16 Leases, interest, tax and individually significant items. Normalised profit is an unaudited non-International Financial Reporting Standards ("IFRS") measure.
2. Reduced revenue is before wage subsidies and support (presented separately).
3. Revenue related cost savings include film hire and cost of goods sold.
4. Subsidies and support represent incremental amounts recognised during the year ended 30 June 2021 when compared with the year ended 30 June 2020 and includes German government support recognised during the year and wage subsidies including JobKeeper in Australia, the Wage Subsidy in New Zealand, and Short-Time Pay in Germany. Approximately half of all wage subsidies received in the year represented a pass-through to employees that were not working during the period.
5. Active cost management represents all other cost savings.

Since March 2020, the Group has applied government wage subsidy programs including JobKeeper in Australia, the Wage Subsidy in New Zealand, and Short-Time Pay in Germany. The JobKeeper program concluded in March 2021. Overall, approximately half of all wage subsidies received to date represented a pass-through to employees that were not working during the period, and as such provided no net benefit to the Group. The balance of the wage subsidies received assisted the Group in retaining employees during periods of government-mandated periodic closures, lockdowns and travel restrictions, which have materially impacted all of the Group's businesses.

The Group's unallocated corporate costs were down 12.6% on the prior full year. This included the voluntary salary reductions from the CEO and Executive, and reduced Board fees. In addition, no bonus payments were made in the financial year. These unallocated cost savings were partially offset by an increase in insurance premiums of \$2.0 million and overall, the Group's insurance costs escalated to \$11.2 million, up 75.9%.

## DIRECTORS' REPORT

The Group achieved a positive normalised EBITDA for the year of \$27.2 million. The second half delivered improved EBITDA when compared with both the prior comparable period and the first half of the current year. All divisions generated a positive EBITDA in the second half and for the first time Thredbo delivered a positive EBITDA and PBIT in this period.

Good progress has been made on the non-core property divestment strategy, realising \$79.6 million of gross proceeds (before selling costs and tax). Gross proceeds of \$49.3 million were settled during the year ended 30 June 2021 and \$30.3 million is to settle before September 2021. The total gross proceeds exceeded the most recent valuations for these properties by \$29.8 million, a 60% increase. Further non-core properties have been identified and are being prepared for sale in the year ending 30 June 2022 with additional non-core properties being contemplated for potential sale in FY23. The Group is on track to achieve the goal of realising proceeds of \$250 million in non-core asset sales within two years.

The overall independent value of the Group's property portfolio increased 4.2% to \$2,057.4 million at 30 June 2021, notwithstanding the sale of non-core properties last valued at \$49.8 million for proceeds of \$79.6 million. Excluding Rydges Melbourne, Rydges North Sydney and Rydges Queenstown, the portfolio valuations increased 8.4%. Rydges Melbourne has been identified as a priority asset with a major upgrade programme required and, subject to cost assessments, planned to close for works to commence and complete in calendar year 2022. Rydges North Sydney has been identified as a non-core property and is expected to be sold in the 2021/22 financial year. The Rydges Queenstown accommodation wings were closed in February 2019 and work is underway to determine options for seismic strengthening.

Good progress was made on the two major property developments with significant initial value of \$37 million added to the 525 George Street property through the Stage 1 Development Application ("DA") approval. The Stage 2 DA application is expected to be lodged this financial year and, subject to market conditions and the sale of the 109 apartments, this project is targeted to commence in 2023/24 and be completed in 2026/27. The DA for the podium component of the proposed 458-472 George Street development has been approved. This will include ground floor retail space (340m<sup>2</sup>) on George Street, an extension of the QT Sydney hotel with 72 additional hotel rooms, a conference centre and QT rooftop bar. The Stage 1 DA for the commercial office tower above the podium will be lodged this financial year.

Improved trading in the second half, active cost management and the execution on the non-core property divestment strategy, has enabled the Group to reduce gross debt to \$476.4 million and net debt to \$355.5 million at 30 June 2021.

The Group continues to make strong progress on transformation and future growth initiatives including:

- Hotel network expansion maximising local capabilities, introducing innovative commercial structures, and evaluating emerging accommodation sectors; a record year of hotel network expansion was achieved.
- Right-sizing of the cinema portfolio, with 'fewer and best' locations and a targeted investment in proven 'Cinema of the Future' concepts; new upgrades have delivered double digit growth in key metrics.
- Transformation of the Thredbo business model and an enhanced on-mountain experience including the introduction of year-round new revenue opportunities; a record earnings year was achieved.
- Growing the value of the property portfolio through major property developments at 458-472 George Street and 525 George Street in Sydney, investment in key hotel assets and divestment of non-core properties; property portfolio increased in value, and on track to achieve proceeds of \$250 million in non-core asset sales within two years.
- Transformation of support functions to future-proof and increase agility and productivity; critical investment has been required in IT and the first stage of the cloud migration project has been completed, established a centralised procurement function and on track to deliver savings in future years, development of data dashboards and customised rostering tools to underpin the new operating models.
- Commitment to customer-centric strategies to improve customer satisfaction and ensure best leverage of customer data; customer sentiment measurement established, Group data project underway, eCommerce enhancements and development and trial of new mobile customer transaction options.
- Highly engaged culture: 'ELEVATE' people framework and tools implemented including recognition of performance against the Group's vision, values and strategic goals, retention incentives and alternative recruitment programmes implemented to recognise the competitive employment market.
- This year, the Group will formally launch its corporate social responsibility strategy, details of which will be finalised and communicated to shareholders and other stakeholders during the year ending 30 June 2022. In addition, to support the Group's existing climate change risk management framework, the Group has for the first time disclosed its Scope 1 and 2 carbon emissions in the Corporate Governance Statement released separately to ASX, and will start to report under the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") framework with effect from the year ending 30 June 2022.

# DIRECTORS' REPORT

## July 2021 Result (unaudited)

Whilst the COVID-19 Delta variant outbreak and government lockdowns in Australia in June 2021 did not significantly impact the result for the year, this has materially impacted the results for the Group's Australian divisions in July 2021. New Zealand operated largely without restrictions in July, however in August the New Zealand market also entered into a period of lockdown. German cinemas have reopened from 1 July 2021 with government restrictions in place. The unaudited Group EBITDA for July 2021 was \$0.4 million, up \$6.7 million on July 2020, which included \$9.6 million in relevant government wage subsidies.

Thredbo delivered a positive contribution in July despite restrictions limiting access to around 25% of the available audience. The government mandated closure of Thredbo in August will materially impact the Winter season.

In Germany, initial trading results have been encouraging notwithstanding various capacity restrictions applicable across the German states, with July 2021 achieving the best admissions total since July 2018. The Group's Australian and New Zealand cinemas have performed well when they have been open and when content has been available, with New Zealand EBITDA positive and up approximately \$1 million on July 2020. The Group's Hotels and Resorts in New Zealand were EBITDA positive and ahead of July 2020, whilst in Australia the result was severely impacted due to the increase in comparative year-on-year government lockdowns and restrictions resulting in the first negative EBITDA since the pandemic commenced.

The absence of direct Australian government support in the current lockdowns for large businesses, including the EVENT Group, has been challenging and the Group continues to implement active cost management strategies in response to these government-mandated restrictions. It was pleasing to see the immediate response from the New Zealand Government with the return of the wage subsidy scheme to support all businesses in retaining employees through the lockdown period. The speed of the government vaccine rollout program will determine the timeline for re-opening in the affected areas of Australia and New Zealand.

The Group is confident that once restrictions are eased, the pent-up demand and swift rebound experienced in the second half, will continue. The Group's Hotels group continues to outperform the local market, there is a strong line up of films to release when all cinemas can reopen and the new business model for Thredbo provides foundation for growth. The Group has a strong balance sheet and is in an advantageous position to face the immediate challenges and invest in growth for the future.

# DIRECTORS' REPORT

## Overview of the Group

Reported net loss after tax and individually significant items was \$48,036,000 (2020: loss of \$56,987,000), \$8,951,000 above the prior year result. The normalised result before interest and income tax expense was a loss of \$51,061,000 (2020: profit of \$14,012,000), and the normalised result after tax was a loss of \$54,051,000 (2020: loss of \$3,289,000). A summary of the normalised result is outlined below:

|                                                     | 30 June 2021                                |                                                            |                                             |                               |                                                       | Restated <sup>1</sup><br>30 June 2020       |                                                            |                                             |                               |                                                       |
|-----------------------------------------------------|---------------------------------------------|------------------------------------------------------------|---------------------------------------------|-------------------------------|-------------------------------------------------------|---------------------------------------------|------------------------------------------------------------|---------------------------------------------|-------------------------------|-------------------------------------------------------|
|                                                     | Normalised<br>EBITDA <sup>2</sup><br>\$'000 | Depreciation<br>and<br>amortisation <sup>3</sup><br>\$'000 | Normalised<br>result <sup>4</sup><br>\$'000 | Impact of<br>AASB16<br>\$'000 | Reconciliation<br>to reported<br>net profit<br>\$'000 | Normalised<br>EBITDA <sup>2</sup><br>\$'000 | Depreciation<br>and<br>amortisation <sup>3</sup><br>\$'000 | Normalised<br>result <sup>4</sup><br>\$'000 | Impact of<br>AASB16<br>\$'000 | Reconciliation<br>to reported<br>net profit<br>\$'000 |
| <b>CONSOLIDATED GROUP RESULT</b>                    |                                             |                                                            |                                             |                               |                                                       |                                             |                                                            |                                             |                               |                                                       |
| <b>Entertainment</b>                                |                                             |                                                            |                                             |                               |                                                       |                                             |                                                            |                                             |                               |                                                       |
| Australia and New Zealand                           | (6,400)                                     | (32,201)                                                   | (38,601)                                    | 15,316                        | (23,285)                                              | 24,729                                      | (33,399)                                                   | (8,670)                                     | 20,426                        | 11,756                                                |
| Germany                                             | (33,616)                                    | (8,976)                                                    | (42,592)                                    | 139                           | (42,453)                                              | (8,416)                                     | (11,696)                                                   | (20,112)                                    | 1,458                         | (18,654)                                              |
| <b>Hospitality and Leisure</b>                      |                                             |                                                            |                                             |                               |                                                       |                                             |                                                            |                                             |                               |                                                       |
| Hotels and Resorts                                  | 33,449                                      | (27,494)                                                   | 5,955                                       | (138)                         | 5,817                                                 | 61,022                                      | (28,418)                                                   | 32,604                                      | 1,124                         | 33,728                                                |
| Thredbo Alpine Resort                               | 29,775                                      | (4,651)                                                    | 25,124                                      | —                             | 25,124                                                | 24,865                                      | (3,916)                                                    | 20,949                                      | —                             | 20,949                                                |
| <b>Property and Other Investments</b>               | 16,748                                      | (2,745)                                                    | 14,003                                      | —                             | 14,003                                                | 9,142                                       | (2,788)                                                    | 6,354                                       | —                             | 6,354                                                 |
| <b>Unallocated revenues and expenses</b>            | (12,735)                                    | (2,215)                                                    | (14,950)                                    | —                             | (14,950)                                              | (14,789)                                    | (2,324)                                                    | (17,113)                                    | —                             | (17,113)                                              |
|                                                     | <b>27,221</b>                               | <b>(78,282)</b>                                            | <b>(51,061)</b>                             | <b>15,317</b>                 | <b>(35,744)</b>                                       | <b>96,553</b>                               | <b>(82,541)</b>                                            | <b>14,012</b>                               | <b>23,008</b>                 | <b>37,020</b>                                         |
| Net finance costs                                   |                                             |                                                            | (17,914)                                    | (23,280)                      | (41,194)                                              |                                             |                                                            | (8,130)                                     | (24,383)                      | (32,513)                                              |
|                                                     |                                             |                                                            | <b>(68,975)</b>                             | (7,963)                       | <b>(76,938)</b>                                       |                                             |                                                            | <b>5,882</b>                                | <b>(1,375)</b>                | <b>4,507</b>                                          |
| Income tax credit/(expense)                         |                                             |                                                            | 14,924                                      | 2,204                         | 17,128                                                |                                             |                                                            | (9,171)                                     | 489                           | (8,682)                                               |
| <b>Profit before individually significant items</b> |                                             |                                                            | <b>(54,051)</b>                             | <b>(5,759)</b>                | <b>(59,810)</b>                                       |                                             |                                                            | <b>(3,289)</b>                              | <b>(886)</b>                  | <b>(4,175)</b>                                        |
| Individually significant items – net of tax         |                                             |                                                            |                                             |                               | 11,774                                                |                                             |                                                            |                                             |                               | (52,812)                                              |
| <b>Reported net loss</b>                            |                                             |                                                            |                                             |                               | <b>(48,036)</b>                                       |                                             |                                                            |                                             |                               | <b>(56,987)</b>                                       |

1. The comparative information has been restated as a result of changes in accounting policy (as outlined in note 1.5 to the financial statements).
2. Normalised EBITDA is the normalised result (see below) for the year before depreciation and amortisation and excluding the impact of AASB 16 *Leases*.
3. Depreciation and amortisation excludes the impact of AASB 16 *Leases*.
4. Normalised result is profit for the year before individually significant items (as outlined in note 2.2 to the financial statements) and excluding the impact of AASB 16 *Leases*. As outlined in Note 2.2 to the financial statements, this measure is used by the Group's Chief Executive Officer to allocate resources and in assessing the relative performance of the Group's operations. The normalised result is an unaudited non-IFRS measure.

# DIRECTORS' REPORT

## Overview of the Group (continued)

An analysis of the last five years is outlined below:

|                                            | 2021    | Restated<br>2020 <sup>(b)</sup> | 2019      | 2018      | 2017      |
|--------------------------------------------|---------|---------------------------------|-----------|-----------|-----------|
| Total revenue and other income (\$'000)    | 692,474 | 1,030,921                       | 1,304,288 | 1,289,738 | 1,294,269 |
| Basic earnings per share (cents)           | (29.8)  | (35.4)                          | 69.6      | 69.8      | 69.6      |
| Dividends declared <sup>(a)</sup> (\$'000) | –       | 33,851                          | 83,822    | 83,670    | 81,886    |
| Dividends per share (cents)                | –       | 21                              | 52        | 52        | 51        |

(a) No dividends were declared in relation to the year ended 30 June 2021 and no final dividend was declared in relation to the year ended 30 June 2020.

(b) The 2020 comparative information has been restated as outlined in note 1.5.

## CineStar Germany

On 22 October 2018, the sale of the German cinema exhibition operations to Vue International Bidco plc ("Vue"), subject to German Federal Cartel Office ("FCO") approval, was announced. On 3 March 2020, the Group announced that the FCO had provided conditional clearance for the transaction subject to the divestment of six sites within a six-month period. On 21 August 2020 the Group announced that a sale of one of these six sites had been completed and that the FCO had provided an extension of time for satisfaction of its conditions in respect of the remaining five sites until 13 November 2020. In December 2020, the sale was deemed prohibited by the FCO as a result of Vue's failure to satisfy the FCO's condition for the sale transaction. The Group continues to consider all of its legal options in relation to Vue's breach of the sale and purchase agreement. Further details in relation to the transaction have been provided within note 1.5 of the financial statements.

## Individually significant items

Individually significant items comprised the following:

|                                                                                           | 2021<br>\$'000 | 2020<br>\$'000 |
|-------------------------------------------------------------------------------------------|----------------|----------------|
| Profit on sale of properties                                                              | 35,205         | –              |
| Reversal of impairment charges booked in previous years                                   | 3,997          | 2,219          |
| Impairment charges                                                                        | (9,920)        | (56,910)       |
| Write-off of assets                                                                       | –              | (6,232)        |
| Restructure costs, redundancies and staff retention costs arising as a result of COVID-19 | (5,895)        | (6,723)        |
| Hotel and cinema pre-opening costs                                                        | –              | (592)          |
| Legal and other costs associated with the sale of a business segment                      | (4,683)        | (2,263)        |
| Other expenses (net of income items)                                                      | (4,794)        | (2,448)        |
| Individually significant items expense before income tax                                  | 13,910         | (72,949)       |
| Income tax benefit                                                                        | (2,136)        | 20,137         |
| Individually significant items (expense)/income after income tax                          | 11,774         | (52,812)       |

## Investments

The Group acquired property, plant and equipment totalling \$30,283,000 during the year. The significant acquisitions and capital additions include the following:

- cinema developments at Village Clayton (joint venture) in Victoria and EVENT Edmondson Park (joint venture) in New South Wales;
- cinema refurbishments at EVENT Toowoomba and EVENT George Street in Sydney, EVENT Innaloo in Western Australia and EVENT Queensgate in New Zealand; and
- refurbishment requirements for Thredbo, cinemas, hotels and resorts.

On 30 April 2021, the Group acquired 100% of Jucy Snooze Limited ("Snooze"), having previously acquired a 50% interest on 3 February 2020. The net consideration paid for the acquisition of the remaining 50% interest was NZ\$3,718,000 (A\$3,460,000). Further information relating to the acquisition has been outlined within note 5.1 of the Annual Report.

## Property

The Group announced in February 2021 the initiation of a strategy to divest non-core property assets, and strong progress has been made with this strategy during the year ended 30 June 2021. The Group has also continued to make progress with the two major development projects at 525 George Street and 458-472 George Street, Sydney. Further information regarding these matters is set out below in the Review of Operations by Division.

## DIRECTORS' REPORT

The Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, is independently valued by registered qualified valuers on a progressive three-year cycle. Independent valuations for the majority of the Group's properties were obtained at 30 June 2021, and the total value of the Group's interest in land and buildings based on these independent valuations is \$2,057,443,000 (refer to Notes 3.3, 3.4 and 3.5 to the financial statements) whilst the total written-down book value of these land and buildings including integral plant and equipment at 30 June 2021 was \$1,112,920,000.

The total value of the Group's properties as at 30 June 2021 included:

|                                               | Valuations<br>2021 <sup>(a)</sup><br>\$'000 | Carrying value<br>2021<br>\$'000 | Valuations<br>2020 <sup>(a), (b)</sup><br>\$'000 | Carrying value<br>Restated 2020 <sup>(a), (b)</sup><br>\$'000 |
|-----------------------------------------------|---------------------------------------------|----------------------------------|--------------------------------------------------|---------------------------------------------------------------|
| Valuation of:                                 |                                             |                                  |                                                  |                                                               |
| Interest in land and buildings                | 1,965,563                                   | 1,030,447                        | 1,953,202                                        | 1,092,506                                                     |
| Investment properties                         | 64,500                                      | 64,500                           | 74,550                                           | 74,550                                                        |
| Assets held for sale <sup>(c)</sup>           | 27,380                                      | 17,973                           | –                                                | –                                                             |
|                                               | <b>2,057,443</b>                            | <b>1,112,920</b>                 | <b>2,027,752</b>                                 | <b>1,167,056</b>                                              |
| Less: assets subsequently sold <sup>(d)</sup> | –                                           | –                                | (49,800)                                         | (37,148)                                                      |
| <b>Total</b>                                  | <b>2,057,443</b>                            | <b>1,112,920</b>                 | <b>1,977,952</b>                                 | <b>1,129,908</b>                                              |

(a) Valuations are based on independent valuations (as outlined in note 3.3 of the 2021 Annual Report).

(b) The comparative information has been restated as a result of changes in accounting policy (as outlined in note 1.5 of the 2021 Annual Report).

(c) Assets held for sale have been independently valued at 30 June 2021.

(d) Assets subsequently sold include those freehold assets disposed of during the year ended 30 June 2021.

### Capital structure

Cash and term deposits at 30 June 2021 totalled \$120,978,000 (2020: \$76,594,000) and total bank debt outstanding was \$476,428,000 (2020: \$488,300,000).

### Treasury policy

The Group manages interest rate risk in accordance with a Board approved treasury policy covering the types of instruments, range of protection and duration of instruments. The financial instruments cover interest rate swaps and forward rate agreements. Maturities of these instruments are up to a maximum of five years. Interest rate swaps and forward rate agreements allow the Group to raise long term borrowings at floating rates and swap a portion of those borrowings into fixed rates.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. At 30 June 2021, the Group had no interest rate hedges (2020: no interest rate hedges).

### Liquidity and funding

As at 30 June 2021, the Group's secured bank debt facilities comprised the following:

- \$650,000,000 revolving multi-currency loan facility maturing on 3 July 2023;
- \$43,500,000 non-revolving loan facility maturing on 3 January 2022; and
- \$2,500,000 credit support facility (for the issue of letters of credit and bank guarantees).

The debt facilities are supported by interlocking guarantees from most Australian and New Zealand domiciled Group entities and secured by specific property mortgages. The debt facilities were amended and restated on 3 July 2020 and initially consisted of the \$650,000,000 revolving multi-currency loan, a \$100,000,000 non-revolving loan facility and \$2,500,000 credit support facility. In relation to the non-revolving loan facility, the Group repaid and cancelled \$56,500,000 of that facility during the year.

Debt drawn under the loan facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.75% and 4.35% per annum. As at 30 June 2021, the Group had drawn \$476,428,000 (2020: \$488,300,000) under the loan facilities and \$1,225,000 under the credit support facility (2020: \$1,124,000). The debt facilities replaced a \$545,000,000 revolving multi-currency loan facility and a \$15,000,000 credit support facility that were in place at 30 June 2020.

### Cash flows from operations

Net cash inflows from operating activities as reported decreased to \$148,137,000 from \$176,367,000 in the prior year. After adjusting to include the payment of lease liabilities, net cash inflows from operating activities decreased to \$45,412,000 from \$77,035,000 in the prior year. This movement was driven by the full impact of COVID-19 on the Group's operations during the year ended 30 June 2021. Adjusted net cash flow from operating activities improved significantly in the second half of the year ended 30 June 2021 to net inflows of \$77,976,000, from net outflows of \$29,564,000 in the first half.

# DIRECTORS' REPORT

## Impact of legislation and other external requirements

Since March 2020, a number of statutory requirements have been introduced in Australia, New Zealand and Germany by relevant authorities in response to COVID-19. Where applicable, these requirements have been satisfied by the Group in each territory. Safety and wellbeing remain the Group's highest priority. Detailed COVID-19 safety plans and staff training programs have been developed for each of the Group's operating divisions. In addition, to ensure these plans are consistent with best practice in Australia, advice was also sought from infectious diseases experts and the advice was incorporated into the Group's safety plans.

There were no other changes in environmental or other legislative requirements during the year that have significantly impacted the results of operations of the Group.

## REVIEW OF OPERATIONS BY DIVISION

### Entertainment Group

The Group's Entertainment divisions continue to perform well when films are released, and Government mandated restrictions are lifted. A combination of the benefits from the 'Cinema of the Future' strategic initiatives and new operating models have delivered significant benefits when cinemas have been permitted to reopen, with an increase in revenue per admission, a lower cost to serve, and improved customer sentiment.

The impact of COVID-19 globally resulted in cinema closures and studios making the decision to delay film releases in cinemas until major markets had re-opened. Government restrictions and mandated closures have materially impacted the Group's cinema operations during the year. The German cinemas initially reopened in July and August 2020 and traded with Government mandated capacity restrictions in place before closing again for nearly eight months from 2 November 2020. In Australia due to the various state lockdowns, including the extended Victorian lockdown from July to November 2020, every trading month was impacted with closures or government mandated restrictions. The New Zealand circuit was less impacted by government mandated restrictions but suffered from the delay of major blockbuster film titles whilst key overseas markets remained closed.

The enduring customer appeal of cinemas continues to be demonstrated by strong and immediate demand when cinemas are open and blockbuster titles are released. In Australia and New Zealand, Easter weekend outperformed the pre-COVID-19 Easter weekend in 2019 in terms of box office, admissions and spend per head. In Germany, initial trading results have been encouraging notwithstanding various capacity restrictions applicable across German states, with July 2021 achieving the best admissions total since July 2018.

The reopening of cinemas in the USA and European markets because of more advanced vaccination programmes, has unlocked the release of major blockbusters globally. Whilst there were fewer blockbuster films released in the second half relative to pre-COVID 2019, most of the franchise blockbusters released traded ahead of box office expectations and outperformed the prior release in the franchise including *Godzilla vs Kong (Godzilla: King of the Monsters)*, *Fast and Furious 9 (Fast and Furious presents Hobbs and Shaw)* and *A Quiet Place 2 (A Quiet Place)*. All results indicate that cinema rebounds quickly when blockbusters are available, due to pent up demand for customers to return to cinemas.

### Entertainment Australia

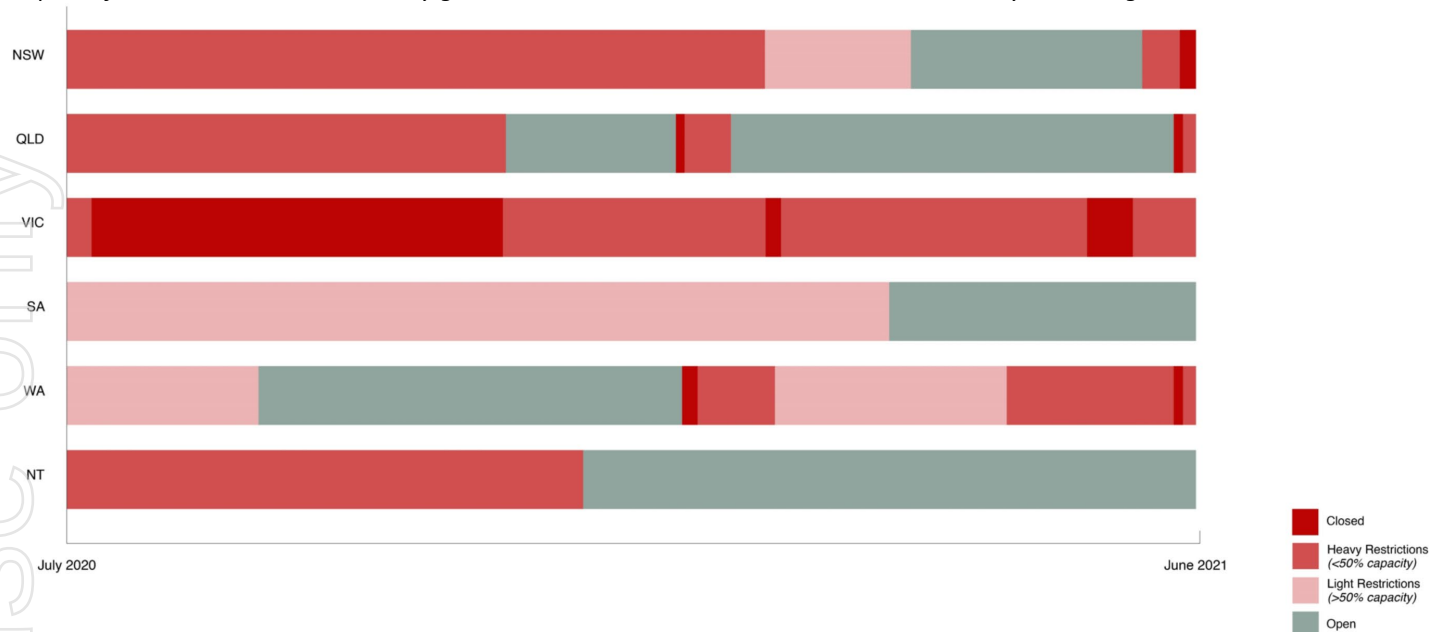
| As at 30 June     | 2021 | 2020 | Movement |
|-------------------|------|------|----------|
| Cinema locations* | 71   | 72   | (1)      |
| Cinema screens*   | 680  | 686  | (6)      |

\* Managed and joint venture cinema sites (excludes Moonlight Cinema sites and screens and the State Theatre).

The Group's Entertainment Australia revenue was \$219.3 million, a 35.9% decrease on the prior year. The period was materially disrupted by the various State government mandated closures and COVID-19 operating restrictions. In all States, every month of the year was impacted due to government mandated closures or restrictions on operations, as outlined in the diagram below.

# DIRECTORS' REPORT

Impact of Australian state and territory government mandated closures or restrictions in the year ending 30 June 2021



As a result of the above, the Australian Box Office decreased by 46.6% on the prior year due to the major disruption from Australian government mandated restrictions and blockbuster titles being delayed. Only six blockbuster titles were released during the year versus 14 in the prior year due to COVID-19 related cinema closures globally. The absence of blockbuster content resulted in the top 10 films grossing \$182.2 million, a decrease of 50.0% on the collective gross of the top ten titles in the prior year.

## Second half highlights

The second half result was significantly improved on the first half, with positive EBITDA of \$15.7 million compared with an EBITDA loss of \$18.9 million in the first half, an improvement of \$34.6 million. The key reasons for the improvement in performance in the second half include:

1. More blockbuster films were released due to the gradual reopening of cinemas globally in markets with advanced COVID-19 vaccination programs. Three of the six blockbuster films for the year were released in the second half and a further two of these blockbuster films were released on Boxing Day and earned the majority of their box office in the second half. Only one title, *Tenet*, earned the majority of its box office in the first half.
2. An immediate return of audiences due to pent-up demand for the cinema experience across all customer segments. In addition, sequels including *Godzilla vs Kong*, *Fast and Furious 9* and *A Quiet Place 2* outperformed the previous titles in their respective series. All customer segments have returned to the cinema with analysis of the Group's Cinebuzz membership database clearly showing similar audience demographics by age when compared with the pre-COVID-19 period.
3. Key revenue metrics including spend per head and average admission price delivered strong increases across the circuit and the upgraded Cinema of the Future locations further exceeded the circuit averages.
4. Strong active cost management with total savings excluding government subsidies of \$46.8 million in the year. In addition, the success of the new operating model has demonstrated significant margin improvement when blockbuster titles were released, with an over 20 percentage point improvement in profit per admission achieved during the release of *Fast and Furious 9* when compared with the previous title in that series.
5. Increased customer sentiment because of desire for the cinema experience, COVID-safe practices at a lower cost to serve.

Premium concepts were strongly favoured by customers, reflected in the admission contribution from premium concepts increasing by 3.9 percentage points. In addition, a period of record merchandising spend per head was achieved resulting in every month in the year being a record, and overall merchandising spend per head grew by 24.5% over the prior period. The new merchandising layouts, continued growth of the owned brand Parlour Lane and eCommerce enhancements underpinned this growth. The percentage of admissions purchased online also increased by 6.3 percentage points. It is evident that the pent-up demand factor is driving customers to spend more when they can visit a cinema.

## DIRECTORS' REPORT

The Group's direct customer relationships remain exceptionally strong with Cinebuzz representing 71% of cinema visits and 88% of online transactions. The total registered member database at 30 June 2021 was 2.4 million, consistent with the prior year.

Recognised COVID-19 safety plans were developed, implemented and endorsed by infectious disease experts. A new variable operating model was designed to try and offset the cost of COVID-19 safety plan operation and better reflect trading patterns. This has resulted in a strong improvement in customer satisfaction evidenced by improved net promoter scores, up nine points across the circuit, at a reduced cost to serve. In addition, flexible work arrangements were introduced for required roles, and the review and, where appropriate, restructure of head office functions continued.

Negotiations with landlords in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase were substantially completed prior to 30 June 2021. Rental abatements are recognised when formal legal agreements, and the majority have been recognised in the second half of the financial year.

The Group opened a new six-screen cinema, Event Cinemas Ed Square, Edmondson Park, Western Sydney in April 2021. The complex is comprised of two 3-seat concept Vmax auditoriums and four traditional auditoriums with a choice of full recliners or wide-cushioned standard seats. The cinema has performed very strongly from opening until the Greater Sydney lockdown in late June 2021, with the average admission price 28.0% higher than the circuit average, and merchandising spend per head for the site 33.9% up on the circuit average excluding Gold Class.

During the year the Group refurbished the five screen Toowoomba Grand complex. In line with the strategy of targeted investment in premium concepts, a new Vmax auditorium added to the existing complex which consisted of the new 3-seat concept format of daybeds, reclining seats and premium fixed back seating delivering growth in key metrics.

As part of the pre-COVID-19 strategy to divest or close the underperforming cinemas in portfolio, the Group closed the Townsville City cinema (5 screens) and Adelaide City cinema (5 screens) in July 2020, and exited the lease at Arndale (8 screens).

### Entertainment New Zealand

(Note: all amounts in Australian dollars unless otherwise stated)

| As at 30 June      | 2021 | 2020 | Movement |
|--------------------|------|------|----------|
| Cinema locations * | 20   | 21   | (1)      |
| Cinema screens *   | 140  | 144  | (4)      |

\* Managed and joint venture cinema sites.

Entertainment New Zealand revenue was \$41.7 million or 39.4% below the prior year. Cinemas remained open with the exception of the government mandated closure of the Auckland cinemas for an 18-day period in August when the city went into level three COVID-19 restrictions. Cinemas across the country were impacted by capacity restrictions from mid-August to early October. Despite the relaxation of COVID-19 restrictions in New Zealand, box office revenue was impacted by studio decisions to delay the release of blockbuster films globally until key USA and European markets were able to reopen.

New Zealand nationwide box office decreased by 35.1% over the prior year. During the year there were only eight titles that grossed over \$2 million at the New Zealand Box Office: *Godzilla vs Kong* (NZ\$4.5 million), *Peter Rabbit 2* (NZ\$3.9 million), *Wonder Woman 1984* (NZ\$3.9 million), *The Croods: A New Age* (NZ\$3.7 million), *Fast and Furious 9* (NZ\$3.7 million), *Tenet* (NZ\$3.0 million), *A Quiet Place Part II* (NZ\$2.5 million) and *Trolls World Tour* (NZ\$2.3 million); compared to 15 titles in the prior comparable period. The absence of blockbuster content resulted in the top 10 films grossing \$30.6 million, a decrease of 48.9% on the collective gross of the top ten titles in the prior year. Whilst there were no titles over NZ\$6 million at the New Zealand Box Office during the financial year, the number of titles released remained strong in the context of the impact of COVID-19-related restrictions.

In New Zealand, where there are less restrictions, the majority of sequel titles including *Fast and Furious 9*, *Trolls: World Tour*, *The Conjuring: The Devil Made Me Do It* and *Godzilla vs Kong* exceeded the box office performance of the previous titles in those respective series.

As with Entertainment Australia, the second half result was significantly improved on the first half. Adjusting for wage subsidies the result for the second half was a positive EBITDA of \$1.2 million compared with an adjusted EBITDA loss of \$5.6 million in the first half, an improvement of \$6.8 million.

A material improvement in key metrics was driven by new pricing strategies and operational model changes introduced in 2020 in response to the impact of COVID-19. Similar to the Australian market, customers continued to prefer the Group's premium seating options, with the proportion of admissions choosing these options increasing by 5.3 percentage points over the prior year. In

## DIRECTORS' REPORT

addition, a record period of merchandising spend per head was achieved up 20.0%. Cinebuzz maintained its strong influence with Cinebuzz representing approximately 78.4% of all online transactions.

The Net Promoter Score for Entertainment New Zealand showed a strong improvement of 3 points to 46 points, resulting in an improved customer experience at a lower cost to serve.

During the year the Group continued the cost mitigation plans which were implemented in response to the impact of COVID-19, resulting in active cost management resulted in savings of \$11.0 million during the year.

Negotiations with landlords in relation to rental abatements and deferral for the COVID-19 closure period and the subsequent rebuilding phase were substantially completed prior to 30 June 2021. Rental abatements are recognised when formal legal agreements, and the majority have been recognised in the second half of the financial year.

As part of the pre-COVID-19 strategy to divest or close the underperforming cinemas in the portfolio, the Group closed the four-screen Mount Maunganui cinema in July 2020, and the Group signed a contract for the sale of this property in June 2021 at NZ\$5.2 million, NZ\$2.1 million above the most recent valuation.

### Entertainment Germany

| As at 30 June      | 2021 | 2020 | Movement |
|--------------------|------|------|----------|
| Cinema locations * | 49   | 51   | (2)      |
| Cinema screens *   | 384  | 394  | (10)     |

\* Managed and joint venture cinema sites.

The German circuit result for the year was defined by the German government-mandated closure of cinemas for most of the year, including the entire second half, in response to the second wave of COVID-19 in Europe.

Given the extended market closure, even less films were able to be released in Germany. The highest grossing titles within the German market included: *Tenet* (1.6 million admissions); *After Truth* (0.9 million admissions) and *Jim Knopf und die Wilde 13* (0.7 million admissions). The top ten films achieved total market admissions of 5.1 million, 86.2% below the admissions achieved by the top ten films in the prior year when the market was open.

Entertainment Germany revenue was \$87.5 million, 64.5% below the prior year due to the impact of COVID-19. In the first half of the financial year, cinemas re-opened, and nationwide box office recovered to only 53% down on prior year for the month of September 2020, a strong result given the absence of major blockbuster releases as outlined above for Australia and New Zealand. However, because of the German government directive to close cinemas in response to a second wave of COVID-19 in Europe, all cinemas were closed in November 2020 through to the end of June 2021.

The Entertainment Germany division reopened on 1 July 2021. Given the extended lockdown period in Germany, the Group has mitigated some of the financial impact with active cost management initiatives and has continued to pursue available German government subsidies and support for our German personnel and operations. The German government has implemented a damage compensation program for affected businesses for the November and December 2020 lockdown period, and a subsidy program for the January to June 2021 period referred to as Bridging Aid III. Applications for Bridging Aid III subsidies are currently being prepared and assessed. Applications for the German government's November and December 2020 damage compensation program have been lodged with a total value of €27.5 million received to date.

The active cost mitigation plans implemented by the Group resulted in a total of \$64.6 million of savings during the year, including the benefit of rent abatements, and excluding the government support outlined above. Including the benefit of German government support and subsidies, and rent abatements finalised with landlords, normalised EBITDA was a loss of \$33.6 million and normalised PBIT was a loss of \$42.6 million.

Initial trading results have been encouraging notwithstanding various capacity restrictions applicable across the various German states. "3G" rules, referring to the German words *geimpft* (vaccinated), *getestet* (tested) and *genesen* (recovered), apply in certain regions and require that customers admitted to a cinema provide evidence that they are vaccinated, have a recent negative COVID-19 test, or have recovered from COVID-19.

The sale of CineStar to Vue International Bidco plc was prohibited by the German Federal Cartel Office (FCO) in December 2020 as a result of Vue's failure to satisfy the FCO's condition for the transaction. The Group continues to consider all of its legal options in relation to Vue's breach of the sale and purchase agreement.

# DIRECTORS' REPORT

## Hotels and Resorts

| As at 30 June     | 2021   | 2020   | Movement |
|-------------------|--------|--------|----------|
| Locations *       | 70     | 66     | 4        |
| Rooms *           | 11,071 | 10,366 | 705      |
| Locations (owned) | 25     | 26     | (1)      |
| Rooms (owned)     | 3,705  | 3,805  | (100)    |

\* Owned, managed and other hotels with which the Group has a branding, license or affiliate agreement.

Notwithstanding the impact of Government restrictions and lockdowns, which impacted a total of 205 trading days in Australia and New Zealand, overall Hotels and Resorts revenue was \$202.7 million, a decrease of only 27.0% on the prior comparable period, reflecting the Group's strong market share in a limited market.

Earnings momentum gathered pace throughout the year with trends improving significantly in the second half. All key metrics showed steady quarter on quarter growth throughout the year, with occupancy reaching 63.1% in the fourth quarter. This was despite trading disruption caused by the measures initiated by all Australian State and Territory governments to contain a spike in COVID cases in late May and June.

Occupancy in the Group's owned hotels was 51.7% with a revenue per available room (revpar) of \$88, down on the prior comparable period by 14.1 percentage points and \$32 respectively. Both measures surged in the second half of the year supported by resilient domestic leisure demand and the early stages of corporate travel recovery with peak weekly occupancy by brand for Rydges (68.6%), QT (80.2%) and Atura (83.9%), all achieved in April 2021.

Business transformation initiatives conducted in the early stages of the pandemic, combined with improving revenues and good market share is paving the path to an earnings recovery when current lockdowns and restrictions are eased. Active cost management savings of \$30.3 million were achieved, and from September 2020 the division was EBITDA positive (excluding government wage subsidies) in every month of the financial year. The fourth quarter EBITDA was the highest quarterly result of the year despite being impacted by regional lockdowns in Australia in May and June 2021.

The Group continued to participate in government hotel quarantine programs in Australian and New Zealand. Revenue from quarantine business at the Group's owned hotels Rydges Rotorua and QT Gold Coast comprised 6.2% of revenue for the year.

EBITDA of \$33.4 million declined over the prior comparable period by \$27.6 million or 45.2% and normalised profit before interest and income tax expense was \$6.0 million, a decrease of \$26.6 million or 81.7% below the prior year.

At a brand level, Rydges, QT and Atura remain well positioned and are poised to benefit as pent-up demand underpins a market recovery. In the latter months of the year, RevPAR across the Atura portfolio exceeded the comparable pre pandemic 2019 results. Prior to the May and June lockdowns, QT Hotels were also approaching pre pandemic RevPAR levels, with peak weekly occupancy of 80.2% achieved in April 2021. Rydges Hotels performed well relative to their respective market locations, however the pace of recovery is impeded by the bulk of the portfolio being located in Sydney and Melbourne, the two Australian locations most impacted by the pandemic.

Investment in customer experience technology has been a key priority. A new state of the art central reservations and distribution platform is under development. Due for completion in the year ahead, the system is designed to enhance market share and speed network growth. Several other technological innovations to enhance the guest digital experience are at an advanced stage of development including a mobile app with digital check-in and digital guest menus.

During the year, the Group launched a pivotal new strategic growth brand 'The Independent Collection by Event'. The new brand recognises the opportunity to maximise the Group's local market leading expertise across all hotel categories and meet the emerging needs of independent hotel owners. The Independent Collection portfolio will grow to 13 hotels during the year ending 30 June 2022. Six existing hotels transitioned into the Independent Collection portfolio during the year and three hotels were added including the Tank Stream Sydney, the Oval Hotel Adelaide and the Yarra Valley Lodge. Agreements were signed for a further four properties to join the portfolio in the 2022 financial year including The Terrace Adelaide (July 2021), The Kennigo Brisbane (July 2021), Hotel Motel Adelaide (October 2021) and The Chifley Adelaide (early 2022).

QT brand expansion continued with QT Auckland taking the total number of QT hotels to 10, with management agreements signed for QT Newcastle (opening 2022) and QT Parramatta (opening 2024). Three new Rydges management agreements were signed for Rydges Gold Coast Airport (October 2020), Rydges Formosa Resort (December 2020), Rydges Port Adelaide (opening 2023), whilst the Atura brand continues to expand with the conversion of a 108-room Atura Hotel (formerly the Thorndon) completed (February 2021), and a management agreement executed for a new Atura Hotel to be developed in Oran Park Sydney (opening 2023).

## DIRECTORS' REPORT

The Group acquired a 100% interest in the Jucy Snooze budget accommodation business in April 2021. Jucy Snooze currently has two locations, in Queenstown and Christchurch, with a new flagship property in Auckland due to open in the first half of the 2022 calendar year.

As part of the strategy to divest underperforming assets, The Reef Plaza Cairns (formerly Rydges Plaza) was sold and the Rydges on Swanston management agreement was terminated in the second quarter of the financial year. Over the next year, divestment of two hotels not located in key city locations, Rydges Bankstown and Rydges North Sydney, are planned. The priority upgrade properties include Rydges Melbourne and QT Gold Coast. At this stage, Rydges Melbourne is planned to close for the 2022 calendar year to complete this project. Both upgrade projects have identified underutilised real estate to unlock new revenue opportunities.

### Thredbo Alpine Resort

The full year result for Thredbo reflects the continued success of the new business model generating a strong return from the 2020 snow season despite material COVID-19 capacity restrictions and less than favourable snow conditions. In addition, the 2020-21 summer mountain biking and hiking season resulted in record visitation and mountain biking revenue, despite continuing COVID-19 restrictions resulting in the cancellation of all larger summer events, with a positive EBITDA and PBIT delivered for the peak summer period (December to April) for the first time.

A new strategic direction was developed that focussed on an improved customer experience to protect revenue and grow profitability. The strong response by management in developing industry leading COVID-19 practices and defining a new operating model enabled Thredbo to operate successfully throughout the year. Customer sentiment remained high with an improved NPS score.

COVID-19 related government mandated restrictions resulted in a delayed start to the 2020 snow season. Furthermore, capacity restrictions were imposed that permitted only up to 50% of pre-COVID capacity, and skier days for the year were down 38.7% on the prior year. The new operating model implemented by the Group in response was essential, and the effective new product strategies offset the impact of reduced visitation with a 66.2% improvement in yield.

Revenue from summer operations continued the growth trend with an increase in visitation of 23% compared to the 2018-19 summer, with the 2019-20 summer having been severely impacted by bushfires and COVID-19. The summer performance underpinned a record setting second half result.

EBITDA for the full year was \$29,775,000, 19.7% above the prior comparable full year, and the normalised profit before income tax expense was \$25,124,000, 19.9% above the prior comparable full year result. This was an incredible result in the context of the COVID-19 capacity restrictions outlined above.

Strong progress continues to be made with Thredbo's strategic growth plan. Merritts Gondola was completed ahead of the 2020 winter season, whilst planning is underway for a major upgrade of Merritts Mountain House. A new mountain biking skills park was added during the year, taking total mountain biking trails to eight. A new trail, Sidewinder, will open for the 2021-22 summer and will be Thredbo's easiest beginner trail. A further four more trails in the Cruiser area are planned for the next two years, and a proposed Alpine Coaster installation is expected to add a further year-round attraction. Major improvements to the snowmaking pipeline were completed prior to the 2021 winter season, and preparatory work has commenced for the replacement of the two-seater Snowgums chairlift with a new six-seater chairlift.

### Property and Other Investments

The normalised profit before interest and income tax expense was \$14,003,000, \$7,694,000 or 120.4% above the prior year. The result included a fair value increment of \$6,950,000 compared to a \$1,657,000 decrement in the prior year.

Rental revenue was below the prior year due to COVID-19 related rent relief provided to tenants and, in addition, the normalised result includes a provision for rental income receivable that is not expected to be recovered from tenants impacted by COVID-19.

The Group's property portfolio is independently valued on a three-year cycle and updated valuations were obtained at 30 June 2021. The overall independent value of the Group's property portfolio increased to \$2,057.4 million, up from \$2,027.7 million at 30 June 2020, notwithstanding \$79.6 million in non-core property sales. Excluding the properties sold during the year ended 30 June 2021, the overall portfolio value increased 4.2%. The non-core property sales were achieved at an average of 60% above previous valuations. Overall, the Group is on track to achieve the goal of realising proceeds of \$250 million in non-core asset sales within two years.

## DIRECTORS' REPORT

Excluding Rydges Melbourne and Rydges Queenstown the portfolio valuations were up 7.8%. Rydges Melbourne is a priority asset with a major upgrade programme in development and subject to cost assessments, planned to take 12 months to complete commencing early 2022. The Rydges Queenstown accommodation wings were closed in February 2019 and work is underway to determine options for seismic strengthening.

The Group has continued to make strong progress with the two major development projects at 525 George Street and 458-472 George Street, Sydney. A Stage One Development Application has been approved for the proposed 525 George Street, Sydney development for a mixed use development of up to 43 storeys to include a podium with ground floor retail space on George Street (810m<sup>2</sup>), a five screen cinema complex, and a tower including a new hotel with 335 rooms, conference centre, 109 residential apartments and 165 car parking spaces. Subject to market conditions, construction is targeted to commence in the 2023/24 financial year with completion in the 2026/27 financial year.

In November 2020 the City of Sydney approved the Development Application for the podium component of the proposed 458-472 George Street, Sydney development. This will include ground floor retail space (340m<sup>2</sup>) on George Street, an extension of the QT Sydney hotel with 72 additional rooms and conference centre and QT rooftop bar. A second Development Application will be lodged for a commercial officer tower above the podium with 33 levels and approximately 34,000m<sup>2</sup> of commercial office space. Subject to market conditions, construction is targeted to commence in the 2025/26 financial year. It is anticipated that a joint venture partner will be identified to assist in funding and developing the commercial office tower component.

The Group expects the value of the 458-472 George Street and 525 George Street properties to grow as Development Applications are approved for the proposed developments, with \$37 million added to the 525 George Street independent valuation following the approval of the Stage One Development Application.

Good progress has been made with the strategy announced in February 2021 to divest non-core property assets, realising \$79.6 million of gross proceeds (before selling costs and tax). Gross proceeds of \$49.3 million were settled during the year and \$30.3 million is to settle before September 2021. The total gross proceeds exceeded most recent valuations by \$29.8 million, a 60% increase. The assets sold were the Forum Building in Brisbane (retail and commercial office), Double Bay (commercial and service office), 201-203 Port Hacking Road Miranda (warehouse and light industrial), Rydges Plaza Cairns Hotel, Cairns City Cinema (cinema operations ceased in 2019) and Mt Maunganui Cinemas (cinema operations ceased in 2020).

Further non-core properties have been identified and are being prepared for sale in FY22, with additional non-core properties being contemplated for potential sale in FY23.

### Unallocated revenues and expenses

The unallocated revenues and expenses, which include the Group's corporate functions and various head office expenses, were 12.6% below the prior year. The favourable variance was driven by cost reduction measures, including measures taken in response to COVID-19, voluntary CEO and executive salary reductions and Director fee reductions in response to COVID-19. No short-term incentive awards were paid during the year and long-term incentives did not vest. The Group has also absorbed a material increase in insurance premiums of approximately \$2,013,000.

### BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

COVID-19 government mandated restrictions have had a material impact on the Group's operating divisions. Further information regarding the impact of COVID-19 on the Group in the year ended 30 June 2021 is set out above in the Operating and Financial Review.

Safety and wellbeing remain the Group's highest priority. Detailed COVID-19 safety plans and staff training programs have been developed for each of the Group's operating divisions. In addition, to ensure these plans are consistent with best practice in Australia, advice was also sought and implemented from infectious disease experts.

The Group's strategic plan remains unchanged but the timing will depend on the ongoing impact of COVID-19 in addition to other industry, economic and political conditions, the potential impact of global events, the future financial performance and available capital, the competitive environment, evolving customer needs and trends, and the availability of attractive opportunities. Strategies to achieve the Group's objectives will continue to evolve and change in response to these and other factors.

Further commentary regarding business strategies and prospects for future financial years is set out below.

# DIRECTORS' REPORT

## MAXIMISING ASSETS – PROPERTY

The Group has a property portfolio including land and buildings, integral plant and equipment and long term leasehold land and improvements with a fair value of \$2.1 billion (see Note 3.3 to the financial statements). The Group will pursue the following strategies in relation to the property portfolio:

- investing in the development of priority operating assets that generate a reasonable return;
- optimising the potential future development of the properties located at 458-472 George Street, Sydney and 525 George Street, Sydney and identifying other potential future developments of the Group's freehold properties;
- divesting non-core properties to realise total proceeds before tax of \$250 million within two years, with \$79.6 million realised to date;
- managing and maximising rental income associated with the Group's investment properties;
- divesting under-performing assets; and
- subject to available capital, considering opportunities to acquire assets that generate positive earnings and compliment the Group's portfolio.

### *Industry developments and risk factors*

The independently-determined fair value of the Group's property portfolio may rise or fall according to a number of factors outside of the Group's control such as changes in applicable property market conditions, including as a result of COVID-19.

The Group's property portfolio includes property in zones of earthquake risk in New Zealand. A catastrophic incident affecting a Group property could have a material adverse impact on the Group's earnings as a result of catastrophic damage and loss of future profits.

## ENTERTAINMENT

Whilst the Group has no control over the supply and general audience appeal of available films, providing consumers with a demonstrably superior experience in the cinema to that which can be achieved in the home is a central strategic platform. To achieve this, the Group will pursue the following strategies:

- continuing to develop the 'Cinemas of the Future' model to deliver a greater return from assets;
- investing in the best locations, and reviewing options for under-performing locations including potential divestment;
- implementing new pricing strategies;
- developing new food and beverage concepts;
- growing and enhancing the quality and value of the group's leading customer data position;
- identifying other sources of entertainment income and growing alternative content;
- leveraging technology to increase efficiency through automation;
- applying an agile approach with continual financial and operations scenario planning to respond to changing COVID-19 government-mandated restrictions; and
- implementing and enhancing COVID-19 practices to provide a safe environment for employees and customers.

### *Industry developments and risk factors*

The Group believes that there are certain current issues pertaining to the industry, including in respect of COVID-19, that have the capacity to impact the strategic plans and future direction of the cinema operations. The Group will continue to monitor developments in relation to the following issues:

- disruption to global release dates of major film titles as a result of COVID-19;
- alternative film delivery methods and the rise in popularity of other forms of entertainment (including over-the-top ("OTT") internet content, subscription-based streaming services and video on demand ("VOD"));
- further shortening of the release window of film to other formats such as OTT and VOD;
- increase in unauthorised recording (piracy) of visual recordings for commercial sale and distribution via the internet;
- increase in competition including in relation to pricing;
- international media industry consolidation which may reduce the number of distributors of Hollywood film titles;
- changes in operating expenses including employee expenses and energy costs; and
- impact of weather on cinema attendance.

# DIRECTORS' REPORT

## HOTELS AND RESORTS

The Group will work to leverage the advantage of being Australasian based in the short-term as the market pivots heavily toward domestic demand drivers due to COVID-19 and the long term recognising the trend of international travellers seeking authentic local experiences.

A continued focus on the expansion of a strong hotel portfolio covering all key market segments, with the lifestyle brands QT and Atura, mid-market brand Rydges Hotels, budget brand Jucy Snooze and the multi segment Independent Collection by Event, maintaining the flexibility for unique locally branded hotels to join the portfolio. To provide this, the Group will continue to pursue the following strategies:

- continual improvement of brands and customer experiences to improve customer sentiment;
- investing in upgrades of key properties and redevelopment of existing properties after capital expenditure restraints imposed in response to COVID-19 have been relaxed;
- leveraging and monetising capabilities by adding new rooms to the Group's portfolio through innovative commercial structures;
- enhancing sales practices and product innovation to adapt and secure new and emerging market opportunities;
- enhancing the Priority Guest Rewards loyalty program as a competitive advantage in Australia and New Zealand markets;
- improving and innovating food and beverage offerings;
- leveraging technology to increase customer engagement and operational efficiency;
- applying an agile approach with continual financial and operations scenario planning to respond to changing COVID-19 government-mandated restrictions;
- implementing and enhancing COVID-19 practices to provide a safe environment for employees and customers; and
- developing talent locally and maintaining a strong culture of retention of key talent.

### *Industry developments and risk factors*

The Group believes that there are certain current issues pertaining to the industry that have the capacity to impact the strategic plans and future direction of the hotel operations. The Group will continue to monitor developments in relation to the following issues:

- disruption to corporate and international inbound travel as a result of COVID-19;
- new hotel supply in key markets increasing competition for the Group's hotels in those markets;
- competition for the distribution of rooms from online travel agents;
- growth and market penetration of alternative accommodation providers; and
- staffing and skills shortages due to international border closures and a strong local job market.

## THREDBO ALPINE RESORT

The key strategy for the Thredbo Alpine Resort is to grow by enhancing the on-mountain experience and increasing capacity (subject to COVID-19), securing Thredbo Alpine Resort's position as one of the premier Australian holiday destinations. This strategy includes:

- continuing to ensure the popularity, high quality and ambience of the winter-time resort facility with continued upgrading of resort infrastructure;
- innovating with new experiences, products and associated pricing strategies to continue to be market leaders;
- continuing to improve snowmaking capability to mitigate risk in poor snow seasons;
- increasing the number and quality of events and year round attractions to increase visitation outside of the snow season, subject to COVID-19 constraints;
- expanding the mountain bike trail network to appeal to a broader range of riders;
- introducing new year-round experiences such as the proposed Alpine Coaster;
- ensuring that the environmental integrity of the Resort is maintained and, where possible, improved.
- realising underutilised property and bed rights;
- applying an agile approach with continual financial and operations scenario planning to respond to changing COVID-19 government-mandated restrictions;
- implementing and enhancing COVID-19 practices to provide a safe environment for employees and customers; and
- developing local snow sports instructor talent to compensate for a reduced talent pool and the restrictions of the internal border closures.

# DIRECTORS' REPORT

## **Industry developments and risk factors**

The Group believes that there are certain current issues pertaining to the industry that have the capacity to impact the strategic plans and future direction of Thredbo's operations. The Group will continue to monitor developments in relation to the following issues:

- COVID-19 related capacity and travel constraints;
- reliance on natural snowfall, which is partially mitigated by the Group's snowmaking capability;
- changes in operating expenses including employee expenses and energy costs; and
- short and long-term climate-related physical, regulatory and transition risks. Further information regarding the Group's response to climate change is available in section 7.4 of the 2021 Corporate Governance Statement.

## **DIVIDENDS**

To assist the Group's liquidity during the COVID-19 recovery period, no dividend has been declared in respect of the year ended 30 June 2021. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance. Dependent upon more stabilised prevailing trading conditions, the Board desires to resume dividend payments from the 2022 calendar year.

## **REMUNERATION REPORT**

The Remuneration Report, which forms part of the Directors' Report, is set out on pages 24 to 34 and has been audited as required by section 308(3C) of the Corporations Act 2001.

## **EVENTS SUBSEQUENT TO REPORTING DATE**

### **Lockdowns occurring within certain geographic areas of Australia**

A number of the Group's sites are currently closed or significantly impacted due to the COVID-19 lockdowns within certain geographic locations within Australia and New Zealand. The duration of the lockdowns are dependent upon the various governments relaxing the lockdown and travel restrictions. The general expectation is that the lockdowns will continue, or continue to reoccur, until the COVID-19 vaccination rates of the general population meet or exceed the appropriate levels expected by the various government authorities. It is expected that the relaxation of the restrictions could start to occur within the last quarter of calendar 2021.

### **Reopening of the German Cinema operations and German government support**

The Group re-opened the German Cinema operations on 1 July 2021 following an eight-month closure period. The German government has implemented a damage compensation program for affected businesses for the November and December 2020 lockdown period, and a subsidy program (Bridging Aid III) for the January to June 2021 period. The Group lodged applications for the November and December 2020 damage compensation program and recognised €27.5 million within the results for the year ended 30 June 2021. The proceeds were received in July and August 2021.

The Group expects to lodge applications for Bridging Aid III support payments in September 2021.

### **Sale of a number of group properties**

A number of freehold assets that were considered non-core to the business operations of the Group were sold during the year, with gross proceeds totalling \$79.65 million. Further additional non-core properties have been identified for potential sale and the Group has commenced a number of expression of interest campaigns for the sale of certain freehold assets. The Group is on track to achieve \$250 million of proceeds from non-core assets within two years.

## **Dividends**

On 23 August 2021, the directors resolved that no final dividend be declared for the year ended 30 June 2021.

## **LIKELY DEVELOPMENTS**

Likely developments in the operations of the Group are referred to in the Review of Operations by Division, set out within this report.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

The relevant interest of each director of the Company in share capital of the Company, as notified by the directors to the ASX in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

| Director    | Ordinary shares held directly | Ordinary shares held by companies in which a director has a beneficial interest <sup>(a)</sup> | Performance shares held directly | Performance rights held directly |
|-------------|-------------------------------|------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|
| AG Rydge    | 4,431,663                     | 68,948,033                                                                                     | —                                | —                                |
| PR Coates   | —                             | 46,960                                                                                         | —                                | —                                |
| VA Davies   | —                             | 14,000                                                                                         | —                                | —                                |
| DC Grant    | 7,500                         | —                                                                                              | —                                | —                                |
| JM Hastings | 12,000                        | —                                                                                              | —                                | 361,830                          |
| PM Mann     | —                             | 7,000                                                                                          | —                                | —                                |
| RG Newton   | —                             | 66,000                                                                                         | —                                | —                                |

(a) Relevant interest under the Corporations Act 2001 differs from the disclosure required under Australian Accounting Standards as presented in the Remuneration Report.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's constitution provides an indemnity to each person, including AG Rydge, PR Coates, VA Davies, DC Grant, JM Hastings, PM Mann and RG Newton, who is or who has been a director or alternate director of the Company or of any related body corporate of the Company. The indemnity also extends to such other officers or former officers, including executive officers or former executive officers, of the Company and of any related body corporate of the Company as the directors of the Company determine.

In terms of the indemnity, the Company will indemnify the directors and other officers of the Company acting as such, to the full extent permitted by law, against any liability to another person (other than the Company or a related body corporate) incurred in acting as a director or officer of the Company, unless the liability arises out of conduct involving a lack of good faith. The indemnity includes any liability for costs and expenses incurred by such person in defending any proceedings, whether civil or criminal, in which judgement is given in that person's favour, or in which the person is acquitted and in making an application in relation to any proceedings in which the court grants relief to the person under the law.

The Company has provided directors' and officers' liability insurance policies that cover all the directors and officers of the Company and its controlled entities. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, its nature and the premium paid.

## OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

Mrs PM Mann was previously a partner of the current audit firm, KPMG, at a time when KPMG undertook an audit of the Group.

## AUDITOR INDEPENDENCE

The lead auditor's independence declaration is set out on page 35 and forms part of the Directors' Report for the year ended 30 June 2021.

## NON-AUDIT SERVICES PROVIDED BY KPMG

During the year, KPMG, the Group's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

## DIRECTORS' REPORT

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 has been included in this Directors' Report.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 7.3 to the financial statements.

### ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission ("ASIC"). In accordance with that Instrument, amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



**AG Rydge**  
Director



**JM Hastings**  
Director

Dated at Sydney this 23<sup>rd</sup> day of August 2021.

# DIRECTORS' REPORT

## REMUNERATION REPORT – AUDITED

This report outlines the remuneration arrangements in place for the Group's key management personnel ("KMP") as defined in AASB 124 *Related Party Disclosures* including non-executive directors, the CEO (who is also the Managing Director), and other senior executives who have authority for planning, directing and controlling the activities of the Group. The KMP for the financial year are set out on page 29.

### Impact of COVID-19 on remuneration arrangements

COVID-19 has continued to have a material impact on the Group's operating divisions. In response, adjustments were made to director and executive remuneration from 1 April 2020 in response to the impact of COVID-19. These adjustments continued during the year ended 30 June 2021 and included the following:

- the Group's CEO, Jane Hastings, voluntarily reduced her pay by \$200,000 per annum;
- the Chairman, Alan Rydge, agreed to waive his fee;
- the Lead Independent Director, Peter Coates, agreed to a voluntary reduction of 50% and all other directors agreed to a voluntary reduction of 20%;
- senior executives agreed to voluntary reductions in their salaries of up to 12.5%;
- a wage freeze (for non-award roles) was implemented; and
- there were no cash payments under the Short Term Incentive ("STI") plan in respect of the year ending 30 June 2020, notwithstanding the achievement of certain individual key performance indicators by executives.

Whilst the temporary and voluntary remuneration adjustments outlined above concluded on 30 June 2021, the Chairman has volunteered to reduce his fee by \$150,000 to \$185,000 with effect from 1 July 2021.

### Remuneration philosophy

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on remuneration policy and packages applicable to the Board members and senior executives. The objective of the remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, motivating and retaining people of the appropriate quality.

Remuneration levels are competitively set to attract appropriately qualified and experienced directors and executives. The Nomination and Remuneration Committee obtains independent advice on the level of remuneration packages. The remuneration packages of the CEO and other senior executives include at-risk components that are linked to the overall financial and operational performance of the Group and based on the achievement of specific goals of the Group. Executives participate in the Group's Executive Performance Rights Plan. The long term benefits of the Executive Performance Rights Plan are conditional upon the Group achieving certain performance criteria, details of which are outlined below.

Further details in relation to the Group's share plans are provided in Note 6.1 to the financial statements.

### Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director remuneration is separate and distinct from senior executive remuneration.

#### Non-executive director remuneration

##### Objective

The Group's remuneration policy for non-executive directors aims to ensure that the Group can attract, retain and appropriately remunerate suitably skilled, experienced and committed individuals to serve on the Board and its committees.

##### Structure

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 22 October 2010 when shareholders approved a maximum aggregate remuneration of \$1,500,000 per year. Non-executive directors do not receive any performance related remuneration nor are they issued shares or performance rights.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned among directors are reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. A committee fee is also paid for being a member of the Audit and Risk Committee and the Nomination and Remuneration Committee. The payment of the committee fee recognises the additional time commitment required by directors who serve on those committees. Other Board committees may be established from time to time to deal with issues associated with the conduct of the Group's various activities, and directors serving on such committees

## DIRECTORS' REPORT

may receive an additional fee in recognition of this additional commitment. With effect from 1 July 2021, an additional fee is paid to the Lead Independent Director in recognition of the additional responsibilities associated with that role.

As noted above, with effect from 1 April 2020, each director volunteered a reduction in directors' fees for 15 months due to the impact of COVID-19 on the Group. In addition, the Chairman has agreed a reduction in his fee of \$150,000 to \$185,000 with effect from 1 July 2021. The Board approved non-executive director fees (excluding voluntary reductions) were as follows:

|                                                          | 2022<br>\$ | 2021<br>\$ |
|----------------------------------------------------------|------------|------------|
| Chairman (including committee fee entitlements)          | 185,000    | 335,000    |
| <i>Other non-executive directors</i>                     |            |            |
| Base fee entitlement                                     | 137,000    | 137,000    |
| Lead Independent Director fee entitlement <sup>(a)</sup> | 14,000     | 14,000     |
| Audit and Risk Committee                                 | 14,000     | 14,000     |
| Chairman – Audit and Risk Committee                      | 13,000     | 13,000     |
| Nomination and Remuneration Committee                    | 7,000      | 7,000      |
| Chairman – Nomination and Remuneration Committee         | 6,000      | 6,000      |

(a) In June 2021, the Board approved an additional annual entitlement of \$14,000 for the Lead Independent Director, PR Coates, with effect from 1 July 2020. The additional fee entitlement reflects the additional responsibilities and contribution of the Lead Independent Director including serving on special purpose committees as required from time to time.

The remuneration of non-executive directors for the year ended 30 June 2021 is detailed on page 30.

Directors' fees cover all main Board activities. Non-executive directors are also entitled to be reimbursed for all reasonable business related expenses, including travel, as may be incurred in the discharge of their duties.

### CEO and other executive remuneration

#### Objective

The Group's remuneration policy aims to reward the CEO and other executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group, and to:

- reward executives for Group, applicable business unit and individual performance against targets set by reference to appropriate benchmarks and key performance indicators ("KPIs");
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

#### Structure

In determining the level and composition of executive remuneration, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages for senior executives, based on remuneration trends in the market, from which recommendations are made to the Board.

It is the Group's policy that employment contracts are entered into with the CEO and other senior executives. Details of these employment contracts are provided on pages 28 and 29.

Remuneration consists of both fixed and variable remuneration components. The variable remuneration component includes a short term incentive ("STI") plan and a long term incentive ("LTI") plan. The proportion of fixed and variable remuneration (potential STI and LTI) is set and approved for each senior executive by the Board based on recommendations provided by the Nomination and Remuneration Committee.

### Fixed annual remuneration

#### Objective

Remuneration levels for executives are reviewed annually to ensure that they are appropriate for the responsibilities, qualifications and experience of each executive and are competitive with the market.

The Nomination and Remuneration Committee establishes and issues an appropriate guideline for the purpose of the annual review of fixed remuneration levels. The guideline is based on both current and forecast Consumer Price Index, remuneration trends on the market and general market conditions. There are no guaranteed fixed remuneration increases in any executives' contracts.

# DIRECTORS' REPORT

## Structure

Executives have the option to receive their fixed annual remuneration in cash and a limited range of fringe benefits such as motor vehicles and car parking. Fixed annual remuneration includes superannuation and all fringe benefits, including fringe benefits tax.

## Variable remuneration – STI

### Objective

The objective of the STI plan is to link the achievement of key operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level to provide sufficient incentive to the executive to achieve the operational targets and ensuring that the cost to the Group is reasonable in the circumstances.

### Structure

Actual STI payments to each executive are determined based on the extent to which specific operating targets, set at the beginning of the year, are met. The targets consist of a number of KPIs covering both financial and non-financial measures of performance. Typically, KPIs and assessment criteria include predetermined growth in Group and divisional earnings over the prior year, and other strategic and operational objectives.

A work, health and safety gateway applies to the STI plan and executives will only be eligible for a payment under the plan if the requirements of the gateway have been satisfied. A financial gateway also applies to the STI plan, whereby the Group's financial position at the time of assessment must be such that, in the Board's opinion, the delivery of STI awards is prudent and appropriate based on the circumstances at that time.

The Group has predetermined benchmarks which must be met in order to trigger payments under the STI. The benchmarks were chosen to directly align the executive's STI to the KPIs of the Group and to its strategies and performance.

On an annual basis, an earnings performance rating for the Group and each division is assessed by the Nomination and Remuneration Committee and approved by the Board. The individual performance of each executive is also assessed and rated and the ratings are taken into account when determining the amount, if any, of the STI to be allocated to each executive.

The aggregate of annual STI payments available for executives across the Group is subject to review by the Nomination and Remuneration Committee and approval by the Board. STI payments are delivered as a cash bonus.

For the CEO and other executive KMP, the general target bonus opportunity range is from 50% to 90% of fixed annual remuneration. The target bonus range for the CEO and other executive KMP is detailed below for the year ended 30 June 2021:

|                            | Maximum STI calculated<br>on fixed annual<br>remuneration <sup>(a)</sup> | Allocated between: |                        |                     |               |
|----------------------------|--------------------------------------------------------------------------|--------------------|------------------------|---------------------|---------------|
|                            |                                                                          | Group<br>earnings  | Divisional<br>earnings | Special<br>projects | Other<br>KPIs |
| <b>CEO</b>                 |                                                                          |                    |                        |                     |               |
| JM Hastings <sup>(b)</sup> | 90%                                                                      | 45%                | —                      | 15%                 | 30%           |
| <b>Other executive KMP</b> |                                                                          |                    |                        |                     |               |
| GC Dean                    | 50%                                                                      | 25%                | —                      | 17%                 | 8%            |
| MR Duff                    | 60%                                                                      | 25%                | —                      | 32%                 | 3%            |

(a) Fixed annual remuneration is comprised of base salary, superannuation and benefits provided through salary sacrificing arrangements.

(b) The targets set for the STI of the CEO relate to the Group's performance, the management of current property developments and other business growth targets. The Board considers the specific targets to be commercially sensitive and further details of these targets have not been disclosed.

Bonuses may be paid above these levels at the discretion of the Board, if it is assessed that an exceptional contribution has been made by an executive. There is no separate profit-share plan.

## Variable remuneration – LTI

### Objective

The objectives of the LTI plan are to:

- align executive incentives with shareholder interests;
- balance the short term with the long term Group focus; and
- retain high calibre executives by providing an attractive equity-based incentive that builds an ownership of the Group mindset.

# DIRECTORS' REPORT

## **Structure**

Executives are awarded performance rights which will only vest on the achievement of certain performance hurdles and service conditions. An offer is generally made under the Executive Performance Rights Plan to executives each financial year and is based on individual performance as assessed by the annual appraisal process. If an executive does not sustain a consistent level of high performance, they will not be nominated for Executive Performance Rights Plan participation. The Nomination and Remuneration Committee reviews details of executives nominated for participation subject to final Board approval. In accordance with the ASX Listing Rules, approval from shareholders is obtained before participation in the Executive Performance Rights Plan commences for the CEO.

Only executives who are able to directly influence the long term success of the Group participate in the Executive Performance Rights Plan.

Performance rights do not carry the right to vote or to receive dividends during the Performance Period.

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2021 are based on EVENT Hospitality & Entertainment Limited's earnings per share ("EPS") growth and relative total shareholder return ("TSR") performance over the Performance Period of the three years to 30 June 2023, with EPS performance measured against the year ended 30 June 2020 (being the base year).

The performance hurdles for the awards of performance rights to executives in the financial year ended 30 June 2021 are as follows:

### **EPS hurdle**

The EPS hurdle requires that the Group's EPS growth for the Performance Period must be greater than the target set by the Board. The EPS hurdle was chosen as it provides evidence of the Group's growth in earnings. The hurdle is as follows:

- if annual compound EPS growth over the Performance Period is less than 4%, no performance rights will vest with the executive;
- if annual compound EPS growth over the Performance Period is equal to or greater than 4% but less than 6%, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if annual compound EPS growth over the Performance Period is equal to or greater than 6%, all of the performance rights awarded (and attaching to this hurdle) will vest with the executive.

### **TSR hurdle**

The TSR hurdle requires that the Group's relative TSR performance must be above the median of the Company's comparator group ("comparator group"). The comparator group is the S&P/ASX 200 (excluding trusts, infrastructure groups and mining companies). TSR is defined as share price growth and dividends paid and reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the beginning to the end of the Performance Period.

The TSR performance hurdle was chosen as it is widely recognised as one of the best indicators of shareholder value creation. The comparator group for TSR purposes has been chosen as it represents the group with which the Group competes for shareholders' capital. The hurdle is as follows:

- if the Company's TSR ranking relative to the comparator group over the Performance Period is less than the 51st percentile, no performance rights will vest;
- if the Company's TSR ranking relative to the comparator group over the Performance Period is equal to or exceeds the 51st percentile but is less than the 75th percentile, the proportion of performance rights vesting will be increased on a pro-rata basis between 50% and 100%; or
- if the Company's TSR ranking relative to the comparator group over the Performance Period is equal to or greater than the 75th percentile, all of the performance rights awarded will vest.

After the Board has assessed the extent to which the above performance hurdles and criteria have been achieved, executives will be allocated ordinary shares equal to the number of vested performance rights held.

The Board has retained the discretion to vary the performance hurdles and criteria.

## **Recognition and Retention Incentive**

Shareholders approved at the 2020 AGM a Recognition and Retention Incentive for the CEO with a face value totalling \$1,550,000. This award was an additional equity-based award designed to recognise the additional effort required from the CEO both during the COVID-19 response period and during the recovery period, and the importance of retaining the CEO during this critical period. Sixty per cent of the grant value vests following the release of the results for the year ended 30 June 2021, and the remainder will vest after the release of the results for the year ended 30 June 2022. The performance rights to be issued in satisfaction of the vested portion of the award will remain restricted until after the release of the results for the year ended 30 June 2023.

## DIRECTORS' REPORT

GC Dean and MR Duff were granted Retention and Recognition Incentives on similar terms to the CEO's award with a face value of \$530,000 and \$600,000, respectively. Incentives on similar terms have been made to other senior executives under the Recognition and Retention Incentive plan.

### Group performance

To provide further context on the Group's performance and returns for shareholders, the following table outlines a five-year history of key financial metrics:

|                                                                                            | 2021         | Restated<br>2020 <sup>(b)</sup> | 2019        | 2018        | 2017        |
|--------------------------------------------------------------------------------------------|--------------|---------------------------------|-------------|-------------|-------------|
| Net (loss)/profit before individually significant items and income tax (\$) <sup>(a)</sup> | (76,938,000) | 4,507,000                       | 158,524,000 | 183,214,000 | 160,937,000 |
| Dividends per share (cents)                                                                | –            | 21                              | 52          | 52          | 51          |
| Share price at year end (\$) <sup>(c)</sup>                                                | 12.64        | 8.41                            | 12.50       | 13.39       | 13.37       |

(a) Refer to page 9 in the Directors' Report for a reconciliation to reported net profit for the year.

(b) The 2020 comparative information has been restated as a result of changes in accounting policy as outlined in note 1.5.

(c) The share price at 30 June 2016 was \$14.53.

### Employment contracts for the CEO and other executive KMP

A summary of the key terms of Ms Hastings' employment contract is set out in the table below:

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Contract term</b>             | Ongoing and there is no fixed term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Fixed annual remuneration</b> | Effective from 1 July 2021, a remuneration package to the value of \$1,550,000 per annum, comprising base salary, superannuation and, if applicable, any fringe benefits. <sup>(a)</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Incentives<sup>(b)</sup></b>  | <p>Ms Hastings is eligible to participate in the Group's incentive arrangements (including STI and LTI).</p> <p>Effective from 1 July 2021, Ms Hastings is eligible to receive an annual STI bonus payment with a maximum award of up to 110% of her fixed annual remuneration, subject to the achievement of performance criteria determined by the Board.</p> <p>Ms Hastings is also eligible to participate in the Group's LTI. The current LTI is the Executive Performance Rights Plan approved by shareholders at the 2013 Annual General Meeting. Subject to any required or appropriate shareholder approval, Ms Hastings' allocation of performance rights under the LTI will be determined based on a face value of 100% of the fixed annual remuneration.</p> |
| <b>Termination</b>               | <p>Either party may terminate the agreement at any time by giving six months' notice.</p> <p>The Group may at its discretion make a payment in lieu of all or part of the notice period based on Ms Hastings' fixed annual remuneration at the time of the notice of termination.</p> <p>Ms Hastings may terminate immediately if there is a fundamental change in her responsibilities or authority without her consent. In that case, Ms Hastings is entitled to a payment equivalent to six months' fixed remuneration.</p> <p>The Group may terminate the agreement immediately in circumstances of misconduct, or if Ms Hastings breaches any material term of the agreement, in which case there is no payment in lieu of notice.</p>                              |
| <b>Restraint</b>                 | The agreement contains non-solicitation and other restraints that apply for a restriction period of up to 12 months. Ms Hastings may receive a restraint payment for some or all of the restriction period, calculated based on her fixed annual remuneration at the termination date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

(a) Due to the impact of COVID-19 on the Group, Ms Hastings voluntarily reduced her fixed remuneration by \$200,000 per annum from 1 April 2020 until up to 30 June 2021. The increase in fixed annual remuneration to \$1,550,000 effective from 1 July 2021 represented a 3.3% increase and was the first adjustment to Ms Hastings' fixed annual remuneration since 1 July 2019.

(b) Ms Hastings was also granted a Recognition and Retention Incentive as disclosed above.

## DIRECTORS' REPORT

The CEO's contract provides for an annual review of the CEO's fixed annual remuneration and maximum incentive opportunities. Employment contracts typically outline the components of remuneration paid to the CEO and other senior executives but do not prescribe how remuneration levels are to be modified from year to year. Generally, remuneration levels are reviewed each year to take into account Consumer Price Index changes, remuneration trends in the market, any change in the scope of the role performed by the executive and any changes required to meet the principles of the remuneration policy.

Termination provisions in the employment contracts with other executive KMP are summarised in the table below:

| Executive          | Termination by the executive       | Termination by the Group                                                                                                                                                                                                                                                                                                                                                                                                 | Expiry date of contract            |
|--------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| GC Dean<br>MR Duff | The notice period is three months. | <p>The notice period is three months. The Group may make a payment in lieu of notice, equal to the notice period.</p> <p>The Group retains the right to terminate the contract immediately in circumstances of misconduct. There are no other termination payments.</p> <p>Payment of any LTI (or pro-rata thereof) is subject to the rules in operation at the termination date and at the discretion of the Board.</p> | Not applicable, rolling contracts. |

### Use of remuneration consultants

No remuneration consultants were engaged during the year to provide remuneration recommendations as defined in section 9B of the Corporations Act 2001.

### Key management personnel

The KMP for the financial year are set out in the table below:

| Name                           | Position                                                         | Period of responsibility    |
|--------------------------------|------------------------------------------------------------------|-----------------------------|
| <b>Non-executive directors</b> |                                                                  |                             |
| Alan Rydge                     | Chairman and non-executive director                              | 1 July 2020 to 30 June 2021 |
| Peter Coates                   | Independent non-executive director and lead independent director | 1 July 2020 to 30 June 2021 |
| Valerie Davies                 | Independent non-executive director                               | 1 July 2020 to 30 June 2021 |
| David Grant                    | Independent non-executive director                               | 1 July 2020 to 30 June 2021 |
| Patria Mann                    | Independent non-executive director                               | 1 July 2020 to 30 June 2021 |
| Richard Newton                 | Independent non-executive director                               | 1 July 2020 to 30 June 2021 |
| <b>Executive director</b>      |                                                                  |                             |
| Jane Hastings                  | CEO and Managing Director                                        | 1 July 2020 to 30 June 2021 |
| <b>Other executive KMP</b>     |                                                                  |                             |
| Gregory Dean                   | Director Finance and Accounting,<br>Company Secretary            | 1 July 2020 to 30 June 2021 |
| Mathew Duff                    | Director Commercial                                              | 1 July 2020 to 30 June 2021 |

All executive KMP are employed by Event Hospitality & Entertainment Limited.

# DIRECTORS' REPORT

## Directors' and executives' remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Company and other KMP of the Group are set out below:

|               |      | Short term           |                            |                                   |                  | Post-employment              | Other long term      |                            | Share-based                       |                                                    | Total     | Proportion of remuneration performance related |
|---------------|------|----------------------|----------------------------|-----------------------------------|------------------|------------------------------|----------------------|----------------------------|-----------------------------------|----------------------------------------------------|-----------|------------------------------------------------|
|               |      | Cash salary and fees | STI bonuses <sup>(a)</sup> | Insurance premiums <sup>(b)</sup> | Total short term | Superannuation contributions | Accrued annual leave | Accrued long service leave | Performance rights <sup>(c)</sup> | Recognition and Retention Incentive <sup>(d)</sup> |           |                                                |
|               |      | \$                   | \$                         | \$                                | \$               | \$                           | \$                   | \$                         | \$                                | \$                                                 | \$        |                                                |
|               |      |                      |                            |                                   |                  |                              |                      |                            |                                   |                                                    |           |                                                |
| DIRECTORS     |      |                      |                            |                                   |                  |                              |                      |                            |                                   |                                                    |           |                                                |
| Non-executive |      |                      |                            |                                   |                  |                              |                      |                            |                                   |                                                    |           |                                                |
| AG Rydge      | 2021 | — (e)                | —                          | —                                 | — (e)            | — (e)                        | —                    | —                          | —                                 | —                                                  | — (e)     | —                                              |
|               | 2020 | 235,498              | —                          | —                                 | 235,498          | 15,752                       | —                    | —                          | —                                 | —                                                  | 251,250   | —                                              |
| PR Coates     | 2021 | 81,279               | —                          | —                                 | 81,279           | 7,721                        | —                    | —                          | —                                 | —                                                  | 89,000    | —                                              |
|               | 2020 | 111,948              | —                          | —                                 | 111,948          | 10,635                       | —                    | —                          | —                                 | —                                                  | 122,583   | —                                              |
| VA Davies     | 2021 | 100,091              | —                          | —                                 | 100,091          | 9,509                        | —                    | —                          | —                                 | —                                                  | 109,600   | —                                              |
|               | 2020 | 118,858              | —                          | —                                 | 118,858          | 11,292                       | —                    | —                          | —                                 | —                                                  | 130,150   | —                                              |
| DC Grant      | 2021 | 119,817              | —                          | —                                 | 119,817          | 11,383                       | —                    | —                          | —                                 | —                                                  | 131,200   | —                                              |
|               | 2020 | 150,198              | —                          | —                                 | 150,198          | 14,269                       | —                    | —                          | —                                 | —                                                  | 164,467   | —                                              |
| PM Mann       | 2021 | 115,434              | —                          | —                                 | 115,434          | 10,966                       | —                    | —                          | —                                 | —                                                  | 126,400   | —                                              |
|               | 2020 | 137,078              | —                          | —                                 | 137,078          | 13,022                       | —                    | —                          | —                                 | —                                                  | 150,100   | —                                              |
| RG Newton     | 2021 | 100,091              | —                          | —                                 | 100,091          | 9,509                        | —                    | —                          | —                                 | —                                                  | 109,600   | —                                              |
|               | 2020 | 118,858              | —                          | —                                 | 118,858          | 11,292                       | —                    | —                          | —                                 | —                                                  | 130,150   | —                                              |
| Executive     |      |                      |                            |                                   |                  |                              |                      |                            |                                   |                                                    |           |                                                |
| JM Hastings   | 2021 | 1,278,306            | —                          | 2,903                             | 1,281,209        | 21,694                       | 114,348              | —                          | 395,046                           | 1,005,158                                          | 2,817,455 | 14.0%                                          |
|               | 2020 | 1,428,998            | 820,000                    | 3,191                             | 2,252,189        | 21,002                       | 47,510               | —                          | 111,883                           | —                                                  | 2,432,584 | 38.3%                                          |

## DIRECTORS' REPORT

|                     |      | Short term           |                            |                                   |                  | Post-employment              | Other long term      |                            | Share-based                       |                                                    | Total     | Proportion of remuneration performance related |
|---------------------|------|----------------------|----------------------------|-----------------------------------|------------------|------------------------------|----------------------|----------------------------|-----------------------------------|----------------------------------------------------|-----------|------------------------------------------------|
|                     |      | Cash salary and fees | STI bonuses <sup>(a)</sup> | Insurance premiums <sup>(b)</sup> | Total short term | Superannuation contributions | Accrued annual leave | Accrued long service leave | Performance rights <sup>(c)</sup> | Recognition and Retention Incentive <sup>(d)</sup> |           |                                                |
|                     |      | \$                   | \$                         | \$                                | \$               | \$                           | \$                   | \$                         | \$                                | \$                                                 | \$        |                                                |
| OTHER EXECUTIVE KMP |      |                      |                            |                                   |                  |                              |                      |                            |                                   |                                                    |           |                                                |
| GC Dean             | 2021 | 577,637              | —                          | 8,248                             | 585,885          | 21,694                       | 36,260               | 12,795                     | 87,915                            | 364,756                                            | 1,109,305 | 7.9%                                           |
|                     | 2020 | 625,245              | 271,275                    | 7,670                             | 904,190          | 21,002                       | 17,120               | 12,991                     | (45,187)                          | —                                                  | 910,116   | 24.8%                                          |
| MR Duff             | 2021 | 589,275              | —                          | 5,869                             | 595,144          | 21,694                       | 65,979               | 13,025                     | 90,309                            | 412,932                                            | 1,199,083 | 7.5%                                           |
|                     | 2020 | 651,063              | 291,275                    | 5,955                             | 948,293          | 21,002                       | 17,964               | 13,262                     | (44,625)                          | —                                                  | 955,896   | 25.8%                                          |

(a) No STI bonuses for KMP were paid during the year ending 30 June 2021 due to the impact of COVID-19 on the Group.

(b) Amounts disclosed above for remuneration of directors and other executive KMP exclude insurance premiums paid by the Group in respect of directors' and officers' liability insurance contracts as the contracts do not specify premiums paid in respect of individual directors and officers. Information relating to the insurance contracts is set out within the Directors' Report on page 22. The amounts disclosed in the table above relate to premiums paid by the Group for salary continuance insurance.

(c) Amounts disclosed above for remuneration relating to performance rights have been determined in accordance with the requirements of AASB 2 *Share-based Payment*. AASB 2 requires the measurement of the fair value of performance rights at the grant date and then to have that value apportioned in equal amounts over the period from grant date to vesting date. Details of performance shares and performance rights on issue are set out within the Remuneration Report and further details on the terms and conditions of these performance shares and performance rights are set out in Note 6.1 to the financial statements.

(d) The Recognition and Retention Incentive Award terms are summarised on page 27.

(e) The Chairman, AG Rydge, waived all fees for the year ended 30 June 2021 in response to the impact of COVID-19 on the Group's operations, and other directors also waived part of their fees for the year ended 30 June 2021. Details of the voluntary director fee adjustments are set out on page 24.

# DIRECTORS' REPORT

## STI bonuses included in remuneration

There were no awards made under the STI plan in respect of the year ended 30 June 2020, notwithstanding the achievement of certain individual key performance indicators by executives.

## Other transactions with key management personnel and their related parties

AG Rydge is a director of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent and office service charges received during the year were \$23,870 (2020: \$21,675). The Company previously held ordinary shares in Carlton Investments Limited, and continues to hold preference shares in Carlton Investments Limited. Dividends received during the year from preference shares held in Carlton Investments Limited were \$5,312 (2020: \$5,312).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to \$143,307 (2020: \$117,287). Rent is charged to AG Rydge at market rates.

Apart from the details disclosed in the Remuneration Report, no KMP has entered into a material contract with the Group since the end of the previous year and there were no material contracts involving directors' interests existing at the reporting date.

From time to time, KMP of the Group, or their related parties, may purchase goods or services from the Group. These purchases are usually on the same terms and conditions as those granted to other Group employees. Where the purchases are on terms and conditions more favourable than those granted to other Group employees, the resulting benefits form part of the total remuneration outlined within the Remuneration Report.

## Executive Performance Rights Plan – current LTI plan

### Analysis of LTI performance rights granted as remuneration

Details of the vesting profile of performance rights granted as remuneration to the CEO and other executive KMP are shown below:

|                     |                        |             |                        |                           |                               | Fair value <sup>(a)</sup>  |                            |
|---------------------|------------------------|-------------|------------------------|---------------------------|-------------------------------|----------------------------|----------------------------|
|                     | Number                 | Grant date  | Vested during the year | Forfeited during the year | Year in which the grant vests | Performance right – EPS \$ | Performance right – TSR \$ |
| CEO                 |                        |             |                        |                           |                               |                            |                            |
| JM Hastings         | 159,236 <sup>(b)</sup> | 18 Feb 2021 | –                      | –                         | 30 Jun 2024                   | 10.00                      | 6.99                       |
|                     | 113,637                | 20 Feb 2020 | –                      | –                         | 30 Jun 2023                   | 11.07                      | 5.15                       |
|                     | 88,957                 | 21 Feb 2019 | –                      | –                         | 30 Jun 2022                   | 11.21                      | 5.11                       |
|                     | 82,737                 | 15 Feb 2018 | –                      | 82,737                    | 30 Jun 2021                   | 11.82                      | 6.80                       |
| Other executive KMP |                        |             |                        |                           |                               |                            |                            |
| GC Dean             | 36,356                 | 18 Feb 2021 | –                      | –                         | 30 Jun 2024                   | 10.00                      | 6.99                       |
|                     | 25,945                 | 20 Feb 2020 | –                      | –                         | 30 Jun 2023                   | 11.07                      | 5.15                       |
|                     | 22,665                 | 21 Feb 2019 | –                      | –                         | 30 Jun 2022                   | 11.21                      | 5.11                       |
|                     | 25,855                 | 15 Feb 2018 | –                      | 25,855                    | 30 Jun 2021                   | 11.82                      | 6.80                       |
| MR Duff             | 37,062                 | 18 Feb 2021 | –                      | –                         | 30 Jun 2024                   | 10.00                      | 6.99                       |
|                     | 26,448                 | 20 Feb 2020 | –                      | –                         | 30 Jun 2023                   | 11.07                      | 5.15                       |
|                     | 22,665                 | 21 Feb 2019 | –                      | –                         | 30 Jun 2022                   | 11.21                      | 5.11                       |
|                     | 25,855                 | 15 Feb 2018 | –                      | 25,855                    | 30 Jun 2021                   | 11.82                      | 6.80                       |

(a) The fair value of the performance rights calculated at grant date, estimated using a Binomial tree model for those rights that have EPS hurdles and a Monte Carlo simulation model for those rights that have TSR hurdles.

(b) Granted pursuant to shareholder approval under Listing Rule 10.14 obtained at the 2020 AGM.

## DIRECTORS' REPORT

### Analysis of movements in performance rights

The movement during the year, by value, of performance rights in the Company held by the CEO and other executive KMP is detailed below:

|                            | Granted during<br>the year <sup>(a)</sup><br>\$ | Exercised during<br>the year<br>\$ | Performance<br>rights exercised<br>Number | Amount paid per<br>right exercised<br>\$ |
|----------------------------|-------------------------------------------------|------------------------------------|-------------------------------------------|------------------------------------------|
| <b>CEO</b>                 |                                                 |                                    |                                           |                                          |
| JM Hastings                | 1,352,710                                       | –                                  | –                                         | –                                        |
| <b>Other executive KMP</b> |                                                 |                                    |                                           |                                          |
| GC Dean                    | 308,844                                         | –                                  | –                                         | –                                        |
| MR Duff                    | 314,842                                         | –                                  | –                                         | –                                        |

- (a) The value of performance rights granted in the year is the fair value of the performance rights calculated at grant date, estimated using a Binomial tree model for those rights that have EPS hurdles and a Monte Carlo simulation model for those rights that have TSR hurdles. The total value of the performance rights granted is included in the table above. This amount is allocated to remuneration over the vesting period.

No performance rights have been granted since the end of the year.

### Performance rights holdings and transactions

The movement during the year in the number of performance rights in EVENT Hospitality & Entertainment Limited held by the CEO and other executive KMP is detailed below:

|                            |      | Held at<br>the beginning of<br>the year | Granted | Exercised | Forfeited | Held at<br>the end of<br>the year |
|----------------------------|------|-----------------------------------------|---------|-----------|-----------|-----------------------------------|
| <b>CEO</b>                 |      |                                         |         |           |           |                                   |
| JM Hastings                | 2021 | 285,331                                 | 159,236 | –         | (82,737)  | 361,830                           |
|                            | 2020 | 201,997                                 | 113,637 | –         | (30,303)  | 285,331                           |
| <b>Other executive KMP</b> |      |                                         |         |           |           |                                   |
| GC Dean                    | 2021 | 74,465                                  | 36,356  | –         | (25,855)  | 84,966                            |
|                            | 2020 | 69,058                                  | 25,945  | –         | (20,538)  | 74,465                            |
| MR Duff                    | 2021 | 74,968                                  | 37,062  | –         | (25,855)  | 86,175                            |
|                            | 2020 | 69,058                                  | 26,448  | –         | (20,538)  | 74,968                            |

No performance rights have been granted since the end of the year. No performance rights are held by any related parties of KMP.

# DIRECTORS' REPORT

## Equity holdings and transactions

The movement during the year in the number of ordinary shares of EVENT Hospitality & Entertainment Limited held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

|                      |      | Held at<br>the beginning of<br>the year | Purchases | Received on<br>release of<br>performance<br>shares or<br>rights | Sales | Other | Held at<br>the end of<br>the year |
|----------------------|------|-----------------------------------------|-----------|-----------------------------------------------------------------|-------|-------|-----------------------------------|
| <b>Directors</b>     |      |                                         |           |                                                                 |       |       |                                   |
| AG Rydge (Chairman)  | 2021 | 73,396,103                              | —         | —                                                               | —     | —     | 73,396,103                        |
|                      | 2020 | 73,396,103                              | —         | —                                                               | —     | —     | 73,396,103                        |
| PR Coates            | 2021 | 46,960                                  | —         | —                                                               | —     | —     | 46,960                            |
|                      | 2020 | 46,960                                  | —         | —                                                               | —     | —     | 46,960                            |
| VA Davies            | 2021 | 14,000                                  | —         | —                                                               | —     | —     | 14,000                            |
|                      | 2020 | 14,000                                  | —         | —                                                               | —     | —     | 14,000                            |
| DC Grant             | 2021 | 7,500                                   | —         | —                                                               | —     | —     | 7,500                             |
|                      | 2020 | 7,500                                   | —         | —                                                               | —     | —     | 7,500                             |
| PM Mann              | 2021 | 7,142                                   | —         | —                                                               | —     | —     | 7,142                             |
|                      | 2020 | 7,142                                   | —         | —                                                               | —     | —     | 7,142                             |
| RG Newton            | 2021 | 66,840                                  | —         | —                                                               | —     | —     | 66,840                            |
|                      | 2020 | 66,840                                  | —         | —                                                               | —     | —     | 66,840                            |
| JM Hastings<br>(CEO) | 2021 | 12,000                                  | —         | —                                                               | —     | —     | 12,000                            |
|                      | 2020 | 6,000                                   | 6,000     | —                                                               | —     | —     | 12,000                            |
| <b>Other KMP</b>     |      |                                         |           |                                                                 |       |       |                                   |
| GC Dean              | 2021 | 158,222                                 | —         | —                                                               | —     | —     | 158,222                           |
|                      | 2020 | 158,222                                 | —         | —                                                               | —     | —     | 158,222                           |
| MR Duff              | 2021 | 84,899                                  | —         | —                                                               | —     | —     | 84,899                            |
|                      | 2020 | 62,410                                  | —         | 22,489                                                          | —     | —     | 84,899                            |

Other than the arrangements disclosed above, no shares were granted to KMP as compensation in the year ended 30 June 2021. Performance rights were granted to certain KMP as disclosed on page 32.

## End of Directors' Report: Remuneration Report – Audited



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Event Hospitality & Entertainment Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Event Hospitality & Entertainment Limited for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Cameron Slapp

Partner

Sydney

23 August 2021

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2021

|                                                   | Note | 2021<br>\$'000   | Restated*<br>2020<br>\$'000 |
|---------------------------------------------------|------|------------------|-----------------------------|
| <b>ASSETS</b>                                     |      |                  |                             |
| <b>Current assets</b>                             |      |                  |                             |
| Cash and cash equivalents                         | 4.4  | 120,978          | 76,594                      |
| Trade and other receivables                       | 3.1  | 98,800           | 56,023                      |
| Current tax receivables                           |      | 6,074            | 3,944                       |
| Inventories                                       | 3.2  | 16,360           | 21,143                      |
| Prepayments and other current assets              |      | 8,692            | 8,768                       |
| Assets held for sale                              | 3.5  | 17,973           | –                           |
| <b>Total current assets</b>                       |      | <b>268,877</b>   | <b>166,472</b>              |
| <b>Non-current assets</b>                         |      |                  |                             |
| Trade and other receivables                       | 3.1  | 672              | 543                         |
| Other financial assets                            |      | 1,086            | 1,086                       |
| Other investments                                 | 4.5  | 78               | 78                          |
| Investments accounted for using the equity method | 5.3  | 13,945           | 18,299                      |
| Property, plant and equipment                     | 3.3  | 1,249,793        | 1,335,397                   |
| Right-of-use assets                               | 3.9  | 908,541          | 848,909                     |
| Investment properties                             | 3.4  | 64,500           | 74,550                      |
| Goodwill and other intangible assets              | 3.6  | 101,345          | 99,146                      |
| Deferred tax assets                               | 2.4  | 39,276           | 63,110                      |
| Other non-current assets                          |      | 20,467           | 24,281                      |
| <b>Total non-current assets</b>                   |      | <b>2,399,703</b> | <b>2,465,399</b>            |
| <b>Total assets</b>                               |      | <b>2,668,580</b> | <b>2,631,871</b>            |
| <b>LIABILITIES</b>                                |      |                  |                             |
| <b>Current liabilities</b>                        |      |                  |                             |
| Trade and other payables                          | 3.7  | 130,278          | 109,493                     |
| Loans and borrowings                              | 4.4  | 44,980           | 489,121                     |
| Current tax liabilities                           |      | –                | 1,072                       |
| Provisions                                        | 3.8  | 22,131           | 18,969                      |
| Deferred revenue                                  |      | 120,159          | 100,447                     |
| Lease liabilities                                 | 3.9  | 129,869          | 134,610                     |
| Other current liabilities                         | 3.10 | 2,504            | 4,429                       |
| <b>Total current liabilities</b>                  |      | <b>449,921</b>   | <b>858,141</b>              |
| <b>Non-current liabilities</b>                    |      |                  |                             |
| Loans and borrowings                              | 4.4  | 431,210          | 1,804                       |
| Deferred tax liabilities                          | 2.4  | –                | 9,094                       |
| Provisions                                        | 3.8  | 19,958           | 19,082                      |
| Deferred revenue                                  |      | 8,266            | 12,712                      |
| Lease liabilities                                 | 3.9  | 881,873          | 802,453                     |
| Other non-current liabilities                     | 3.10 | 4,816            | 5,149                       |
| <b>Total non-current liabilities</b>              |      | <b>1,346,123</b> | <b>850,294</b>              |
| <b>Total liabilities</b>                          |      | <b>1,796,044</b> | <b>1,708,435</b>            |
| <b>Net assets</b>                                 |      | <b>872,536</b>   | <b>923,436</b>              |
| <b>EQUITY</b>                                     |      |                  |                             |
| Share capital                                     | 4.1  | 219,126          | 219,126                     |
| Reserves                                          | 4.3  | 70,242           | 73,106                      |
| Retained earnings                                 |      | 583,168          | 631,204                     |
| <b>Total equity</b>                               |      | <b>872,536</b>   | <b>923,436</b>              |

\* The 2020 comparative information has been restated as a result of changes in accounting policy as outlined in note 1.5.

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

# INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

|                                                                              |      | 2021             | Restated*<br>2020  |
|------------------------------------------------------------------------------|------|------------------|--------------------|
|                                                                              | Note | \$'000           | \$'000             |
| <b>Revenue and other income</b>                                              |      |                  |                    |
| Revenue from sale of goods and rendering of services                         | 2.1  | 505,841          | 956,991            |
| Other revenue and income                                                     | 2.1  | 186,633          | 73,930             |
|                                                                              |      | <u>692,474</u>   | <u>1,030,921</u>   |
| <b>Expenses</b>                                                              |      |                  |                    |
| Employee expenses                                                            |      | (234,776)        | (310,405)          |
| Depreciation, amortisation and impairments                                   |      | (196,547)        | (259,797)          |
| Film hire and other film expenses                                            |      | (55,763)         | (167,685)          |
| Occupancy expenses                                                           |      | (89,108)         | (133,258)          |
| Purchases and other direct expenses                                          |      | (57,801)         | (88,279)           |
| Other operating expenses                                                     |      | (65,174)         | (76,880)           |
| Finance costs                                                                |      | (41,409)         | (32,882)           |
| Advertising, commissions and marketing expenses                              |      | (15,614)         | (29,430)           |
|                                                                              |      | <u>(756,192)</u> | <u>(1,098,616)</u> |
| <b>Equity accounted profit/(loss)</b>                                        |      |                  |                    |
| Share of net profit/(loss) of equity accounted associates and joint ventures | 5.3  | 690              | (747)              |
| <b>Loss before tax</b>                                                       |      | (63,028)         | (68,442)           |
| Income tax benefit                                                           | 2.4  | 14,992           | 11,455             |
| <b>Loss for the year</b>                                                     |      | <u>(48,036)</u>  | <u>(56,987)</u>    |

|                            | 2021   | Restated*<br>2020 |
|----------------------------|--------|-------------------|
|                            | Cents  | Cents             |
| <b>Earnings per share</b>  |        |                   |
| Basic earnings per share   | (29.8) | (35.4)            |
| Diluted earnings per share | (29.8) | (35.4)            |

\* The 2020 comparative information has been restated as a result of changes in accounting policy as outlined in note 1.5.

The Income Statement is to be read in conjunction with the accompanying notes.

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

|                                                                              | 2021<br>\$'000 | Restated*<br>2020<br>\$'000 |
|------------------------------------------------------------------------------|----------------|-----------------------------|
| <b>Loss for the year</b>                                                     | (48,036)       | (56,987)                    |
| <b>Other comprehensive (expense)/income</b>                                  |                |                             |
| <i>Items that may be reclassified to profit or loss</i>                      |                |                             |
| Foreign currency translation differences for foreign operations – net of tax | (4,350)        | 883                         |
| Net change in fair value of cash flow hedging instruments – net of tax       | –              | 11                          |
| <b>Other comprehensive (expense)/income for the year – net of tax</b>        | (4,350)        | 894                         |
| <b>Total comprehensive expense for the year</b>                              | (52,386)       | (56,093)                    |

\* The 2020 comparative information has been restated as a result of changes in accounting policy as outlined in note 1.5.

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

|                                                                                 | Share capital<br>\$'000 | Reserves<br>\$'000 | Retained earnings<br>\$'000 | Total equity<br>\$'000 |
|---------------------------------------------------------------------------------|-------------------------|--------------------|-----------------------------|------------------------|
| <b>Balance at 1 July 2020 - restated*</b>                                       | 219,126                 | 73,106             | 631,204                     | 923,436                |
| <b>Loss for the year</b>                                                        | –                       | –                  | (48,036)                    | (48,036)               |
| <i>Other comprehensive income</i>                                               |                         |                    |                             |                        |
| Foreign currency translation differences for foreign operations – net of tax    | –                       | (4,350)            | –                           | (4,350)                |
| Net change in fair value of cash flow hedging instruments – net of tax          | –                       | –                  | –                           | –                      |
| <b>Total other comprehensive (expense)/income recognised directly in equity</b> | –                       | (4,350)            | –                           | (4,350)                |
| <b>Total comprehensive (expense)/income</b>                                     | –                       | (4,350)            | (48,036)                    | (52,386)               |
| Employee share-based payments expense – net of tax                              | –                       | 1,486              | –                           | 1,486                  |
| <b>Total transactions with owners</b>                                           | –                       | (2,864)            | (48,036)                    | (50,900)               |
| <b>Balance at 30 June 2021</b>                                                  | 219,126                 | 70,242             | 583,168                     | 872,536                |
| <b>Balance at 1 July 2019 – restated*</b>                                       | 219,126                 | 73,945             | 832,071                     | 1,125,142              |
| Adjustment on initial application of AASB 16 – net of tax                       | –                       | –                  | (60,058)                    | (60,058)               |
| <b>Restated balance at 1 July 2019</b>                                          | 219,126                 | 73,945             | 772,013                     | 1,065,084              |
| <b>Loss for the year*</b>                                                       | –                       | –                  | (56,987)                    | (56,987)               |
| <i>Other comprehensive income</i>                                               |                         |                    |                             |                        |
| Foreign currency translation differences for foreign operations – net of tax*   | –                       | 883                | –                           | 883                    |
| Net change in fair value of cash flow hedging instruments – net of tax          | –                       | 11                 | –                           | 11                     |
| <b>Total other comprehensive (expense)/income recognised directly in equity</b> | –                       | 894                | –                           | 894                    |
| <b>Total comprehensive (expense)/income</b>                                     | –                       | 894                | (56,987)                    | (56,093)               |
| Employee share-based payments expense – net of tax                              | –                       | (1,733)            | –                           | (1,733)                |
| Dividends paid                                                                  | –                       | –                  | (83,822)                    | (83,822)               |
| <b>Total transactions with owners</b>                                           | –                       | (1,733)            | (83,822)                    | (85,555)               |
| <b>Balance at 30 June 2020 – restated*</b>                                      | 219,126                 | 73,106             | 631,204                     | 923,436                |

\* The 2020 comparative information has been restated as a result of changes in accounting policy as outlined in note 1.5.

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

|                                                                            | Note | 2021<br>\$'000 | Restated*<br>2020<br>\$'000 |
|----------------------------------------------------------------------------|------|----------------|-----------------------------|
| <b>Cash flows from operating activities</b>                                |      |                |                             |
| Cash receipts in the course of operations                                  |      | 581,166        | 1,094,162                   |
| Cash payments in the course of operations                                  |      | (574,911)      | (946,978)                   |
| <b>Cash provided by operations</b>                                         |      | 6,255          | 147,184                     |
| Dividends from joint ventures                                              |      | 303            | 858                         |
| Other revenue                                                              |      | 154,601        | 87,175                      |
| Dividends received                                                         |      | 5              | 5                           |
| Interest received                                                          |      | 215            | 369                         |
| Finance costs paid                                                         |      | (38,776)       | (32,770)                    |
| Income tax refunds                                                         |      | 26,925         | –                           |
| Income tax paid                                                            |      | (1,391)        | (26,454)                    |
| <b>Net cash provided by operating activities</b>                           | 7.2  | 148,137        | 176,367                     |
| <b>Cash flows from investing activities</b>                                |      |                |                             |
| Payments for property, plant and equipment and redevelopment of properties |      | (25,543)       | (121,680)                   |
| Finance costs paid in relation to qualifying assets                        |      | (3,661)        | (3,149)                     |
| Purchase of management rights, software and other intangible assets        |      | (1,350)        | (7,405)                     |
| Payments for interest in joint venture                                     |      | (143)          | (6,104)                     |
| Payment for business acquired                                              |      | (4,359)        | –                           |
| Decrease in loans from other entities                                      |      | (4)            | (495)                       |
| Proceeds from disposal of property, plant and equipment                    |      | 49,475         | 14,011                      |
| <b>Net cash from/(used) by investing activities</b>                        |      | 14,415         | (124,822)                   |
| <b>Cash flows from financing activities</b>                                |      |                |                             |
| Proceeds from borrowings                                                   |      | 66,373         | 181,803                     |
| Repayments of borrowings                                                   |      | (77,873)       | (68,000)                    |
| Transaction costs related to borrowings                                    |      | (3,081)        | –                           |
| Payments of lease liabilities                                              |      | (102,725)      | (99,332)                    |
| Dividends paid                                                             | 4.2  | –              | (83,822)                    |
| <b>Net cash used by financing activities</b>                               |      | (117,306)      | (69,351)                    |
| Net increase/(decrease) in cash and cash equivalents                       |      | 45,246         | (17,806)                    |
| Cash and cash equivalents at the beginning of the year                     |      | 76,594         | 93,761                      |
| Effect of exchange rate fluctuations on cash held                          |      | (862)          | 639                         |
| <b>Cash and cash equivalents at the end of the year</b>                    |      | 120,978        | 76,594                      |

\* The 2020 comparative information has been restated as a result of changes in accounting policy as outlined in note 1.5.

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

## SECTION 1 – BASIS OF PREPARATION

*This section explains the basis of preparation for the Group's financial statements, including information regarding the impact of the adoption of new accounting standards.*

### 1.1 – REPORTING ENTITY

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EVENT Hospitality & Entertainment Limited ("Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2021 comprises the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates, joint ventures and joint operations.

EVENT Hospitality & Entertainment Limited is a for-profit company incorporated in Australia and limited by shares. The shares are publicly traded on the ASX. The nature of the operations and principal activities of the Group are described in Note 2.2.

The financial report was authorised for issue by the Board of Directors of EVENT Hospitality & Entertainment Limited on 23 August 2021.

### 1.2 – BASIS OF PREPARATION

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#### *Statement of compliance*

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

#### *Basis of measurement*

The financial report is prepared on the historical cost basis except for the following material items in the Statement of Financial Position which are measured at fair value: derivative financial instruments, investments designated as at FVOCI, liabilities for cash-settled share-based payments and investment properties. Assets held for sale are stated at the lower of carrying amount, and fair value less costs to sell.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the Instrument, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### *Use of estimates and judgements*

The preparation of a financial report in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods if affected. Judgements made by management in the application of AASBs that have a significant effect on the financial report are discussed in Notes 3.3 (Property, plant and equipment) and 3.6 (Goodwill and other intangible assets).

#### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## SECTION 1 – BASIS OF PREPARATION

### 1.2 – BASIS OF PREPARATION (continued)

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Notes 3.3 (Property, plant and equipment), 3.4 (Investment properties), 3.5 (Assets held for sale) and 4.5 (Financial risk management).

#### *Global coronavirus pandemic ("COVID-19")*

In March 2020 the World Health Organisation declared a global pandemic in relation to COVID-19. Within the geographic locations where the Group has operations, governments responded to COVID-19 by introducing a number of COVID-19 measures, including restrictions on business activity, societal interaction and travel. The effects of these measures on the Group has been significant and, as a result, COVID-19 has resulted in impacts to key estimates and judgements used in these financial statements, including:

- Impairment (see Note 2.3, Note 3.3 and Note 3.6);
- Provision for expected credit losses (see Note 3.1);
- Revaluations of investment properties (see Note 3.4); and
- Valuations of property plant and equipment (see Note 3.3).

#### *Going concern basis of accounting*

COVID-19 continues to have a material impact on the Group's operational divisions, including:

- government-mandated temporary closure of certain cinemas within in Australia, New Zealand and Germany;
- Disruption to the film release schedule;
- Reduction in hotel visitation due to international and domestic travel restrictions and lock-downs;
- Implementation of social distancing, the impact of lockdowns in key feeder markets and other visitation impacts for the Thredbo resort; and
- Reduction in rental income as a result of rental stress by tenants and relief provided in accordance with the Mandatory Code of Conduct.

The Group has incurred significant and material reductions in revenue and to maintain an appropriate level of current and future liquidity has implemented certain initiatives to ensure the viability of the Group for the current and longer term. The actions have included:

- Implementation of operational and corporate cost saving initiatives to ensure that the impact of COVID-19 on earnings was appropriately minimised and managed. The cost saving initiatives included, but were not limited to, a stand down or furlough of employees across the Group, voluntary salary reductions and freeze arrangements and negotiated reductions or deferral of supplier and leasehold payments.
- Participation in government support initiatives, including JobKeeper in Australia, the Wage Subsidy in New Zealand and the Kurzarbeitergeld and Damage Support program in Germany.
- Suspension of dividend payments for the year ended 30 June 2021. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance.

In addition, the Group has reported a net current asset deficiency of \$181.0 million. This deficiency is predominately a consequence of the recognition of current lease liabilities (under AASB 16 *Leases*) totalling \$129.9 million. Current lease and other liabilities are expected to be supported by future operating cash flows and available liquidity from undrawn debt facilities of \$217.0 million at 30 June 2021.

From a financial and liquidity perspective, and in the context of the continuing and challenging environment highlighted above, COVID-19 budget modelling based on conservative recovery scenarios was undertaken across all of the Group's businesses. The budget modelling included a number of anticipated outcomes based upon current known circumstances and past COVID-19 business performance. The range of scenarios included a number of variants including lockdown and deferral of recovery overlay contingencies.

## SECTION 1 – BASIS OF PREPARATION

### 1.2 – BASIS OF PREPARATION (continued)

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The budget modelling, which is based upon currently available information, assumes that there are no future material or significant government mandated mass closure of operations beyond that which has occurred or currently occurring at the date of this report. The Group's budget modelling included a limited number of asset sales and further German government support initiatives.

Whilst there continues to be uncertainty regarding the future COVID-19 impacts, the budget modelling was adopted by the Group as the current and most likely scenario. COVID-19 budget modelling is subject to certain risks and uncertainties which may cause results to differ materially from those expected including, but not limited to, the following:

- the duration of the impacts of COVID-19 and related government restrictions and social distancing requirements and the level of customer demand following the relaxation of such requirements;
- the availability, in terms of both quantity and audience appeal, of the film line-up, as well as other industry dynamics such as the maintenance of a suitable and viable exhibition window;
- the effects of adverse economic conditions caused by COVID-19;
- the effects on occupancy and room rates caused by COVID-19 and the effects on occupancy and room rates of the relative industry supply of available rooms at comparable hotels in the market once hotels and resorts fully reopened;
- the effects of weather, particularly for Thredbo with winter conditions and the availability of snow; and
- the ability of partners (both from a supply and operational perspective) to continue to operate for the current foreseeable future.

The Group considers that, whilst COVID-19 will continue to create uncertainty for the short-term prospects for its operating businesses, the current outlook provides sufficient liquidity for the foreseeable future.

In relation to the Group's debt arrangements, the Group has received covenant waivers for the 30 June 2021 testing period and an amended testing regime has been implemented for the 31 December 2021 testing period. The Group anticipates it will be able to comply with covenant requirements at future testing dates on and beyond 31 December 2021. On this basis, the financial report has been prepared on a going concern basis.

## SECTION 1 – BASIS OF PREPARATION

### 1.3 – FOREIGN CURRENCY

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#### *Functional and presentation currency*

All amounts are expressed in Australian dollars, which is the Group's presentation currency. 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 functional currency of the Company is Australian dollars.

#### *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss, except for differences arising on retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the transactions. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

#### *Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture whilst retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### *Net investment in foreign operations*

Exchange differences arising from the translation of the net investment in foreign operations, and the effective portion of related hedges, are taken to the foreign currency translation reserve. They are released to profit or loss as an adjustment to profit or loss on disposal. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in other comprehensive income and presented in the foreign currency translation reserve in equity.

## SECTION 1 – BASIS OF PREPARATION

### 1.4 – NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and were effective for the year ended 30 June 2021. New and revised Standards, amendments thereof, and Interpretations effective for the current year that are relevant to the Group are:

#### *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*

This Standard amends AASB 3 Business Combinations. The Group has adopted the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

#### *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

#### *AASB 2019-1 Amendments to Australian Accounting Standards – References to Conceptual Framework*

The Group has adopted the amendments included in AASB 2019-1 for the first time in the current year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.

The amendments:

- Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the new Conceptual Framework; and
- Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.

This Standard makes amendments to AASB 1054 *Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.

## SECTION 1 – BASIS OF PREPARATION

### 1.5 – NEW AND AMENDED ACCOUNTING STANDARDS ADOPTED BY THE GROUP (continued)

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#### *AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*

The amendments in AASB 2019-3 modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amending standard does not materially impact the Group.

#### *AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

This Standard makes amendments to AASB 1054 *Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.

#### *AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions*

The amendments introduce a practical expedient into AASB 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all rent concessions that meet the conditions in AASB 16.46B.

The Group has benefited from abatement of lease payments relating to cinema and hotel premises during the year. The abatement of lease payments has been accounted for as a negative variable lease payment in the profit or loss. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of paragraph 3.3.1 of AASB 9 Financial Instruments.

#### **New and revised Standards issued but not yet effective**

There are no other new or amended standards that are issued but not yet effective that are expected to have a material impact on the financial statements of the Group in future periods.

## SECTION 1 – BASIS OF PREPARATION

## 1.5 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS

**Restatement of comparatives**

The Group has applied various changes to accounting policies, which has impacted both the opening position of its financial statements and the performance and position of previous reporting periods. The details of the accounting policy adjustments have been outlined below:

|                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Adjustment 1</b><br>Reclassification of discontinued operations to continuing operations                                       | <p>In December 2020, the Group announced that the sale of the Entertainment Germany segment as notified to the Federal Cartel Office ("FCO") had been deemed a prohibited transaction due to Vue's deliberate failure to satisfy the FCO conditions. As a result, the Group has reclassified and reported the Entertainment – Germany segment as a continuing operation.</p> <p>The retrospective restatement adjustment is applicable for financial statements issued for all reporting periods since October 2018.</p>                                                                                                                                                                                         |
| <b>Adjustment 2</b><br>Reinstatement of amortisation, depreciation and impairment charges for the Entertainment – Germany segment | <p>Amortisation, depreciation and impairment charges relating to the Entertainment – Germany segment ceased in October 2018 when the segment was classified as an asset held-for sale. As a result of the FCO's determination (see Adjustment 1) the Group has reclassified and reported the Entertainment – Germany segment as a continuing operation, with a retrospective restatement relating to amortisation, depreciation and impairments.</p> <p>The retrospective restatement adjustment is applicable for financial statements issued for all reporting periods since October 2018.</p>                                                                                                                 |
| <b>Adjustment 3</b><br>AASB 16 amortisation and depreciation charges for Entertainment Germany                                    | <p>Amortisation and depreciation charges relating to the Entertainment – Germany segment ceased in October 2018 when the segment was classified as an asset held-for sale. As a result of the FCO's determination (see Adjustment 1) the Group has reclassified and reported the Entertainment – Germany segment as a continuing operation, with a retrospective restatement relating to AASB 16 Leases amortisation and depreciation applied retrospectively from 1 July 2019, being the Group's initial application date for AASB 16.</p> <p>The retrospective restatement adjustment is applicable for the financial statements issued for the reporting periods ended 31 December 2019 and 30 June 2020.</p> |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 1 – BASIS OF PREPARATION

### 1.5 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

30 June 2020 – Restated

|                                                           | Reported<br>\$'000 | Adjustment 1<br>\$'000 | Adjustment 2<br>\$'000 | Adjustment 3<br>\$'000 | Restated<br>\$'000 |
|-----------------------------------------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|
| <b>ASSETS</b>                                             |                    |                        |                        |                        |                    |
| <b>Current assets</b>                                     |                    |                        |                        |                        |                    |
| Cash and cash equivalents                                 | 67,062             | 9,532                  | –                      | –                      | 76,594             |
| Trade and other receivables                               | 49,439             | 10,528                 | –                      | –                      | 59,967             |
| Inventories                                               | 18,573             | 2,570                  | –                      | –                      | 21,143             |
| Prepayments and other current assets                      | 7,717              | 1,051                  | –                      | –                      | 8,768              |
| Assets held for sale                                      | 455,837            | (455,837)              | –                      | –                      | –                  |
| <b>Total current assets</b>                               | <b>598,628</b>     | <b>(432,156)</b>       | <b>–</b>               | <b>–</b>               | <b>166,472</b>     |
| <b>Non-current assets</b>                                 |                    |                        |                        |                        |                    |
| Trade and other receivables                               | 543                | –                      | –                      | –                      | 543                |
| Other financial assets                                    | 1,086              | –                      | –                      | –                      | 1,086              |
| Other investments                                         | 78                 | –                      | –                      | –                      | 78                 |
| Equity accounted investments                              | 15,999             | 2,300                  | –                      | –                      | 18,299             |
| Property, plant and equipment                             | 1,252,837          | 102,080                | (19,520)               | –                      | 1,335,397          |
| Right-of-use assets                                       | 604,448            | 298,877                | (939)                  | (53,477)               | 848,909            |
| Investment properties                                     | 74,550             | –                      | –                      | –                      | 74,550             |
| Goodwill and other intangible assets                      | 92,829             | 6,317                  | –                      | –                      | 99,146             |
| Deferred tax assets                                       | 58,636             | –                      | –                      | 4,474                  | 63,110             |
| Other non-current assets                                  | 1,699              | 22,582                 | –                      | –                      | 24,281             |
| <b>Total non-current assets</b>                           | <b>2,102,705</b>   | <b>432,156</b>         | <b>(20,459)</b>        | <b>(49,003)</b>        | <b>2,465,399</b>   |
| <b>Total assets</b>                                       | <b>2,701,333</b>   | <b>–</b>               | <b>(20,459)</b>        | <b>(49,003)</b>        | <b>2,631,871</b>   |
| <b>LIABILITIES</b>                                        |                    |                        |                        |                        |                    |
| <b>Current liabilities</b>                                |                    |                        |                        |                        |                    |
| Trade and other payables                                  | 90,128             | 19,365                 | –                      | –                      | 109,493            |
| Loans and borrowings                                      | 488,300            | 821                    | –                      | –                      | 489,121            |
| Current tax liabilities                                   | 1,072              | –                      | –                      | –                      | 1,072              |
| Provisions                                                | 17,362             | 1,607                  | –                      | –                      | 18,969             |
| Deferred revenue                                          | 78,474             | 21,973                 | –                      | –                      | 100,447            |
| Lease liabilities                                         | 86,322             | 48,288                 | –                      | –                      | 134,610            |
| Other current liabilities                                 | 4,429              | –                      | –                      | –                      | 4,429              |
| Liabilities held for sale                                 | 320,601            | (320,601)              | –                      | –                      | –                  |
| <b>Total current liabilities</b>                          | <b>1,086,688</b>   | <b>(228,547)</b>       | <b>–</b>               | <b>–</b>               | <b>858,141</b>     |
| <b>Non-current liabilities</b>                            |                    |                        |                        |                        |                    |
| Loans and borrowings                                      | 859                | 945                    | –                      | –                      | 1,804              |
| Deferred tax liabilities                                  | 9,094              | 17,707                 | (6,138)                | (11,569)               | 9,094              |
| Provisions                                                | 11,135             | 7,947                  | –                      | –                      | 19,082             |
| Deferred revenue                                          | 8,864              | 3,848                  | –                      | –                      | 12,712             |
| Lease liabilities                                         | 604,353            | 198,100                | –                      | –                      | 802,453            |
| Other non-current liabilities                             | 5,149              | –                      | –                      | –                      | 5,149              |
| <b>Total non-current liabilities</b>                      | <b>639,454</b>     | <b>228,547</b>         | <b>(6,138)</b>         | <b>(11,569)</b>        | <b>850,294</b>     |
| <b>Total liabilities</b>                                  | <b>1,726,142</b>   | <b>–</b>               | <b>(6,138)</b>         | <b>(11,569)</b>        | <b>1,708,435</b>   |
| <b>Net assets</b>                                         | <b>975,191</b>     | <b>–</b>               | <b>(14,321)</b>        | <b>(37,434)</b>        | <b>923,436</b>     |
| <b>EQUITY</b>                                             |                    |                        |                        |                        |                    |
| Share capital                                             | 219,126            | –                      | –                      | –                      | 219,126            |
| <b>Reserves</b>                                           |                    |                        |                        |                        |                    |
| Opening reserves                                          | 73,945             | –                      | –                      | –                      | 73,945             |
| Other comprehensive (expense)/income                      | 702                | –                      | –                      | 192                    | 894                |
| Employee share-based payments – net of tax                | (1,733)            | –                      | –                      | –                      | (1,733)            |
| <b>Retained earnings</b>                                  |                    |                        |                        |                        |                    |
| Opening retained earnings                                 | 838,397            | –                      | (6,326)                | –                      | 832,071            |
| Adjustment on initial application of AASB 16 – net of tax | (60,058)           | –                      | –                      | –                      | (60,058)           |
| Profit after tax                                          | (11,366)           | –                      | (7,995)                | (37,626)               | (56,987)           |
| Dividends paid                                            | (83,822)           | –                      | –                      | –                      | (83,822)           |
| <b>Total equity</b>                                       | <b>975,191</b>     | <b>–</b>               | <b>(14,321)</b>        | <b>(37,434)</b>        | <b>923,436</b>     |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 1 – BASIS OF PREPARATION

### 1.5 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

30 June 2020 – Restated

|                                                                     | Reported<br>\$'000 | Adjustment 1<br>\$'000 | Adjustment 2<br>\$'000 | Adjustment 3<br>\$'000 | Restated<br>\$'000 |
|---------------------------------------------------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|
| <b>Revenue and other income</b>                                     |                    |                        |                        |                        |                    |
| Revenue from sale of goods and rendering of services                | 719,039            | 237,952                | –                      | –                      | 956,991            |
| Other revenue and income                                            | 65,027             | 8,903                  | –                      | –                      | 73,930             |
|                                                                     | 784,066            | 246,855                | –                      | –                      | 1,030,921          |
| <b>Expenses</b>                                                     |                    |                        |                        |                        |                    |
| Employee expenses                                                   | (253,527)          | (56,878)               | –                      | –                      | (310,405)          |
| Film hire and other film expenses                                   | (101,961)          | (65,724)               | –                      | –                      | (167,685)          |
| Occupancy expenses                                                  | (80,038)           | (53,220)               | –                      | –                      | (133,258)          |
| Amortisation, depreciation and impairments                          | (194,624)          | –                      | (11,422)               | (53,751)               | (259,797)          |
| Purchases and other direct expenses                                 | (74,828)           | (13,451)               | –                      | –                      | (88,279)           |
| Other operating expenses                                            | (70,978)           | (5,902)                | –                      | –                      | (76,880)           |
| Advertising, commissions and marketing expenses                     | (25,349)           | (4,081)                | –                      | –                      | (29,430)           |
| Finance costs                                                       | (29,883)           | (2,999)                | –                      | –                      | (32,882)           |
|                                                                     | (831,188)          | (202,255)              | (11,422)               | (53,751)               | (1,098,616)        |
| <b>Equity accounted (loss)/profit</b>                               |                    |                        |                        |                        |                    |
| Net (loss)/profit of equity accounted associates and joint ventures | (863)              | 116                    | –                      | –                      | (747)              |
| <b>(Loss)/profit before tax</b>                                     | (47,985)           | 44,716                 | (11,422)               | (53,751)               | (68,442)           |
| Tax credit/(expense)                                                | 11,985             | (20,082)               | 3,427                  | 16,125                 | 11,455             |
| <b>Net (loss)/profit after tax</b>                                  | (36,000)           | 24,634                 | (7,995)                | (37,626)               | (56,987)           |
| <b>Discontinued operations</b>                                      |                    |                        |                        |                        |                    |
| Profit after tax from discontinued operations                       | 24,634             | (24,634)               | –                      | –                      | –                  |
| <b>Profit for the period</b>                                        | <b>(11,366)</b>    | <b>–</b>               | <b>(7,995)</b>         | <b>(37,626)</b>        | <b>(56,987)</b>    |
| <b>Other comprehensive income</b>                                   |                    |                        |                        |                        |                    |
| Foreign currency translation differences – net of tax               | 691                | –                      | –                      | 192                    | 883                |
| Cash flow hedges – net of tax                                       | 11                 | –                      | –                      | –                      | 11                 |
| <b>Other comprehensive income – net of tax</b>                      | <b>702</b>         | <b>–</b>               | <b>–</b>               | <b>192</b>             | <b>894</b>         |
| <b>Total comprehensive income</b>                                   | <b>(10,664)</b>    | <b>–</b>               | <b>(7,995)</b>         | <b>(37,434)</b>        | <b>(56,093)</b>    |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 1 – BASIS OF PREPARATION

### 1.5 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

30 June 2020 – Restated

|                                                                            | Reported<br>\$'000 | Adjustment 1<br>\$'000 | Adjustment 2<br>\$'000 | Adjustment 3<br>\$'000 | Restated<br>\$'000 |
|----------------------------------------------------------------------------|--------------------|------------------------|------------------------|------------------------|--------------------|
| <b>Cash flows from operating activities</b>                                |                    |                        |                        |                        |                    |
| Cash receipts in the course of operations                                  | 1,094,162          | –                      | –                      | –                      | 1,094,162          |
| Cash payments in the course of operations                                  | (946,978)          | –                      | –                      | –                      | (946,978)          |
| Cash provided by operations                                                | 147,184            | –                      | –                      | –                      | 147,184            |
| Distributions from joint ventures                                          | 858                | –                      | –                      | –                      | 858                |
| Other revenue                                                              | 87,175             | –                      | –                      | –                      | 87,175             |
| Dividends received                                                         | 5                  | –                      | –                      | –                      | 5                  |
| Interest received                                                          | 369                | –                      | –                      | –                      | 369                |
| Finance costs paid                                                         | (32,770)           | –                      | –                      | –                      | (32,770)           |
| Income tax paid                                                            | (26,454)           | –                      | –                      | –                      | (26,454)           |
| <b>Net cash provided by operating activities</b>                           | <b>176,367</b>     | <b>–</b>               | <b>–</b>               | <b>–</b>               | <b>176,367</b>     |
| <b>Cash flows from investing activities</b>                                |                    |                        |                        |                        |                    |
| Payments for property, plant and equipment and redevelopment of properties | (121,680)          | –                      | –                      | –                      | (121,680)          |
| Finance costs paid in relation to qualifying assets                        | (3,149)            | –                      | –                      | –                      | (3,149)            |
| Payments for management rights, software and intangible assets             | (7,405)            | –                      | –                      | –                      | (7,405)            |
| Payments for interest in joint venture                                     | (6,104)            | –                      | –                      | –                      | (6,104)            |
| Decrease in loans from other entities                                      | (495)              | –                      | –                      | –                      | (495)              |
| Proceeds from disposal of property, plant and equipment                    | 14,011             | –                      | –                      | –                      | 14,011             |
| <b>Net cash used by investing activities</b>                               | <b>(124,822)</b>   | <b>–</b>               | <b>–</b>               | <b>–</b>               | <b>(124,822)</b>   |
| <b>Cash flows from financing activities</b>                                |                    |                        |                        |                        |                    |
| Proceeds from borrowings                                                   | 181,803            | –                      | –                      | –                      | 181,803            |
| Repayment of borrowings                                                    | (68,000)           | –                      | –                      | –                      | (68,000)           |
| Payment of lease liabilities                                               | (99,332)           | –                      | –                      | –                      | (99,332)           |
| Dividends paid                                                             | (83,822)           | –                      | –                      | –                      | (83,822)           |
| <b>Net cash used in financing activities</b>                               | <b>(69,351)</b>    | <b>–</b>               | <b>–</b>               | <b>–</b>               | <b>(69,351)</b>    |
| Net increase in cash and cash equivalents                                  | (17,806)           | –                      | –                      | –                      | (17,806)           |
| Cash at the beginning of the period                                        | 93,761             | –                      | –                      | –                      | 93,761             |
| Effect of exchange rate fluctuations                                       | 639                | –                      | –                      | –                      | 639                |
| <b>Cash at the end of the period</b>                                       | <b>76,594</b>      | <b>–</b>               | <b>–</b>               | <b>–</b>               | <b>76,594</b>      |
| Attributable to:                                                           |                    |                        |                        |                        |                    |
| Continuing operations                                                      | 67,062             | 9,532                  | –                      | –                      | 76,594             |
| Discontinued operations                                                    | 9,532              | (9,532)                | –                      | –                      | –                  |
| <b>Cash at the end of the period</b>                                       | <b>76,594</b>      | <b>–</b>               | <b>–</b>               | <b>–</b>               | <b>76,594</b>      |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 1 – BASIS OF PREPARATION

### 1.5 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

#### Discontinued operations

On 22 October 2018, the sale of the German Cinema operation to Vue International Bidco plc (“Vue”), subject to Federal Cartel Office (“FCO”) approval, was announced. As a result of the proposed sale, the Entertainment Germany result was reported as a discontinued operation for all reporting periods from December 2018 through to June 2020. Key steps and dates in relation to the proposed sale have been set out below:

- The Sale and Purchase Agreement (“SPA”) for the sale was signed in October 2018. The upfront payment required on completion was €130 million with a further variable consideration component that was subject to market performance conditions. The sale was not subject to financing and the SPA excluded all force majeure and material adverse event clauses. The SPA also obligated Vue to obtain FCO clearance and to satisfy all conditions required in relation to FCO clearance;
- On 18 February 2020, Vue confirmed that a variable consideration component of €56.9 million had been achieved;
- The FCO granted conditional approval for the sale on 28 February 2020. The conditional approval was subject to the divestment of six sites within a six-month period. The designated divestment sites included five of the CineStar sites and one CineMaXx (Vue) site. Divestment of one CineStar site was completed in October 2020;
- On 21 August 2020, at the request of Vue, the FCO extended the divestment deadline to 13 November 2020;
- On 12 October 2020, Vue unilaterally paused the divestment process in order to renegotiate the terms of the Transaction with the Group. At the time of the pause, the divestment process was well advanced and there were three shortlisted purchasers, which had all received in-principle approval from the FCO as suitable purchasers subject to final FCO review and approval of the transaction documents;
- On 6 November 2020, at the request of Vue, the FCO further extended the divestment deadline to 14 December 2020; and
- On 15 December 2020, the Group announced that in its view, Vue was in a position to complete the divestment process but deliberately failed to meet its contractual obligations. As a result, the sale of the Entertainment Germany segment, as notified to the FCO, was a prohibited transaction due to the failure to satisfy the FCO conditions.

The Group has reclassified and reported the Entertainment – Germany segment as a continuing operation. The retrospective restatement adjustment is applicable for financial statements issued for all reporting periods since October 2018.

As disclosed within previous reporting periods, profit attributable to discontinued operations was as follows:

|                                                          | Full year<br>30 June 2020<br>\$'000 | Half year<br>31 Dec 2019<br>\$'000 | Full year<br>30 June 2019<br>\$'000 | Half year<br>31 Dec 2018<br>\$'000 |
|----------------------------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| <b>Revenue and other income</b>                          |                                     |                                    |                                     |                                    |
| Revenue from sale of goods and rendering of services     | 237,952                             | 173,282                            | 289,971                             | 145,518                            |
| Other revenue and income                                 | 8,903                               | 3,792                              | 5,008                               | 2,374                              |
| <b>Total revenue</b>                                     | <b>246,855</b>                      | <b>177,074</b>                     | <b>294,979</b>                      | <b>147,892</b>                     |
| <b>Expenses</b>                                          |                                     |                                    |                                     |                                    |
| Film hire and other film expenses                        | (65,724)                            | (48,354)                           | (78,757)                            | (39,432)                           |
| Occupancy expenses                                       | (53,220)                            | (32,518)                           | (117,920)                           | (58,087)                           |
| Employee expenses                                        | (56,878)                            | (32,362)                           | (58,841)                            | (28,887)                           |
| Purchases and other direct expenses                      | (13,451)                            | (9,837)                            | (16,465)                            | (8,492)                            |
| Amortisation and depreciation*                           | –                                   | –                                  | (3,156)                             | (3,403)                            |
| Advertising, commissions and marketing expenses          | (4,081)                             | (2,590)                            | (5,234)                             | (2,798)                            |
| Other operating expenses                                 | (5,902)                             | (2,334)                            | (6,259)                             | (3,244)                            |
| Finance costs                                            | (2,999)                             | (1,665)                            | (541)                               | (268)                              |
| <b>Total expenses</b>                                    | <b>(202,255)</b>                    | <b>(129,660)</b>                   | <b>(287,173)</b>                    | <b>(144,611)</b>                   |
| <b>Equity profit</b>                                     |                                     |                                    |                                     |                                    |
| Share of net profit of equity accounted investees        | 116                                 | 1,040                              | 1,128                               | 759                                |
| <b>Profit before income tax expense</b>                  | <b>44,716</b>                       | <b>48,454</b>                      | <b>8,934</b>                        | <b>4,040</b>                       |
| Income tax expense                                       | (20,082)                            | (13,915)                           | (4,124)                             | (1,547)                            |
| <b>Profit after tax from discontinued operations</b>     | <b>24,634</b>                       | <b>34,539</b>                      | <b>4,810</b>                        | <b>2,493</b>                       |
| Cash flows from discontinued operations were as follows: |                                     |                                    |                                     |                                    |
| Net cash provided by operating activities                | 30,513                              | 51,803                             | 13,929                              | 13,966                             |
| Net cash used in investing activities                    | (4,574)                             | (692)                              | (11,388)                            | (8,941)                            |
| Net cash used in financing activities                    | (38,899)                            | (26,617)                           | (39,075)                            | (16,656)                           |
| <b>Net cash flows for the period</b>                     | <b>(12,960)</b>                     | <b>24,494</b>                      | <b>(36,534)</b>                     | <b>(11,631)</b>                    |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 1 – BASIS OF PREPARATION

### 1.5 – RESTATEMENT OF COMPARATIVES AND DISCONTINUED OPERATIONS (continued)

\* Amortisation, depreciation and impairment charges, and resulting tax benefit, that would have been recognised in the Income Statement had the segment Entertainment Germany not been classified as a discontinued operation in October 2018 is as follows:

- For the full year ending 30 June 2020 (including AASB 16 adjustments): depreciation, amortisation and impairments of \$65,173,000 and a related tax benefit of \$19,552,000.
- For the half year ended 31 December 2019 (including AASB 16 adjustments): depreciation, amortisation and impairments of \$32,307,000 and a related tax benefit of \$9,692,000.
- For the full year ending 30 June 2019: depreciation, amortisation and impairments of \$9,037,000 and a related tax benefit of \$2,711,000.
- For the half year ended 31 December 2018: depreciation, amortisation and impairments of \$2,147,000 and a related tax benefit of \$644,000.

As disclosed within previous reporting periods, assets and liabilities attributable to discontinued operations was as follows:

|                                                   | 30 June 2020<br>\$'000 | 31 Dec 2019<br>\$'000 | 30 June 2019<br>\$'000 | 31 Dec 2018<br>\$'000 |
|---------------------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| <b>ASSETS</b>                                     |                        |                       |                        |                       |
| <b>Current assets</b>                             |                        |                       |                        |                       |
| Cash and cash equivalents                         | 9,532                  | 45,981                | 21,836                 | 44,087                |
| Trade and other receivables                       | 10,528                 | 13,907                | 12,428                 | 17,793                |
| Inventories                                       | 2,570                  | 3,350                 | 3,265                  | 3,842                 |
| Prepayments and other current assets              | 1,051                  | 609                   | 1,157                  | 450                   |
| Investments accounted for using the equity method | 2,300                  | 3,818                 | 2,830                  | 3,036                 |
| Property, plant and equipment **                  | 102,080                | 96,418                | 96,413                 | 93,570                |
| Right-of-use assets                               | 298,877                | 262,482               | –                      | –                     |
| Goodwill and other intangible assets              | 6,317                  | 6,358                 | 6,665                  | 6,729                 |
| Deferred tax assets **                            | –                      | –                     | 71                     | 2,130                 |
| Other assets                                      | 22,582                 | –                     | –                      | 890                   |
| <b>Assets held for sale</b>                       | <b>455,837</b>         | <b>432,923</b>        | <b>144,665</b>         | <b>172,527</b>        |
| <b>LIABILITIES</b>                                |                        |                       |                        |                       |
| Trade and other payables                          | 19,365                 | 18,662                | 13,622                 | 19,675                |
| Loans and borrowings                              | 1,766                  | 1,707                 | 2,055                  | 2,200                 |
| Provisions                                        | 9,554                  | 6,693                 | 8,083                  | 7,946                 |
| Deferred revenue                                  | 25,821                 | 31,095                | 26,529                 | 31,175                |
| Lease liabilities                                 | 246,388                | 236,616               | –                      | –                     |
| Deferred tax liabilities **                       | 17,707                 | 10,249                | –                      | –                     |
| <b>Liabilities held for sale</b>                  | <b>320,601</b>         | <b>305,022</b>        | <b>50,289</b>          | <b>60,996</b>         |
| <b>Net assets held for sale</b>                   | <b>135,236</b>         | <b>127,901</b>        | <b>94,376</b>          | <b>111,531</b>        |

\*\* Amortisation, depreciation and impairments charges, and resulting tax benefit, that would have been reflected within the assets and liabilities had the segment Entertainment Germany not been classified as a discontinued operation in October 2018 is as follows:

- For the full year ending 30 June 2020: a reduction in property, plant and equipment of \$19,520,000, a reduction in right-of-use assets of \$54,416,000 and a related tax benefit of \$22,181,000.
- For the half year ended 31 December 2019: a reduction in property, plant and equipment of \$14,513,000, a reduction in right-of-use assets of \$26,831,000 and a related tax benefit of \$12,403,000.
- For the full year ending 30 June 2019 (including AASB 16 adjustments): a reduction in property, plant and equipment of \$9,037,000 and a related cumulative tax benefit of \$2,711,000.
- For the half year ended 31 December 2018 (including AASB 16 adjustments): a reduction in property, plant and equipment of \$2,147,000 and a related cumulative tax benefit of \$644,000.

## SECTION 2 – PERFORMANCE FOR THE YEAR

*This section focuses on the results and performance of the Group. On the following pages are disclosures explaining the Group's revenue, segment reporting, individually significant items, taxation and earnings per share.*

### 2.1 – REVENUE

#### Revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies. The Group's revenue recognition accounting policies are summarised in the table below:

| Type of product/service  | Nature and timing of satisfaction of performance obligations, including significant payment terms                                                                                                                                                                                                                                                                                                          | Revenue recognition policies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Box office</b>        | <p>Customers purchase a ticket to see a film and the customer obtains control of the service when they see the film. Tickets may be purchased by customers in advance or on the day of the film screening.</p> <p>Customers that are members of the Group's cinema loyalty program (Cinebuzz) earn points when purchasing tickets which can be used to purchase services from the Group in the future.</p> | <p>Box office ticket revenue is recognised on the date the customer views the relevant film.</p> <p>When tickets are sold in advance, the revenue is recorded as deferred revenue in the Statement of Financial Position until the date of the film screening.</p> <p>When gift cards and vouchers are sold to customers, the revenue is recognised as deferred revenue in the Statement of Financial Position until the customer uses the gift card or voucher to purchase goods or services from the Group. Revenue from gift cards and vouchers that will not be redeemed by customers ("breakage") is estimated and recognised as revenue based on historical patterns of redemption by customers.</p> <p>When customers earn loyalty points, box office revenue is allocated proportionally based on the relative stand-alone selling prices of the ticket and the loyalty points earned. The stand-alone selling price of the loyalty points is determined with reference to the average admission price and expected loyalty point breakage. Loyalty point revenue is recognised as deferred revenue in the Statement of Financial Position until the points are redeemed or expire. Breakage is estimated based on historical patterns of redemptions by customers.</p> <p>Commission and other direct expenses incurred in relation to the sale of gift cards are recognised as an asset until the gift cards are redeemed or expire.</p> |
| <b>Food and beverage</b> | Customers obtain control of food and beverage at the point of sale.                                                                                                                                                                                                                                                                                                                                        | Revenue is recognised at the point of sale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Hotel rooms</b>       | Customers obtain control of the accommodation service when they occupy the room.                                                                                                                                                                                                                                                                                                                           | Revenue is recognised when the room is occupied.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.1 – REVENUE (continued)

#### Revenue recognition policies (continued)

| Type of product/service                 | Nature and timing of satisfaction of performance obligations, including significant payment terms                                               | Revenue recognition policies                                                                                                                                                                                                             |
|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hotel management and service agreements | Customers, being hotel owners, obtain control of the management service as it is provided over the life of the management or service agreement. | Revenue is recognised as the fees are earned over the life of the contract. Contract acquisition costs are recognised over the life of the control as a reduction in revenue.                                                            |
| Thredbo lift tickets                    | Customers obtain control of the lift service on the day or other period when the lift ticket is valid for use.                                  | Revenue is recognised as customers use the service. For season and other passes, revenue is recorded as deferred revenue in the Statement of Financial Position initially and is then recognised over the period that the pass is valid. |
| Thredbo ski school                      | Customers obtain control of the ski school service when the lesson is attended.                                                                 | Revenue is recognised at the time of the lesson or other activity.                                                                                                                                                                       |

Details of the Group's revenue have been provided below:

|                                                            | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|------------------------------------------------------------|----------------|----------------------------|
| <b>Revenue from contracts with customers (see below)</b>   | 505,841        | 956,991                    |
| <b>Other revenue</b>                                       |                |                            |
| Rental revenue                                             | 27,121         | 30,446                     |
| Finance revenue                                            | 215            | 369                        |
| Dividends                                                  | 5              | 5                          |
| Government wage subsidies and other support <sup>(a)</sup> | 112,563        | 38,176                     |
| Sundry                                                     | 560            | 1,750                      |
|                                                            | 140,464        | 70,746                     |
| <b>Other income</b>                                        |                |                            |
| Reversal of impairment charges booked in previous years    | 3,997          | 2,219                      |
| Insurance proceeds                                         | –              | –                          |
| Increase in fair value of investment properties            | 6,950          | –                          |
| Profit on sale of property, plant and equipment            | 35,222         | 965                        |
|                                                            | 46,169         | 3,184                      |
|                                                            | 692,474        | 1,030,921                  |

<sup>(a)</sup> Government wage subsidies and other support includes:

- JobKeeper, was a temporary subsidy scheme implemented by the Australian Government to support businesses that had been impacted by COVID-19 and had experienced significant reductions in annual turnover. Certain Group companies resident in Australia qualified for JobKeeper;
- Wage Subsidy, is a temporary subsidy scheme implemented by the New Zealand government to support businesses that had experienced significant reductions in revenue during the COVID-19 period. Certain Group companies resident in New Zealand qualified for the Wage Subsidy.
- Kurzarbeitergeld, is a temporary wage subsidy implemented by the German government to support businesses that have experienced significant reductions in revenue during the COVID-19 period. Certain Group companies resident in Germany have qualified for the Wage Subsidy. In addition, the Damage Support program was implemented by the Germany government as a form of compensation for businesses affected by the November and December 2020 lockdown period.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.1 – REVENUE (continued)

|                                                                             | Entertainment             |               | Hotels and Resorts | Thredbo Alpine Resort | Property and other investments | Corporate and Unallocated | Consolidated   |
|-----------------------------------------------------------------------------|---------------------------|---------------|--------------------|-----------------------|--------------------------------|---------------------------|----------------|
|                                                                             | Australia and New Zealand | Germany       |                    |                       |                                |                           |                |
| Disaggregation of revenue from contracts with customers                     | \$'000                    | \$'000        | \$'000             | \$'000                | \$'000                         | \$'000                    | \$'000         |
| <b>2021</b>                                                                 |                           |               |                    |                       |                                |                           |                |
| <b>Major products/service lines</b>                                         |                           |               |                    |                       |                                |                           |                |
| Box office                                                                  | 117,307                   | 14,128        | –                  | –                     | –                              | –                         | 131,435        |
| Food and beverage                                                           | 63,963                    | 7,678         | 59,155             | 13,478                | –                              | –                         | 144,274        |
| Hotel rooms                                                                 | –                         | –             | 101,855            | 3,964                 | –                              | –                         | 105,819        |
| Management and service agreements                                           | 1,757                     | 243           | 9,798              | –                     | –                              | –                         | 11,798         |
| Thredbo lift tickets                                                        | –                         | –             | –                  | 39,098                | –                              | –                         | 39,098         |
| Other revenue from contracts with customers                                 | 42,748                    | 4,570         | 13,146             | 11,027                | 1,926                          | –                         | 73,417         |
| <b>Revenue from contracts with customers</b>                                | <b>225,775</b>            | <b>26,619</b> | <b>183,954</b>     | <b>67,567</b>         | <b>1,926</b>                   | <b>–</b>                  | <b>505,841</b> |
| Rental revenue                                                              | 103                       | 4,425         | 1,608              | 7,942                 | 13,043                         | –                         | 27,121         |
| Government wage subsidies and other support                                 | 35,108                    | 56,401        | 17,160             | 2,642                 | –                              | 1,252                     | 112,563        |
| Finance revenue                                                             | –                         | –             | –                  | –                     | –                              | 215                       | 215            |
| Dividends                                                                   | –                         | –             | –                  | –                     | –                              | 5                         | 5              |
| Increase in fair value of investment property                               | –                         | –             | –                  | –                     | 6,950                          | –                         | 6,950          |
| Sundry                                                                      | –                         | 61            | 7                  | 508                   | –                              | –                         | 576            |
| <b>Total revenue and other income before individually significant items</b> | <b>260,986</b>            | <b>87,506</b> | <b>202,729</b>     | <b>78,659</b>         | <b>21,919</b>                  | <b>1,472</b>              | <b>653,271</b> |
| Individually significant items – other income                               | 24,709                    | –             | 3,627              | –                     | 10,867                         | –                         | 39,203         |
| <b>Total revenue and other income</b>                                       | <b>285,695</b>            | <b>87,506</b> | <b>206,356</b>     | <b>78,659</b>         | <b>32,786</b>                  | <b>1,472</b>              | <b>692,474</b> |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.1 – REVENUE (continued)

|                                                                             | Entertainment                |                |                       | Thredbo<br>Alpine<br>Resort | Property and<br>other<br>investments | Corporate and<br>Unallocated | Consolidated     |
|-----------------------------------------------------------------------------|------------------------------|----------------|-----------------------|-----------------------------|--------------------------------------|------------------------------|------------------|
|                                                                             | Australia and<br>New Zealand | Germany        | Hotels and<br>Resorts |                             |                                      |                              |                  |
| Disaggregation of revenue from contracts with customers                     | \$'000                       | \$'000         | \$'000                | \$'000                      | \$'000                               | \$'000                       | \$'000           |
| <b>Restated 2020</b>                                                        |                              |                |                       |                             |                                      |                              |                  |
| <b>Major products/service lines</b>                                         |                              |                |                       |                             |                                      |                              |                  |
| Box office                                                                  | 227,091                      | 139,067        | –                     | –                           | –                                    | –                            | 366,158          |
| Food and beverage                                                           | 104,253                      | 70,878         | 88,058                | 11,972                      | –                                    | –                            | 275,161          |
| Hotel rooms                                                                 | –                            | –              | 147,458               | 2,780                       | –                                    | –                            | 150,238          |
| Management and service agreements                                           | 1,943                        | 429            | 12,506                | –                           | –                                    | –                            | 14,878           |
| Thredbo lift tickets                                                        | –                            | –              | –                     | 39,120                      | –                                    | –                            | 39,120           |
| Other revenue from contracts with customers                                 | 56,292                       | 27,578         | 15,285                | 9,897                       | 2,384                                | –                            | 111,436          |
| <b>Revenue from contracts with customers</b>                                | <b>389,579</b>               | <b>237,952</b> | <b>263,307</b>        | <b>63,769</b>               | <b>2,384</b>                         | <b>–</b>                     | <b>956,991</b>   |
| Rental revenue                                                              | 73                           | 4,606          | 1,880                 | 7,809                       | 16,078                               | –                            | 30,446           |
| Government wage subsidies                                                   | 20,987                       | 3,844          | 11,375                | 1,502                       | –                                    | 468                          | 38,176           |
| Finance revenue                                                             | –                            | –              | –                     | –                           | –                                    | 369                          | 369              |
| Dividends                                                                   | –                            | –              | –                     | –                           | –                                    | 5                            | 5                |
| Increase in fair value of investment property                               | –                            | –              | –                     | –                           | –                                    | –                            | –                |
| Sundry                                                                      | –                            | 342            | 1,011                 | 834                         | –                                    | 17                           | 2,204            |
| <b>Total revenue and other income before individually significant items</b> | <b>410,639</b>               | <b>246,744</b> | <b>277,573</b>        | <b>73,914</b>               | <b>18,462</b>                        | <b>859</b>                   | <b>1,028,191</b> |
| Individually significant items – other income                               | –                            | –              | 2,219                 | –                           | 511                                  | –                            | 2,730            |
| <b>Total revenue and other income</b>                                       | <b>410,639</b>               | <b>246,744</b> | <b>279,792</b>        | <b>73,914</b>               | <b>18,973</b>                        | <b>859</b>                   | <b>1,030,921</b> |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.2 – SEGMENT REPORTING

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#### Accounting policy

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses from transactions with other Group segments. All segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to a segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment, before individually significant items, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate head office assets, head office expenses, and income tax assets and liabilities.

Additions to non-current segment assets are the total cost incurred during the period to acquire assets that include amounts expected to be recovered over more than 12 months after the year end date. Amounts include property, plant and equipment, but exclude financial instruments and deferred tax assets.

Segment information is presented in respect of the Group's reporting segments. These are the Group's main strategic business segments and have differing risks and rewards associated with the business due to their different product or service and geographic markets. For each of these operating segments, the Group's CEO regularly reviews internal management reports.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segments relative to those of other businesses. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest bearing loans and borrowings and borrowing costs, interest income and corporate head office assets and expenses.

#### Operating segments

The Group comprises the following main operating segments:

##### Entertainment

Includes cinema exhibition operations in Australia and New Zealand, technology equipment supply and servicing, and the State Theatre.

##### Entertainment Germany

Includes the cinema exhibition operations in Germany. Refer to note 1.5 for further information.

##### Hotels and Resorts

Includes the ownership, operation and management of hotels in Australia and New Zealand.

##### Thredbo Alpine Resort

Includes all the operations of the resort including property development activities.

##### Property and Other Investments

Includes property rental, investment properties and investments designated as at fair value through other comprehensive income.

#### Geographical information

Also presented is information on the Group's split of revenue and non-current assets by geographic location. Geographic revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The Group operates in Australia, New Zealand and Germany.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.2 – SEGMENT REPORTING

|                                                              | Entertainment                       |                   | Hotels and Resorts<br>\$'000 | Thredbo Alpine Resort<br>\$'000 | Property<br>\$'000 | Corporate<br>\$'000 | Total segments<br>\$'000 | Individually significant items<br>\$'000 | Unallocated and tax<br>\$'000 | Consolidated<br>\$'000 |
|--------------------------------------------------------------|-------------------------------------|-------------------|------------------------------|---------------------------------|--------------------|---------------------|--------------------------|------------------------------------------|-------------------------------|------------------------|
|                                                              | Australia and New Zealand<br>\$'000 | Germany<br>\$'000 |                              |                                 |                    |                     |                          |                                          |                               |                        |
| <b>30 June 2021</b>                                          |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                        |
| <b>Revenue and other income</b>                              |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                        |
| External segment revenue                                     | 225,878                             | 31,105            | 185,562                      | 76,008                          | 14,969             | –                   | 533,522                  | –                                        | –                             | 533,522                |
| Other income – external                                      | 35,108                              | 56,401            | 17,167                       | 2,651                           | 6,950              | 1,252               | 119,529                  | 39,203                                   | 5                             | 158,737                |
| Finance revenue                                              | –                                   | –                 | –                            | –                               | –                  | –                   | –                        | –                                        | 215                           | 215                    |
| <b>Revenue and other income</b>                              | <b>260,986</b>                      | <b>87,506</b>     | <b>202,729</b>               | <b>78,659</b>                   | <b>21,919</b>      | <b>1,252</b>        | <b>653,051</b>           | <b>39,203</b>                            | <b>220</b>                    | <b>692,474</b>         |
| <b>Result</b>                                                |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                        |
| Segment result                                               | 67,724                              | 12,007            | 36,674                       | 29,775                          | 16,748             | (12,735)            | 150,193                  | 19,833                                   | –                             | 170,026                |
| Net profit of equity accounted investees                     | (914)                               | 1,972             | (368)                        | –                               | –                  | –                   | 690                      | –                                        | –                             | 690                    |
| <b>EBITDA*</b>                                               | <b>66,810</b>                       | <b>13,979</b>     | <b>36,306</b>                | <b>29,775</b>                   | <b>16,748</b>      | <b>(12,735)</b>     | <b>150,883</b>           | <b>19,833</b>                            | <b>–</b>                      | <b>170,716</b>         |
| Depreciation and amortisation                                | (90,095)                            | (56,432)          | (30,489)                     | (4,651)                         | (2,745)            | (2,215)             | (186,627)                | –                                        | –                             | (186,627)              |
| Impairment charge                                            | –                                   | –                 | –                            | –                               | –                  | –                   | –                        | (5,923)                                  | –                             | (5,923)                |
| <b>Profit/(loss) before interest and income tax expense</b>  | <b>(23,285)</b>                     | <b>(42,453)</b>   | <b>5,817</b>                 | <b>25,124</b>                   | <b>14,003</b>      | <b>(14,950)</b>     | <b>(35,744)</b>          | <b>13,910</b>                            | <b>–</b>                      | <b>(21,834)</b>        |
| Finance costs                                                | (19,613)                            | (2,006)           | (1,661)                      | –                               | –                  | –                   | (23,280)                 | –                                        | (18,129)                      | (41,409)               |
| Finance revenue                                              | –                                   | –                 | –                            | –                               | –                  | –                   | –                        | –                                        | 215                           | 215                    |
| <b>Profit/(loss) before income tax expense</b>               | <b>(42,898)</b>                     | <b>(44,459)</b>   | <b>4,156</b>                 | <b>25,124</b>                   | <b>14,003</b>      | <b>(14,950)</b>     | <b>(59,024)</b>          | <b>13,910</b>                            | <b>(17,914)</b>               | <b>(63,028)</b>        |
| Income tax credit/(expense)                                  | –                                   | –                 | –                            | –                               | –                  | –                   | –                        | (2,136)                                  | 17,128                        | 14,992                 |
| <b>Net profit/(loss)</b>                                     | <b>(42,898)</b>                     | <b>(44,459)</b>   | <b>4,156</b>                 | <b>25,124</b>                   | <b>14,003</b>      | <b>(14,950)</b>     | <b>(59,024)</b>          | <b>11,774</b>                            | <b>(786)</b>                  | <b>(48,036)</b>        |
| <b>Assets</b>                                                |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                        |
| Reportable segment assets (excluding right-of use assets)    | 335,568                             | 181,096           | 727,039                      | 67,940                          | 345,531            | –                   | 1,657,174                | –                                        | 49,644                        | 1,706,818              |
| Right-of-use assets                                          | 582,984                             | 257,058           | 68,499                       | –                               | –                  | –                   | 908,541                  | –                                        | –                             | 908,541                |
| Equity accounted investments                                 | 5,580                               | 4,114             | 4,251                        | –                               | –                  | –                   | 13,945                   | –                                        | –                             | 13,945                 |
| Deferred tax assets                                          | –                                   | –                 | –                            | –                               | –                  | –                   | –                        | –                                        | 39,276                        | 39,276                 |
| <b>Total assets</b>                                          | <b>924,132</b>                      | <b>442,268</b>    | <b>799,789</b>               | <b>67,940</b>                   | <b>345,531</b>     | <b>–</b>            | <b>2,579,660</b>         | <b>–</b>                                 | <b>88,920</b>                 | <b>2,668,580</b>       |
| <b>Liabilities</b>                                           |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                        |
| Reportable segment liabilities (excluding lease liabilities) | 126,012                             | 71,100            | 49,127                       | 48,873                          | –                  | –                   | 295,112                  | –                                        | 489,190                       | 784,302                |
| Lease liabilities                                            | 670,508                             | 267,027           | 74,207                       | –                               | –                  | –                   | 1,011,742                | –                                        | –                             | 1,011,742              |
| Deferred tax Liabilities                                     | –                                   | –                 | –                            | –                               | –                  | –                   | –                        | –                                        | –                             | –                      |
| <b>Total liabilities</b>                                     | <b>796,520</b>                      | <b>338,127</b>    | <b>123,334</b>               | <b>48,873</b>                   | <b>–</b>           | <b>–</b>            | <b>1,306,854</b>         | <b>–</b>                                 | <b>489,190</b>                | <b>1,796,044</b>       |
| Acquisition of non-current assets                            | 12,485                              | 91                | 20,621                       | 4,247                           | 4,591              | 522                 | 42,557                   | –                                        | –                             | 42,557                 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.2 – SEGMENT REPORTING

|                                                     | Entertainment                       |                   |                              |                                 |                    |                     | Total segments<br>\$'000 | Individually significant items<br>\$'000 | Unallocated and tax<br>\$'000 | Restated Consolidated<br>\$'000 |
|-----------------------------------------------------|-------------------------------------|-------------------|------------------------------|---------------------------------|--------------------|---------------------|--------------------------|------------------------------------------|-------------------------------|---------------------------------|
|                                                     | Australia and New Zealand<br>\$'000 | Germany<br>\$'000 | Hotels and Resorts<br>\$'000 | Thredbo Alpine Resort<br>\$'000 | Property<br>\$'000 | Corporate<br>\$'000 |                          |                                          |                               |                                 |
| <b>30 June 2021</b>                                 |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                                 |
| <b>Reconciliation of adjustments AASB 16 Leases</b> |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                                 |
| Reported EBITDA (including AASB 16 Leases)*         | 66,810                              | 13,979            | 36,306                       | 29,775                          | 16,748             | (12,735)            | 150,883                  | 19,833                                   | –                             | 170,716                         |
| Less: Occupancy costs                               | (73,210)                            | (47,595)          | (2,857)                      | –                               | –                  | –                   | (123,662)                | –                                        | –                             | (123,662)                       |
| Adjusted EBITDA (excluding AASB 16 Leases)*         | (6,400)                             | (33,616)          | 33,449                       | 29,775                          | 16,748             | (12,735)            | 27,221                   | 19,833                                   | –                             | 47,054                          |
| <b>Result impacts arising from AASB 16 Leases</b>   |                                     |                   |                              |                                 |                    |                     |                          |                                          |                               |                                 |
| Occupancy costs                                     | 73,210                              | 47,595            | 2,857                        | –                               | –                  | –                   | 123,662                  | –                                        | –                             | 123,662                         |
| Amortisation                                        | (57,894)                            | (47,456)          | (2,995)                      | –                               | –                  | –                   | (108,345)                | –                                        | –                             | (108,345)                       |
| Finance costs                                       | (19,613)                            | (2,006)           | (1,661)                      | –                               | –                  | –                   | (23,280)                 | –                                        | –                             | (23,280)                        |
| Income tax credit**                                 | 1,149                               | 560               | 495                          | –                               | –                  | –                   | 2,204                    | –                                        | –                             | 2,204                           |
|                                                     | (3,148)                             | (1,307)           | (1,304)                      | –                               | –                  | –                   | (5,759)                  | –                                        | –                             | (5,759)                         |

\* EBITDA is profit before net interest, income tax, depreciation and amortisation

\*\* The tax impact for AASB 16 and the operations of the Group are reported as an unallocated impact.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.2 – SEGMENT REPORTING

30 June 2020 – restated

#### Revenue and other income

|                          | Australia and<br>New Zealand<br>\$'000 | Germany<br>\$'000 | Hotels and<br>Resorts<br>\$'000 | Thredbo<br>Alpine Resort<br>\$'000 | Property<br>\$'000 | Corporate<br>\$'000 | Total<br>segments<br>\$'000 | Individually<br>significant items<br>\$'000 | Unallocated<br>and tax<br>\$'000 | Restated<br>Consolidated<br>\$'000 |
|--------------------------|----------------------------------------|-------------------|---------------------------------|------------------------------------|--------------------|---------------------|-----------------------------|---------------------------------------------|----------------------------------|------------------------------------|
| External segment revenue | 389,652                                | 242,900           | 265,337                         | 72,308                             | 18,467             | –                   | 988,664                     | –                                           | –                                | 988,664                            |
| Other income – external  | 20,986                                 | 3,844             | 12,236                          | 1,606                              | –                  | 468                 | 39,140                      | 2,730                                       | 18                               | 41,888                             |
| Finance revenue          | –                                      | –                 | –                               | –                                  | –                  | –                   | –                           | –                                           | 369                              | 369                                |

#### Revenue and other income

|  |         |         |         |        |        |     |           |       |     |           |
|--|---------|---------|---------|--------|--------|-----|-----------|-------|-----|-----------|
|  | 410,638 | 246,744 | 277,573 | 73,914 | 18,467 | 468 | 1,027,804 | 2,730 | 387 | 1,030,921 |
|--|---------|---------|---------|--------|--------|-----|-----------|-------|-----|-----------|

#### Result

|                                          |         |        |        |        |       |          |         |         |    |         |
|------------------------------------------|---------|--------|--------|--------|-------|----------|---------|---------|----|---------|
| Segment result                           | 103,722 | 46,403 | 65,079 | 24,865 | 9,142 | (14,807) | 234,404 | (9,807) | 18 | 224,615 |
| Net profit of equity accounted investees | (729)   | 116    | (134)  | –      | –     | –        | (747)   | –       | –  | (747)   |

#### EBITDA\*

|                               |          |          |          |         |         |          |           |          |    |           |
|-------------------------------|----------|----------|----------|---------|---------|----------|-----------|----------|----|-----------|
|                               | 102,993  | 46,519   | 64,945   | 24,865  | 9,142   | (14,807) | 233,657   | (9,807)  | 18 | 223,868   |
| Depreciation and amortisation | (91,237) | (65,173) | (31,217) | (3,916) | (2,788) | (2,324)  | (196,655) | –        | –  | (196,655) |
| Impairment charge             | –        | –        | –        | –       | –       | –        | –         | (63,142) | –  | (63,142)  |

#### Profit/(loss) before interest and income tax expense

|                 |          |          |         |        |       |          |          |          |         |          |
|-----------------|----------|----------|---------|--------|-------|----------|----------|----------|---------|----------|
|                 | 11,756   | (18,654) | 33,728  | 20,949 | 6,354 | (17,131) | 37,002   | (72,949) | 18      | (35,929) |
| Finance costs   | (20,354) | (2,176)  | (1,854) | –      | –     | –        | (24,384) | –        | (8,498) | (32,882) |
| Finance revenue | –        | –        | –       | –      | –     | –        | –        | –        | 369     | 369      |

#### Profit/(loss) before income tax expense

|                             |         |          |        |        |       |          |        |          |         |          |
|-----------------------------|---------|----------|--------|--------|-------|----------|--------|----------|---------|----------|
|                             | (8,598) | (20,830) | 31,874 | 20,949 | 6,354 | (17,131) | 12,618 | (72,949) | (8,111) | (68,442) |
| Income tax credit/(expense) | –       | –        | –      | –      | –     | –        | –      | 20,137   | (8,682) | 11,455   |

#### Net profit

|  |         |          |        |        |       |          |        |          |          |          |
|--|---------|----------|--------|--------|-------|----------|--------|----------|----------|----------|
|  | (8,598) | (20,830) | 31,874 | 20,949 | 6,354 | (17,131) | 12,618 | (52,812) | (16,793) | (56,987) |
|--|---------|----------|--------|--------|-------|----------|--------|----------|----------|----------|

#### Assets

|                                                           |                |                |                |               |                |          |                  |          |                |                  |
|-----------------------------------------------------------|----------------|----------------|----------------|---------------|----------------|----------|------------------|----------|----------------|------------------|
| Reportable segment assets (excluding right-of use assets) | 370,027        | 135,140        | 725,595        | 72,511        | 341,387        | –        | 1,644,660        | –        | 56,893         | 1,701,553        |
| Right-of-use assets                                       | 554,221        | 244,461        | 50,227         | –             | –              | –        | 848,909          | –        | –              | 848,909          |
| Equity accounted investments                              | 6,495          | 2,300          | 9,504          | –             | –              | –        | 18,299           | –        | –              | 18,299           |
| Deferred tax assets                                       | –              | –              | –              | –             | –              | –        | –                | –        | 63,110         | 63,110           |
| <b>Total assets</b>                                       | <b>930,743</b> | <b>381,901</b> | <b>785,326</b> | <b>72,511</b> | <b>341,387</b> | <b>–</b> | <b>2,511,868</b> | <b>–</b> | <b>120,003</b> | <b>2,631,871</b> |

#### Liabilities

|                                                              |                |                |               |               |          |          |                  |          |                |                  |
|--------------------------------------------------------------|----------------|----------------|---------------|---------------|----------|----------|------------------|----------|----------------|------------------|
| Reportable segment liabilities (excluding lease liabilities) | 111,830        | 56,506         | 37,541        | 34,101        | –        | –        | 239,978          | –        | 522,300        | 762,278          |
| Lease liabilities                                            | 636,550        | 246,388        | 54,125        | –             | –        | –        | 937,063          | –        | –              | 937,063          |
| Deferred tax liabilities                                     | –              | –              | –             | –             | –        | –        | –                | –        | 9,094          | 9,094            |
| <b>Total Liabilities</b>                                     | <b>748,380</b> | <b>302,894</b> | <b>91,666</b> | <b>34,101</b> | <b>–</b> | <b>–</b> | <b>1,177,041</b> | <b>–</b> | <b>531,394</b> | <b>1,708,435</b> |

#### Acquisition of non-current assets

|  |        |       |        |        |       |   |         |   |   |         |
|--|--------|-------|--------|--------|-------|---|---------|---|---|---------|
|  | 68,899 | 4,573 | 27,383 | 28,036 | 3,336 | – | 132,227 | – | – | 132,227 |
|--|--------|-------|--------|--------|-------|---|---------|---|---|---------|

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.2 – SEGMENT REPORTING

|                                                     | Entertainment                          |                   |                                 |                                       |                    |                     |                             |                                             |                                   |                                    |
|-----------------------------------------------------|----------------------------------------|-------------------|---------------------------------|---------------------------------------|--------------------|---------------------|-----------------------------|---------------------------------------------|-----------------------------------|------------------------------------|
|                                                     | Australia and<br>New Zealand<br>\$'000 | Germany<br>\$'000 | Hotels and<br>Resorts<br>\$'000 | Thredbo<br>Alpine<br>Resort<br>\$'000 | Property<br>\$'000 | Corporate<br>\$'000 | Total<br>segments<br>\$'000 | Individually<br>significant items<br>\$'000 | Unallocat<br>ed and tax<br>\$'000 | Restated<br>Consolidated<br>\$'000 |
| <b>30 June 2020 – Restated</b>                      |                                        |                   |                                 |                                       |                    |                     |                             |                                             |                                   |                                    |
| <b>Reconciliation of adjustments AASB 16 Leases</b> |                                        |                   |                                 |                                       |                    |                     |                             |                                             |                                   |                                    |
| Reported EBITDA (including AASB 16 Leases)*         | 102,993                                | 46,519            | 64,945                          | 24,865                                | 9,142              | (14,807)            | 233,657                     | (9,807)                                     | 18                                | 223,868                            |
| Less: Occupancy costs                               | (78,264)                               | (54,935)          | (3,923)                         | –                                     | –                  | –                   | (137,122)                   | –                                           | –                                 | (137,122)                          |
| <b>Adjusted EBITDA (excluding AASB 16 Leases)*</b>  | <b>24,729</b>                          | <b>(8,416)</b>    | <b>61,022</b>                   | <b>24,865</b>                         | <b>9,142</b>       | <b>(14,807)</b>     | <b>96,535</b>               | <b>(9,807)</b>                              | <b>18</b>                         | <b>86,746</b>                      |
| <b>Result impacts arising from AASB 16 Leases</b>   |                                        |                   |                                 |                                       |                    |                     |                             |                                             |                                   |                                    |
| Occupancy costs                                     | 78,264                                 | 54,935            | 3,923                           | –                                     | –                  | –                   | 137,122                     | –                                           | –                                 | 137,122                            |
| Amortisation                                        | (57,838)                               | (53,477)          | (2,799)                         | –                                     | –                  | –                   | (114,114)                   | –                                           | –                                 | (114,114)                          |
| Finance costs                                       | (20,353)                               | (2,176)           | (1,854)                         | –                                     | –                  | –                   | (24,383)                    | –                                           | –                                 | (24,383)                           |
| Income tax credit**                                 | (22)                                   | 298               | 213                             | –                                     | –                  | –                   | 489                         | –                                           | –                                 | 489                                |
|                                                     | 51                                     | (420)             | (517)                           | –                                     | –                  | –                   | (886)                       | –                                           | –                                 | (886)                              |

\* EBITDA is profit before net interest, income tax, depreciation and amortisation

\*\* The tax impact for AASB 16 and the operations of the Group are reported as an unallocated impact.

### Geographic Information

The information below is a segment analysis by geographic location.

|                                   | 30 June 2021        |                          |                   |                                 | 30 June 2020 – Restated |                          |                   |                                 |
|-----------------------------------|---------------------|--------------------------|-------------------|---------------------------------|-------------------------|--------------------------|-------------------|---------------------------------|
|                                   | Australia<br>\$'000 | New<br>Zealand<br>\$'000 | Germany<br>\$'000 | Total<br>Consolidated<br>\$'000 | Australia<br>\$'000     | New<br>Zealand<br>\$'000 | Germany<br>\$'000 | Total<br>Consolidated<br>\$'000 |
| External segment revenue          | 421,909             | 80,508                   | 31,105            | 533,522                         | 637,971                 | 107,793                  | 242,900           | 988,664                         |
| Reportable segment assets         | 1,248,979           | 222,985                  | 185,210           | 1,657,174                       | 1,280,385               | 229,024                  | 135,251           | 1,644,760                       |
| Right-of-use assets               | 504,414             | 140,814                  | 263,313           | 908,541                         | 477,416                 | 127,143                  | 244,350           | 848,909                         |
| Equity accounted investments      | 5,580               | 4,251                    | 4,114             | 13,945                          | 6,495                   | 9,504                    | 2,300             | 18,299                          |
| <b>Total assets</b>               | <b>1,758,973</b>    | <b>368,050</b>           | <b>452,637</b>    | <b>2,579,660</b>                | <b>1,764,296</b>        | <b>365,671</b>           | <b>381,901</b>    | <b>2,511,868</b>                |
| Acquisition of non-current assets | 27,906              | 13,460                   | 91                | 41,457                          | 85,186                  | 42,468                   | 4,573             | 132,227                         |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

|                                                                                           | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|-------------------------------------------------------------------------------------------|----------------|----------------------------|
| <b>2.3 – INDIVIDUALLY SIGNIFICANT ITEMS</b>                                               |                |                            |
| Individually significant items comprised the following:                                   |                |                            |
| Profit on sale of properties                                                              | 35,205         | –                          |
| Reversal of impairment charges booked in previous years                                   | 3,997          | 2,219                      |
| Impairment charges                                                                        | (9,920)        | (56,910)                   |
| Write-off of assets                                                                       | –              | (6,232)                    |
| Restructure costs, redundancies and staff retention costs arising as a result of COVID-19 | (5,895)        | (6,723)                    |
| Hotel and cinema pre-opening costs                                                        | –              | (592)                      |
| Legal and other costs associated with the sale of a business segment                      | (4,683)        | (2,263)                    |
| Other expenses (net of income items)                                                      | (4,794)        | (2,448)                    |
| Individually significant items expense before income tax                                  | 13,910         | (72,949)                   |
| Income tax benefit                                                                        | (2,136)        | 20,137                     |
| Individually significant items (expense)/income after income tax                          | 11,774         | (52,812)                   |

## 2.4 – TAXATION

### Accounting policy

Income tax expense in the Income Statement for the periods presented comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

### Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The Company and its Australian wholly-owned subsidiaries are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. EVENT Hospitality & Entertainment Limited is the head entity within the tax consolidated group.

### Deferred tax

Deferred tax arises due to certain temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and those for taxation purposes. The following temporary differences are not provided for:

- taxable temporary differences on the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set off.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference.

The Group has unrecognised deferred tax assets in respect of certain foreign tax revenue losses as disclosed on page 63. The utilisation of the tax revenue losses is dependent upon the generation of sufficient future taxable profits within the applicable foreign tax entities and a deferred tax asset is only recognised to the extent that it is supported by sufficient forecast taxable profits. Assumptions regarding the generation of future taxable profits relevant to those foreign tax entities have been based upon management's budget estimates and forecasts. Management considers that the forecast of taxable profits for the applicable foreign tax entities is subject to risk and uncertainty; hence, the Group has not recognised all of the losses as a deferred tax asset.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

|                                                                         | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|-------------------------------------------------------------------------|----------------|----------------------------|
| <b>2.4 – TAXATION (continued)</b>                                       |                |                            |
| <b>Income tax credit/(expense)</b>                                      |                |                            |
| The major components of income tax credit/(expense) are:                |                |                            |
| <i>Current income tax</i>                                               |                |                            |
| Current income tax credit/(expense)                                     | 30,125         | (579)                      |
| Income tax adjustment from the prior year                               | (757)          | 47                         |
| <i>Deferred income tax</i>                                              |                |                            |
| Relating to origination and reversal of temporary differences           | (14,376)       | 11,987                     |
| Income tax credit reported in the Income Statement                      | 14,992         | 11,455                     |
| Income tax (expense)/ credit reported in equity                         | (1,135)        | 28,609                     |
| <b>Reconciliation between income tax expense and pre-tax loss</b>       |                |                            |
| Accounting loss before income tax expense                               | (63,028)       | (68,442)                   |
| Prima facie income tax credit at the income tax rate of 30% (2020: 30%) | 18,908         | 20,533                     |
| Increase in income tax expense due to:                                  |                |                            |
| Impairment write-down                                                   | –              | (3,583)                    |
| Non-deductible items and losses                                         | (11,950)       | (6,043)                    |
| Gain/(loss) on disposal of non-depreciable properties                   | 3,049          | 3,173                      |
| Restatement of depreciation relating to New Zealand assets              | 9,057          | –                          |
| Other                                                                   | (3,315)        | (2,672)                    |
| Income tax (under)/over provided in the prior year                      | (757)          | 47                         |
| Total income tax credit                                                 | 14,992         | 11,455                     |
| <b>Unrecognised deferred tax assets</b>                                 |                |                            |
| Revenue losses – foreign                                                | 20,339         | 7,696                      |

Included in the deferred tax assets not recognised is the gross value of corporate tax and trade tax losses arising in Germany of \$67,797,000 (2020: \$25,654,000). The availability of these tax losses is subject to certain utilisation limits and ongoing availability tests under German tax law. At 30 June 2021, there was no recognised deferred income tax liability (2020: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or incorporated joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.4 – TAXATION (continued)

|                                                     | Statement of Financial Position |               | Income Statement |               |
|-----------------------------------------------------|---------------------------------|---------------|------------------|---------------|
|                                                     | 2021                            | Restated 2020 | 2021             | Restated 2020 |
|                                                     | \$'000                          | \$'000        | \$'000           | \$'000        |
| Deferred tax liabilities comprise:                  |                                 |               |                  |               |
| Right-of-use assets                                 | 265,047                         | 270,544       | 5,497            | 1,040         |
| Property, plant and equipment and intangible assets | 39,487                          | 38,561        | (7,037)          | (15,243)      |
| Accrued revenue                                     | 4,651                           | 7,265         | 2,524            | 2,779         |
| Sundry items                                        | 2,269                           | 1,314         | (960)            | (13)          |
|                                                     | 311,454                         | 317,684       |                  |               |
| Less: offsetting deferred tax assets                | (311,454)                       | (308,590)     |                  |               |
|                                                     | –                               | 9,094         |                  |               |
| Deferred tax assets comprise:                       |                                 |               |                  |               |
| Lease liabilities                                   | 295,798                         | 280,666       | 15,132           | 14,597        |
| Property, plant and equipment and intangible assets | 3,117                           | 10,905        | (1,640)          | (5,395)       |
| Share of joint venture entity timing differences    | 17,007                          | 14,322        | 2,685            | (2,762)       |
| Provisions and accrued employee benefits            | 13,451                          | 12,360        | 1,024            | (1,875)       |
| Deferred revenue                                    | 5,420                           | 10,263        | (4,952)          | (1,313)       |
| Tax losses                                          | 12,734                          | 12,678        | 387              | (6,703)       |
| Sundry items                                        | 3,203                           | 30,506        | (27,036)         | 2,901         |
|                                                     | 350,730                         | 371,700       |                  |               |
| Less: offsetting deferred tax liabilities           | (311,454)                       | (308,590)     |                  |               |
|                                                     | 39,276                          | 63,110        |                  |               |
| <b>Deferred tax credit/(expense)</b>                |                                 |               | <b>(14,376)</b>  | <b>11,987</b> |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 2 – PERFORMANCE FOR THE YEAR

### 2.5 – EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing the (loss)/profit attributable to members of the Company by the weighted average number of ordinary shares of the Company.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

|                                                                | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------------------------------------------------------|----------------|----------------------------|
| Loss attributable to ordinary shareholders (basic and diluted) | (48,036)       | (56,987)                   |
|                                                                | Number         | Number                     |
| Weighted average number of ordinary shares (basic)             | 161,195,521    | 161,062,083                |
| Effect of performance shares and performance rights            | 886,736        | 857,639                    |
| Weighted average number of ordinary shares (diluted)           | 162,082,257    | 161,919,722                |

Further details in relation to the Executive Performance Rights Plan and Executive Performance Share Plan are provided in Note 6.1.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

*This section shows the assets used to generate the Group's trading performance and the liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in Note 2.5.*

*On the following pages, there are sections covering working capital balances, property, plant and equipment, investment properties, intangible assets and provisions.*

### 3.1 – TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value, and subsequently at the amounts considered recoverable (amortised cost). Where the payment terms for the sale of an asset are deferred, the receivable is discounted using the prevailing rate for a similar instrument of an issuer with similar credit terms. The unwinding of the discount is treated as finance revenue.

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. The Group's exposure to credit and foreign exchange risks related to trade and other receivables is disclosed in Note 4.5.

Estimates are used in determining the level of receivables that will not be collected, and these estimates take into account factors such as historical experience. Allowances are made for impairment losses when there is sufficient evidence that the Group will not be able to collect all amounts due. These allowances are made until such time that the Group is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off against the asset directly. The carrying value of trade and other receivables is considered to approximate fair value. Receivables are stated with the amount of goods and services tax ("GST") or equivalent tax included.

|                                       | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|---------------------------------------|----------------|----------------------------|
| <b>Current</b>                        |                |                            |
| Trade receivables                     | 13,324         | 17,420                     |
| Less: allowance for trade receivables | (1,354)        | (2,370)                    |
|                                       | 11,970         | 15,050                     |
| Other receivables                     | 86,830         | 40,973                     |
|                                       | 98,800         | 56,023                     |
| <b>Non-current</b>                    |                |                            |
| Other receivables                     | 672            | 500                        |
| Receivable from associates            | –              | 43                         |
|                                       | 672            | 543                        |

As at 30 June 2021, trade receivables with a value of \$1,354,000 (2020: \$2,278,000) were impaired and fully provided for.

The movement in the allowance for trade receivables has been included in other expenses within the income statement. The Group has assessed its expected potential credit losses on an individual trade receivable basis and has applied judgement using management experience and customer interactions.

As at 30 June 2021, trade receivables for the Group that were past due but not impaired were \$2,531,000 (2020: \$1,990,000), of which \$1,361,000 (2020: \$551,000) was less than 30 days overdue. The remainder is not considered material and consequently an ageing analysis has not been provided.

Current other receivables of \$86,830,000 (2020: \$40,973,000) do not contain impaired assets and are not past due. Based on the credit history of these other receivables, it is expected that these amounts will be recovered when due.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.2 – INVENTORIES

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Inventories are measured at the lower of cost and net realisable value. Work in progress is valued at cost. Cost is based on the first-in-first-out principle and includes expenditure incurred in bringing inventories to their existing condition and location.

### 3.3 – PROPERTY, PLANT AND EQUIPMENT

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#### Property, plant and equipment

Property, plant and equipment are the physical assets used by the Group to generate revenue and profit. These assets include land and buildings, and plant and equipment. Property, plant and equipment are recognised at cost (which is the amount initially paid for them) less accumulated depreciation (the estimate of annual wear and tear) and impairment losses.

The Group leases properties in the normal course of business, principally to conduct its cinema exhibition businesses. On inception of a lease, the estimated cost of decommissioning any additions to these properties (known as leasehold improvements) is included within property, plant and equipment and depreciated over the lease term. A corresponding provision is set up as disclosed in Note 3.8.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for separately.

Depreciation is charged to the Income Statement on a straight-line basis over the asset's estimated useful life. The major categories of property, plant and equipment are depreciated as follows:

- |                                                          |                                                    |
|----------------------------------------------------------|----------------------------------------------------|
| • plant and equipment                                    | 3 – 20 years                                       |
| • buildings and improvements subject to long term leases | Shorter of estimated useful life and term of lease |
| • freehold buildings                                     | 40 – 80 years                                      |
| • resort apartments and share of common property         | 40 – 80 years.                                     |

Freehold land and land subject to long term leases are not depreciated. Similarly, assets under construction (classified as capital work in progress) are not depreciated until they come into use, when they are transferred to buildings or plant and equipment as appropriate.

#### Impairment of property, plant and equipment

Property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indicators of impairment may include changes in technology and business performance.

The process of impairment testing is to estimate the recoverable amount of the assets concerned, and recognise an impairment loss in the Income Statement whenever the carrying amount of those assets exceeds the recoverable amount.

Impairment testing of property, plant and equipment is performed at an individual hotel or cinema site level, with the exception of cinema sites within a single geographic location, which are tested as one cash-generating unit. Thredbo is also considered to be, and has been tested as, one cash-generating unit. Details regarding impairment testing performed at 30 June 2021 are set out below.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

|                                                                                        | Freehold land<br>and buildings<br>\$'000 | Land subject to<br>long term leases<br>\$'000 | Buildings and<br>improvements<br>subject to long<br>term leases<br>\$'000 | Resort apartments<br>and share of<br>common property<br>\$'000 | Plant and<br>equipment<br>\$'000 | Capital work in<br>progress<br>\$'000 | Total<br>\$'000 |
|----------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------|----------------------------------|---------------------------------------|-----------------|
| <b>2021</b>                                                                            |                                          |                                               |                                                                           |                                                                |                                  |                                       |                 |
| Gross balance at the beginning of the year                                             | 954,987                                  | 1,324                                         | 457,655                                                                   | 930                                                            | 848,511                          | 104,607                               | 2,368,014       |
| Accumulated depreciation, amortisation and<br>impairments at the beginning of the year | (172,086)                                | –                                             | (244,759)                                                                 | (91)                                                           | (615,681)                        | –                                     | (1,032,617)     |
| Net balance at the beginning of the year                                               | 782,901                                  | 1,324                                         | 212,896                                                                   | 839                                                            | 232,830                          | 104,607                               | 1,335,397       |
| Additions                                                                              | –                                        | –                                             | 13,133                                                                    | –                                                              | 11,829                           | 5,321                                 | 30,283          |
| Additions from acquisition                                                             | –                                        | –                                             | –                                                                         | –                                                              | 6,114                            | –                                     | 6,114           |
| Transfers                                                                              | 7,480                                    | –                                             | 7,290                                                                     | –                                                              | 5,698                            | (24,110)                              | (3,642)         |
| Disposals                                                                              | (20,749)                                 | –                                             | (57)                                                                      | –                                                              | (3,266)                          | –                                     | (24,072)        |
| Depreciation and amortisation                                                          | (10,291)                                 | –                                             | (15,983)                                                                  | (12)                                                           | (47,515)                         | –                                     | (73,801)        |
| Impairment                                                                             | –                                        | –                                             | (2,033)                                                                   | –                                                              | (762)                            | –                                     | (2,795)         |
| Impairment write-back                                                                  | 3,368                                    | –                                             | –                                                                         | –                                                              | 379                              | –                                     | 3,747           |
| Transfer to assets held for sale                                                       | (16,938)                                 | –                                             | –                                                                         | –                                                              | (988)                            | (47)                                  | (17,973)        |
| Effect of movement in foreign exchange                                                 | (1,820)                                  | (4)                                           | (627)                                                                     | –                                                              | (869)                            | (145)                                 | (3,465)         |
| At 30 June 2021                                                                        | 743,951                                  | 1,320                                         | 214,619                                                                   | 827                                                            | 203,450                          | 85,626                                | 1,249,793       |
| Gross balance at the end of the year                                                   | 899,630                                  | 1,320                                         | 478,348                                                                   | 930                                                            | 837,352                          | 85,626                                | 2,303,206       |
| Accumulated depreciation, amortisation and<br>impairments at the end of the year       | (155,679)                                | –                                             | (263,729)                                                                 | (103)                                                          | (633,902)                        | –                                     | (1,053,413)     |
| Net balance at the end of the year                                                     | 743,951                                  | 1,320                                         | 214,619                                                                   | 827                                                            | 203,450                          | 85,626                                | 1,249,793       |
| <b>2020 - Restated</b>                                                                 |                                          |                                               |                                                                           |                                                                |                                  |                                       |                 |
| Gross balance at the beginning of the year                                             | 969,642                                  | 1,348                                         | 445,392                                                                   | 930                                                            | 845,996                          | 53,054                                | 2,316,362       |
| Accumulated depreciation, amortisation and<br>impairments at the beginning of the year | (138,924)                                | –                                             | (235,851)                                                                 | (78)                                                           | (568,787)                        | –                                     | (943,640)       |
| Net balance at the beginning of the year                                               | 830,718                                  | 1,348                                         | 209,541                                                                   | 852                                                            | 277,209                          | 53,054                                | 1,372,722       |
| Additions                                                                              | 2,994                                    | –                                             | 22,778                                                                    | –                                                              | 13,427                           | 85,623                                | 124,822         |
| Transfers                                                                              | 4,518                                    | –                                             | 4,477                                                                     | –                                                              | 23,055                           | (33,253)                              | (1,203)         |
| Disposals                                                                              | (10,997)                                 | –                                             | (39)                                                                      | –                                                              | (3,549)                          | –                                     | (14,585)        |
| Depreciation and amortisation                                                          | (11,608)                                 | –                                             | (16,998)                                                                  | (13)                                                           | (56,701)                         | –                                     | (85,320)        |
| Impairment                                                                             | (34,063)                                 | –                                             | (6,165)                                                                   | –                                                              | (20,189)                         | –                                     | (60,417)        |
| Impairment write-back                                                                  | 1,996                                    | –                                             | –                                                                         | –                                                              | 223                              | –                                     | 2,219           |
| Effect of movement in foreign exchange                                                 | (657)                                    | (24)                                          | (698)                                                                     | –                                                              | (645)                            | (817)                                 | (2,841)         |
| At 30 June 2020                                                                        | 782,901                                  | 1,324                                         | 212,896                                                                   | 839                                                            | 232,830                          | 104,607                               | 1,335,397       |
| Gross balance at the end of the year                                                   | 954,987                                  | 1,324                                         | 457,655                                                                   | 930                                                            | 848,511                          | 104,607                               | 2,368,014       |
| Accumulated depreciation, amortisation and<br>impairments at the end of the year       | (172,086)                                | –                                             | (244,759)                                                                 | (91)                                                           | (615,681)                        | –                                     | (1,032,617)     |
| Net balance at the end of the year                                                     | 782,901                                  | 1,324                                         | 212,896                                                                   | 839                                                            | 232,830                          | 104,607                               | 1,335,397       |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

#### Independent valuations of interest in land and buildings

In assessing current values for the Group's interest in land and buildings and integral plant and equipment, including long term leasehold land and improvements, the directors have relied in most cases upon independent valuations from registered qualified valuers or management value in use calculations. Except for investment properties, which are revalued every half year (refer to Note 3.4), valuations are generally carried out on a progressive three-year cycle. The majority of the Group's properties have been subject to an independent valuation at 30 June 2021.

#### Measurement of fair values

Amounts disclosed below represent the fair value of the Group's interest in land and buildings, excluding investment properties, as determined at the time of the most recent independent valuation report. Independent registered qualified valuers are engaged to perform the valuations. The values are determined based on the highest and best use of each property. In most cases, the existing use is the highest and best use and values are determined on a going concern basis. For certain properties, the highest and best use may differ from the current use, and consideration may be given to the development of such properties at an appropriate time in the future in order to realise the full value of the property.

The fair value disclosure has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. Going concern value is based on capitalisation and discounted cash flow methodologies, and significant unobservable inputs include the forecast net income for each property, and the capitalisation and discount rates used in determining fair value. In the most recent valuations for June 2021 capitalisation rates utilised ranged from 4.10% to 12.00% and pre-tax discount rates utilised ranged from 5.61% to 11.75% per annum. For certain sites where the going concern value was not the highest and best use, fair value was determined using a direct comparison methodology with reference to recent sales of similar properties.

The fair values determined by the independent registered qualified valuers are sensitive to changes in these significant unobservable inputs. However, overall the fair value of the Group's interest in land and buildings, excluding investment properties, is significantly higher than the book value of these interests as noted below.

#### Valuations of interest in land and buildings, excluding investment properties and properties classified as held for sale

A summary of recent independent valuations, by year of the last valuation, is set out as follows:

##### Existing use is highest and best use

|                       |        |
|-----------------------|--------|
| Independent valuation | – 2021 |
|                       | – 2020 |
|                       | – 2019 |
|                       | – 2018 |

##### Alternate use is highest and best use

|                       |        |
|-----------------------|--------|
| Independent valuation | – 2021 |
|                       | – 2018 |

#### Land and buildings not independently valued

Book value of land and buildings not independently valued

|                                             | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|---------------------------------------------|----------------|----------------------------|
| Existing use is highest and best use        |                |                            |
| Independent valuation – 2021                | 1,686,164      | –                          |
| – 2020                                      | –              | 138,700                    |
| – 2019                                      | –              | 214,000                    |
| – 2018                                      | –              | 1,267,403                  |
|                                             | 1,686,164      | 1,620,103                  |
| Alternate use is highest and best use       |                |                            |
| Independent valuation – 2021                | 274,577        | –                          |
| – 2018                                      | –              | 101,969                    |
|                                             |                |                            |
| Land and buildings not independently valued | 4,822          | 231,130                    |
|                                             | 1,965,563      | 1,953,202                  |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

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The book value of the above interests at 30 June 2021 was \$1,030,447,000 (2020 restated: \$1,092,506,000). The written-down book value of plant and equipment which is deemed integral to land and buildings, has been determined to total approximately \$139,872,000 as at 30 June 2021 (2020 restated: \$160,452,000). The above valuations do not take into account the potential impact of capital gains tax.

#### **Impairment considerations at 30 June 2021**

##### *Hotels*

Hotel properties are treated as separate cash-generating units and the Group obtained independent valuations as at 30 June 2021 from suitably qualified external valuers for each of the key hotel properties.

The impairment review process at 30 June 2021 included a comparison of the independent valuation at 30 June 2021 to the carrying value of the hotel cash generating unit. The key parameters used within the Discounted Cash Flow model of the independent valuations obtained as at 30 June 2021 included discount rates (before capital expenditure and debt service) of 5.93% to 11.75%.

As a result of the above impairment review process, no impairment charges (2020: \$34,150,000) were recognised for the year. For hotels that had been subject to impairments in previous years, the trading performance and recoverable amount were also reviewed during the year. As a result of the review, impairment charges of \$3,747,000 (2020: \$2,219,000) were reversed in respect of impairments booked in previous years.

##### *Entertainment*

Cinema sites are treated as separate cash-generating units, with the exception of cinema sites within a single geographic location, which are tested as one cash-generating unit. The pre COVID-19 trading performance of certain cinema sites and cash-generating units caused the Group to assess their recoverable amounts at 30 June 2021. In addition, and as a direct result of COVID-19, impairment review parameters were amended to increase the impairment focus on cinema sites and cash-generating units.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.3 – PROPERTY, PLANT AND EQUIPMENT (continued)

The impairment review process at 30 June 2021 included the following:

- the normalised annual earnings for each cinema or cinema cash-generating unit were reviewed by management to determine the existence, if any, of any underlying current or expected future market or other conditions that could potentially adversely impact future performance and earnings for the site or cash-generating unit. If an adverse condition was in existence, the site or cash-generating unit was subject to further impairment testing;
- where no adverse conditions were considered to be present, the normalised earnings before interest, tax, amortisation and depreciation ("EBITDA") was multiplied by a factor range of five and seven and the results were used as a conservative proxy for market valuation purposes; and
- a cash flow model (non-discounted) was utilised and applied as an overlay indicator test.

For those sites where future adverse market changes were noted or the EBITDA multiple or result from the cash flow model was below the relevant carrying value, the site or cash-generating unit was subject to further impairment testing.

Where a site or cash generating unit utilises a component of freehold property which is owned by the Group, the impairment assessment also incorporated the current Independent Valuation at 30 June 2021.

To assess the value in use for impairment testing purposes:

- estimated future cash flows were discounted to their present value using an appropriate pre-tax discount rate, derived from the Group's post-tax weighted average cost of capital of 7.16% to 9.00%;
- cash flow forecasts were based primarily on pre COVID-19 budgets or business plans presented to the Event Board which were then adjusted for COVID-19 and anticipated post COVID-19 impact; and
- forecast growth rates (inclusive of an average annual inflation rate) of 2.0%.

As a result of the above impairment review process, impairment losses totalling \$9,920,000 (2020: \$20,135,000) were recorded in respect of 6 cinema cinemas or cash-generating units. The sites that that were subject to an impairment charge are located in Melbourne (Victoria), Auckland (New Zealand) and four sites in Germany.

#### Thredbo

The operations at Thredbo are treated as one cash-generating unit. The trading performance of Thredbo during the year ended 30 June 2021 was unfavourably impacted by the visitation restrictions relating to COVID-19.

The impairment review process included a review of the parameters of the independent valuation that was issued at 30 June 2021 together with the expected future normalised earnings of the Thredbo business. The independent valuation parameters were considered to be consistent with the Group's forward estimates and assumptions. In addition, the independent valuation is in excess of the current carrying value by over 250% and, as a result, the Group determined that there was no impairment in relation to the carrying value of Thredbo.

#### Security

The following assets, whose carrying values are listed below, are subject to mortgage security to secure the Group's bank loan facilities (refer to Note 4.4):

|                                                                 | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|-----------------------------------------------------------------|----------------|----------------------------|
| Freehold land and buildings                                     | 491,253        | 239,703                    |
| Freehold land and buildings classified as investment properties | 6,250          | 16,750                     |
|                                                                 | 497,503        | 256,453                    |

| Capital commitments                                                         | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------------------------------------------------|----------------|----------------|
| Capital expenditure commitments contracted but not provided for and payable | 3,599          | 1,382          |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.4 – INVESTMENT PROPERTIES

#### Accounting policy

Investment properties comprise land and buildings which are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group in the ordinary course of business or for administration purposes. Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value with any change therein recognised in profit or loss. Property that is being constructed or redeveloped for future use as an investment property is also measured at fair value (unless a fair value cannot be reliably determined).

When the use of a property changes from owner occupied to investment property, the property is reclassified as an investment property. Any difference at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised directly to the investment property revaluation reserve if it is an increase and to profit or loss if it is a decrease. A gain may be recognised to profit on remeasurement only to the extent it reverses a previous impairment loss on the property. Subsequent transfers from investment property to property, plant and equipment or inventories occur when there is a change in use of the property, usually evidenced by commencement of redevelopment for own use.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on derecognition of an investment property are recognised in profit or loss in the period of derecognition.

#### Fair value of investment properties

Investment properties are independently revalued to fair value each reporting period, with any gain or loss arising on remeasurement being recognised in profit or loss. The fair value of investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. In assessing the fair value of investment properties, a number of assumptions are made at the end of each reporting period regarding future cash flows, future property market economic conditions and other factors including cash flow discount rates, rental capitalisation rates, and recent market transactions for similar properties.

The carrying amount of investment properties is the fair value of the properties as determined by an independent registered qualified valuer. The significant unobservable inputs used by the valuer in determining the fair value of the investment properties held by the Group at 30 June 2021 included capitalisation rates on reversionary rental yields in the range of 5.74% to 7.27% (2020: 6.00% to 7.25%). Investment properties comprise a number of commercial properties that are leased to third parties and which are held to derive rental income or capital appreciation or both. Each of the leases for investment properties contains an initial non-cancellable period of between five and 15 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged for these investment properties.

During the year ended 30 June 2021, \$7,518,000 (2020: \$7,084,000) was recognised as rental income for investment properties in the Income Statement, with \$1,916,000 (2020: \$2,029,000) incurred in respect of direct costs, including \$720,000 (2020: \$208,000) for repairs and maintenance.

The Group's overall investment property portfolio value has remained relatively stable despite the circumstances of COVID-19. Valuers have carried out the valuations by applying assumptions regarding the reasonably possible impacts of COVID-19 based on information available as at 30 June 2021.

#### Freehold land and buildings

At fair value (Level 3 fair values)

Summary of movements:

Balance at the beginning of the year

Fair value increment/(decrement)

Sale of property during the year

Balance at the end of the year

| 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------|----------------------------|
| 64,500         | 74,550                     |
| 74,550         | 76,200                     |
| 6,950          | (1,650)                    |
| (17,000)       | –                          |
| 64,500         | 74,550                     |

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

## 3.5 – ASSETS HELD FOR SALE

**Accounting policy**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less cost to sell. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated and any equity accounted investee is no longer equity accounted.

**Assets classified as held for sale**

A number of non-core properties have been identified for potential sale by the Group and, as at 30 June 2021, the Group had initiated active marketing campaigns sale in relation to three of the identified properties.

|                                        | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------------------------------|----------------|----------------------------|
| Assets held for sale – carrying amount | 17,973         | –                          |

The fair value determined by independent registered qualified valuers as at 30 June 2021 in relation to the three properties was \$27.4 million. The fair values are sensitive to changes in these significant unobservable inputs. The significant unobservable inputs used by the valuer in determining the fair value of the assets held for sale by the Group at 30 June 2021 included capitalisation rates of 5.25%. For certain sites where the going concern value was not the highest and best use, fair value was determined using a direct comparison methodology with reference to recent sales of similar properties.

SECTION 3 – OPERATING ASSETS AND LIABILITIES

3.6 – GOODWILL AND OTHER INTANGIBLE ASSETS

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**Accounting policy**

*Goodwill*

Goodwill arises from business combinations as described in Note 5.1 and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, but instead is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is allocated to cash-generating units, and impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised in respect of goodwill cannot be reversed.

The carrying amount of goodwill in respect of associates and joint ventures is included in the carrying amount of the investment in the associate or joint venture.

*Construction rights*

Construction rights relate to the Group's ability to develop accommodation in the Thredbo Alpine Resort. Construction rights are recognised at cost and are derecognised as the rights are either sold or developed. The carrying value of construction rights is reviewed annually. Any amounts no longer considered recoverable are written off, with the impairment loss recorded in profit or loss.

*Other intangible assets*

Other intangible assets, which largely comprise management and leasehold rights and software, are stated at cost less accumulated amortisation and impairment losses. Management and leasehold rights are amortised over the life of the agreements, which range from 10 to 20 years, on a straight-line basis. Software for major operating systems is amortised over a four to five-year period on a straight-line basis.

**Impairment**

The carrying amounts of the Group's non-financial assets, other than investment properties (see Note 3.4), are reviewed at each reporting date to determine whether there is any indication of impairment. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. For goodwill, the recoverable amount is estimated each year at the same time.

The recoverable amount of assets or cash-generating units is the greater of their fair value less costs to sell, and their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro-rata basis.

Impairment losses are recognised in profit or loss unless the asset or its cash-generating unit has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of the previous revaluation, with any excess recognised in profit or loss.

An impairment loss in respect of goodwill cannot be reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.6 – GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

#### Reconciliations

Summaries of the carrying amount movements of each class of intangible assets between the beginning and end of the year are set out below:

#### 2021

Gross balance at the beginning of the year

Accumulated amortisation and impairment losses at the beginning of the year

Net balance at the beginning of the year

Acquisitions and initial contributions

Transfers

Amortisation

Disposals

Net foreign currency differences on translation of foreign operations

Net balance at the end of the year

Gross balance at the end of the year

Accumulated amortisation and impairment losses at the end of the year

Net balance at the end of the year

#### 2020 - Restated

Gross balance at the beginning of the year

Accumulated amortisation and impairment losses at the beginning of the year

Net balance at the beginning of the year

Acquisitions and initial contributions

Transfers

Amortisation

Impairments

Disposals

Net foreign currency differences on translation of foreign operations

Net balance at the end of the year

Gross balance at the end of the year

Accumulated amortisation and impairment losses at the end of the year

Net balance at the end of the year

|                                                                             | Goodwill<br>\$'000 | Construction<br>rights<br>\$'000 | Liquor<br>licences<br>\$'000 | Management<br>and leasehold<br>rights<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------------------------------|--------------------|----------------------------------|------------------------------|-------------------------------------------------|--------------------|-----------------|
| Gross balance at the beginning of the year                                  | 62,928             | 1,343                            | 196                          | 67,616                                          | 8,300              | 140,383         |
| Accumulated amortisation and impairment losses at the beginning of the year | (653)              | –                                | –                            | (37,385)                                        | (3,199)            | (41,237)        |
| Net balance at the beginning of the year                                    | 62,275             | 1,343                            | 196                          | 30,231                                          | 5,101              | 99,146          |
| Acquisitions and initial contributions                                      | 4,555              | –                                | –                            | 729                                             | 873                | 6,157           |
| Transfers                                                                   | –                  | –                                | –                            | 3,153                                           | (405)              | 2,748           |
| Amortisation                                                                | –                  | –                                | –                            | (4,429)                                         | (1,879)            | (6,308)         |
| Disposals                                                                   | –                  | –                                | –                            | –                                               | (15)               | (15)            |
| Net foreign currency differences on translation of foreign operations       | (250)              | –                                | –                            | (77)                                            | (56)               | (383)           |
| Net balance at the end of the year                                          | 66,580             | 1,343                            | 196                          | 29,607                                          | 3,619              | 101,345         |
| Gross balance at the end of the year                                        | 67,233             | 1,343                            | 196                          | 68,776                                          | 8,861              | 146,409         |
| Accumulated amortisation and impairment losses at the end of the year       | (653)              | –                                | –                            | (39,169)                                        | (5,242)            | (45,064)        |
| Net balance at the end of the year                                          | 66,580             | 1,343                            | 196                          | 29,607                                          | 3,619              | 101,345         |
| Gross balance at the beginning of the year                                  | 63,336             | 1,343                            | 196                          | 62,292                                          | 17,438             | 144,605         |
| Accumulated amortisation and impairment losses at the beginning of the year | –                  | –                                | –                            | (31,604)                                        | (13,012)           | (44,616)        |
| Net balance at the beginning of the year                                    | 63,336             | 1,343                            | 196                          | 30,688                                          | 4,426              | 99,989          |
| Acquisitions and initial contributions                                      | –                  | –                                | –                            | 5,638                                           | 1,767              | 7,405           |
| Transfers                                                                   | –                  | –                                | –                            | –                                               | 790                | 790             |
| Amortisation                                                                | –                  | –                                | –                            | (3,943)                                         | (1,900)            | (5,843)         |
| Impairments                                                                 | (653)              | –                                | –                            | –                                               | –                  | (653)           |
| Disposals                                                                   | –                  | –                                | –                            | (1,972)                                         | (2)                | (1,974)         |
| Net foreign currency differences on translation of foreign operations       | (408)              | –                                | –                            | (180)                                           | 20                 | (568)           |
| Net balance at the end of the year                                          | 62,275             | 1,343                            | 196                          | 30,231                                          | 5,101              | 99,146          |
| Gross balance at the end of the year                                        | 62,928             | 1,343                            | 196                          | 67,616                                          | 8,300              | 140,383         |
| Accumulated amortisation and impairment losses at the end of the year       | (653)              | –                                | –                            | (37,385)                                        | (3,199)            | (41,237)        |
| Net balance at the end of the year                                          | 62,275             | 1,343                            | 196                          | 30,231                                          | 5,101              | 99,146          |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.6 – GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

Cash generating units containing goodwill have been outlined below:

#### Cash-generating units containing goodwill

The following units have carrying amounts of goodwill:

Entertainment – Australia and New Zealand

Entertainment – Germany

Hotels – New Zealand

Hotels – Australia

Multiple units without significant goodwill

|                                             | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|---------------------------------------------|----------------|----------------------------|
| Entertainment – Australia and New Zealand   | 43,694         | 43,728                     |
| Entertainment – Germany                     | 4,066          | 4,205                      |
| Hotels – New Zealand                        | 14,485         | 10,007                     |
| Hotels – Australia                          | 3,593          | 3,593                      |
| Multiple units without significant goodwill | 742            | 742                        |
|                                             | 66,580         | 62,275                     |

The recoverable value of goodwill has been determined by value in use calculations. This calculation uses cash flow projections based on operating forecasts and projected results, with cash flows beyond the five-year period being projected using a per annum growth rate. To assess the value in use for impairment testing purposes:

- estimated future cash flows were discounted to their present value using an appropriate pre-tax discount rate, derived from the Group's post-tax weighted average cost of capital of between 7.16% to 9.00%;
- cash flow forecasts were based primarily on post COVID-19 budgets or business plans presented to the Event Board; and
- forecast growth rates (inclusive of an average annual inflation rate) of 2.0%.

As a result of the above impairment review process no impairment losses (2020: \$2,625,000) were recorded in respect of goodwill and management leasehold rights.

### 3.7 – TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost. Trade payables are normally non-interest bearing and settled within 30 days. Payables are stated with the amount of GST or equivalent tax included.

The carrying value of trade and other payables is considered to approximate fair value.

Trade payables  
Other payables and accruals

|                             | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|-----------------------------|----------------|----------------------------|
| Trade payables              | 46,422         | 32,228                     |
| Other payables and accruals | 83,856         | 77,265                     |
|                             | 130,278        | 109,493                    |

### 3.8 – PROVISIONS

#### Accounting policy

##### Employee benefits

Provision is made for employee benefits including annual leave and long service leave for employees. The provision is calculated as the present value of the Group's net obligation to pay such benefits resulting from the employees' services provided up to the reporting date. The provisions due or available to be settled within 12 months have been calculated at undiscounted amounts based on the remuneration rates the employer expects to pay after the reporting date and includes related on-costs.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.8 – PROVISIONS (continued)

The liability for employees' benefits to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date.

Liabilities for employee benefits which are not due to be settled within 12 months are discounted using the rates attaching to national government securities at reporting date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration has been given to future increases in wage and salary rates, and the Group's experience with staff departures. Related on-costs have also been included in the liability.

#### *Insurance loss contingencies and other claims*

The insurance loss contingencies and other claims provision relates to estimated costs to be incurred in respect of various claims that are expected to be settled within 12 months of the balance date.

#### *Decommissioning of leasehold improvements*

A provision for the estimated cost of decommissioning leasehold improvements is made where a legal or constructive obligation exists.

In determining the provision for decommissioning costs, an assessment is made for each location of the likelihood and amount of the decommissioning costs to be incurred in the future. The estimated future liability is discounted to a present value, with the discount amount unwinding over the life of the leasehold asset as a finance cost in profit or loss. The estimated decommissioning cost recognised as a provision is included as part of the cost of the leasehold improvements at the time of installation or during the term of the lease, as the liability for decommissioning is reassessed. This amount capitalised is then depreciated over the life of the asset.

The decommissioning of leasehold improvements provision has been raised in respect of "make-good" obligations under long term lease contracts for various cinema sites. In determining the provision, an assessment has been made, for each location, of the likelihood that a decommissioning cost will be incurred in the future and, where applicable, the level of costs to be incurred. Uncertainty exists in estimating the level of costs to be incurred in the future because of the long term nature of cinema leases.

#### *Other*

Other provisions are recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

|                                               | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|-----------------------------------------------|----------------|----------------------------|
| <b>Current</b>                                |                |                            |
| Employee benefits                             | 22,056         | 18,822                     |
| Insurance loss contingencies and other claims | 75             | 75                         |
| Onerous contract                              | –              | 72                         |
|                                               | <b>22,131</b>  | <b>18,969</b>              |
| <b>Non-current</b>                            |                |                            |
| Employee benefits                             | 2,902          | 2,695                      |
| Decommissioning of leasehold improvements     | 17,056         | 16,387                     |
|                                               | <b>19,958</b>  | <b>19,082</b>              |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

|                                                                                                                 | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|-----------------------------------------------------------------------------------------------------------------|----------------|----------------------------|
| <b>3.8 – PROVISIONS (continued)</b>                                                                             |                |                            |
| <b>Movements in provisions</b>                                                                                  |                |                            |
| Movements in the carrying amounts of each class of provisions, except for employee benefits, are set out below: |                |                            |
| <b>Insurance loss contingencies and other claims</b>                                                            |                |                            |
| Carrying amount at the beginning of the year                                                                    | 75             | 75                         |
| Payments                                                                                                        | –              | –                          |
| Provided                                                                                                        | –              | –                          |
| Carrying amount at the end of the year                                                                          | 75             | 75                         |
| <b>Onerous contract</b>                                                                                         |                |                            |
| Carrying amount at the beginning of the year                                                                    | 72             | 287                        |
| Utilised                                                                                                        | (72)           | (215)                      |
| Carrying amount at the end of the year                                                                          | –              | 72                         |
| <b>Decommissioning of leasehold improvements</b>                                                                |                |                            |
| Carrying amount at the beginning of the year                                                                    | 16,387         | 13,742                     |
| Provided                                                                                                        | 1,306          | 2,936                      |
| Reversed                                                                                                        | (372)          | (326)                      |
| Net foreign currency differences on translation of foreign operations                                           | (265)          | 35                         |
| Carrying amount at the end of the year                                                                          | 17,056         | 16,387                     |

### 3.9 – COMMITMENTS AND LEASES

#### Accounting policy

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is pre-determined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group has designed the asset in a way that pre-determines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.9 – COMMITMENTS AND LEASES (continued)

#### Accounting for leases – as a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

#### Short term leases and leases of low-value assets (from 1 July 2019)

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with the leases as an expense on a straight-line basis over the lease term.

#### Accounting for leases – as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies AASB 15 *Revenue* to allocate the consideration in the contract.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.9 – COMMITMENTS AND LEASES (continued)

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

#### Joint operation lease arrangements

As disclosed in Note 5.3, the Group is a party to material joint operations in respect of its cinema operations. These are accounted for on a line-by-line basis. The disclosures set out below include the Group's share of its right-of-use assets and lease liabilities that relate to these joint operations.

#### Right-of-use assets

|                                        | Property<br>\$'000 |
|----------------------------------------|--------------------|
| Balance at 1 July 2020                 | 848,909            |
| Additions                              | 182,267            |
| Depreciation                           | (108,345)          |
| Impairment charge                      | (7,125)            |
| Effect of movement in foreign exchange | (7,165)            |
| <b>Balance at 30 June 2021</b>         | <b>908,541</b>     |

#### Lease liabilities

|                                                                                          | \$'000           |
|------------------------------------------------------------------------------------------|------------------|
| <b>Maturity analysis – contractual undiscounted cash flows</b>                           |                  |
| Less than one year                                                                       | 132,962          |
| One to five years                                                                        | 468,381          |
| More than five years                                                                     | 605,824          |
| <b>Total undiscounted lease liabilities at 30 June 2021</b>                              | <b>1,207,167</b> |
| <b>Lease liabilities included in the statement of financial position at 30 June 2021</b> |                  |
| Current                                                                                  | 129,869          |
| Non-current                                                                              | 881,873          |
|                                                                                          | <b>1,011,742</b> |

#### Amounts recognised in the income statement

|                                                                              | 2021<br>\$'000 |
|------------------------------------------------------------------------------|----------------|
| Interest on lease liabilities                                                | 23,280         |
| Variable lease payments not included in the measurement of lease liabilities | 1,425          |

No significant expense was recognised in the income statement in respect of short-term leases or leases of low-value assets.

#### Property leases

The Group leases various properties, including cinema sites, under operating leases. The leases typically run for periods up to 20 years, with varying terms, escalation clauses and renewal or extension options. The head lease in respect of the Thredbo Village and ski area is for a longer period, being 50 years from 29 June 2007.

The Group sub-leases some of its properties under operating leases (see below).

#### Variable lease payments based on sales and profit

Some leases provide for additional rent payments that are based on sales or profit that the Group makes at the leased site in the period. Variable lease payments during the year ended 30 June 2021 were \$1,425,000 (2020: \$3,398,000).

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 3 – OPERATING ASSETS AND LIABILITIES

### 3.9 – COMMITMENTS AND LEASES (continued)

#### *Extension options*

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As at 30 June 2021, lease liabilities included \$110,305,000 (2020: \$99,928,000) of lease liabilities in respect of extension options that have yet to be exercised by the Group.

#### *Lease not yet commenced to which the lessee is committed*

As at 30 June 2021, the Group has entered into agreements for new leases that have yet to commence and in respect of which lease liabilities have yet to be recognised. The Group's share of the total undiscounted rent payable under these leases is \$29,408,000 (2020: \$29,836,000), over lease terms of between 15 and 20 years.

#### **Other leases**

Other leases, including leases of vehicles and equipment, are not material to the Group.

#### **Operating leases – as a lessor**

The Group receives rental income from a number of properties, both leased and owned. With the exception of sub-leases under the Thredbo head lease, leases are for periods ranging between one and 15 years and have varying terms, escalation clauses and renewal or extension options. There are approximately 700 sub-leases under the Thredbo head lease. Thredbo sub-leases consist of long term accommodation sub-leases for holiday apartments, chalets and lodges and also retail premises. Long term accommodation sub-leases are typically for periods mirroring the head lease, which was renewed for a further 50-year period from 29 June 2007. The Group has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to ownership of the assets.

Lease income from lease contracts in which the Group acts as a lessor is set out in Note 2.1.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

|                                   | 30 June 2021<br>\$'000 |
|-----------------------------------|------------------------|
| <b>Leases of owned properties</b> |                        |
| Less than one year                | 13,569                 |
| One to five years                 | 38,312                 |
| More than five years              | 18,373                 |
|                                   | <b>70,254</b>          |
| <b>Sub-leases</b>                 |                        |
| Less than one year                | 7,677                  |
| One to five years                 | 29,617                 |
| More than five years              | 227,721                |
|                                   | <b>265,015</b>         |

#### **Finance leases – as a lessor**

The Group does not currently have any lease arrangements in which it is the lessor that are classified as finance leases.

### 3.10 – OTHER LIABILITIES

Other liabilities include contract deposits received in advance and deferred lease incentive balances arising from operating leases. Refer to Note 3.9 for further details regarding operating lease arrangements.

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

*This section outlines the Group's capital structure, including how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt).*

*On the following pages, there are sections on the Group's share capital, dividends, reserves, loans and borrowings, and financial risk management.*

**4.1 – SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. The Company does not have authorised capital or par value in respect of its issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

|                                                           | 2021<br>Shares | 2020<br>Shares | 2021<br>\$'000 | 2020<br>\$'000 |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|
| <b>Share capital</b>                                      |                |                |                |                |
| Fully paid ordinary shares                                | 161,195,521    | 161,195,521    | 219,126        | 219,126        |
| <b>Movements in share capital</b>                         |                |                |                |                |
| Balance at the beginning of the year                      | 161,195,521    | 160,992,028    | 219,126        | 219,126        |
| Performance shares exercised and withdrawn from the trust | –              | 203,493        | –              | –              |
| Balance at the end of the year                            | 161,195,521    | 161,195,521    | 219,126        | 219,126        |
| <b>Share capital consists of:</b>                         |                |                |                |                |
| Ordinary shares                                           | 161,173,953    | 161,173,671    |                |                |
| Tax Exempt Share Plan shares                              | 21,568         | 21,850         |                |                |
|                                                           | 161,195,521    | 161,195,521    |                |                |

**Share buy-back**

There is no current on-market buy-back.

**Dividend Reinvestment Plan**

The Dividend Reinvestment Plan was suspended in August 2010.

**Options**

Other than the performance rights disclosed in Note 6.1, there were no share options on issue as at 30 June 2021 (2020: nil).

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

## 4.1 – SHARE CAPITAL (continued)

**Capital management**

The Group manages its capital with the objective of maintaining a strong capital base so as to maintain investor, creditor and market confidence and to have the capacity to take advantage of opportunities that will enhance the existing businesses and enable future growth and expansion. The Board monitors the return on capital, which the Group defines as operating profit after income tax divided by shareholders' equity and long term debt. The Board also monitors the Group's gearing ratio, being net debt divided by shareholders' equity.

It is recognised that the Group operates in business segments in which operating results may be subject to volatility and the Board continuously reviews the capital structure to ensure sufficient:

- surplus funding capacity is available;
- funds are available for capital expenditure and to implement longer term business development strategies; and
- funds are available to maintain appropriate dividend levels.

There were no changes in the Group's approach to capital management during the year. No Group entity is subject to externally imposed capital requirements.

## 4.2 – DIVIDENDS

To assist the Group's liquidity during the COVID-19 recovery period, no dividend has been declared in respect of the year ended 30 June 2021. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance.

**Franking credit balance**

The amount of franking credits available for future reporting periods

| 2021<br>\$'000 | 2020<br>\$'000 |
|----------------|----------------|
| 106,055        | 129,783        |

The impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period was \$nil (2020: \$nil). The ability to utilise franking credits is dependent upon the Company being in a sufficient positive net asset position and also having adequate available cash flow liquidity.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

### 4.3 – RESERVES

#### Financial assets revaluation reserve

This reserve includes the cumulative net change in the fair value of investments designated as at FVOCI from 1 July 2020, and the cumulative net change in the fair value of investments previously classified available-for-sale financial assets. Amounts are recognised in the Income Statement when the associated assets are sold or impaired.

#### Investment property revaluation reserve

This reserve relates to property that has been reclassified as an investment property and represents the cumulative increase in the fair value of the property at the date of reclassification.

#### Hedging reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

#### Share-based payments reserve

This reserve includes the cumulative fair value of the executive performance shares and performance rights which have been recognised as an employee expense in the Income Statement. See Note 6.1 for further details regarding share-based payment arrangements.

#### Foreign currency translation reserve

This reserve records the foreign currency differences arising from the translation of foreign operations, the translation of transactions that hedge the Group's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a foreign operation and the Group's share of associates' increment or decrement in their foreign currency translation reserve.

|                                                                              | Financial assets<br>revaluation<br>\$'000 | Investment<br>property<br>revaluation<br>\$'000 | Hedging<br>\$'000 | Share-based<br>payments<br>\$'000 | Foreign<br>currency<br>translation<br>\$'000 | Total<br>\$'000 |
|------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------|-------------------|-----------------------------------|----------------------------------------------|-----------------|
| <b>Movements in reserves during the year</b>                                 |                                           |                                                 |                   |                                   |                                              |                 |
| At 1 July 2020 - restated                                                    | 12,536                                    | 5,121                                           | –                 | 34,769                            | 20,680                                       | 73,106          |
| Movement in fair value of cash flow hedging instruments – net of tax         | –                                         | –                                               | –                 | –                                 | –                                            | –               |
| Amount recognised in the Income Statement as an employee expense             | –                                         | –                                               | –                 | 1,486                             | –                                            | 1,486           |
| Currency translation adjustment on controlled entities' financial statements | –                                         | –                                               | –                 | –                                 | (4,350)                                      | (4,350)         |
| At 30 June 2021                                                              | 12,536                                    | 5,121                                           | –                 | 36,255                            | 16,330                                       | 70,242          |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

### 4.4 – LOANS, BORROWINGS AND FINANCING ARRANGEMENTS

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#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### Loans and borrowings

Interest bearing and non-interest bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method. The carrying value of loans and borrowings is considered to approximate fair value.

#### Finance costs

Finance costs include interest, unwinding of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Ancillary costs incurred in connection with the arrangement of loans and borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is that incurred in relation to that borrowing, net of any interest earned on those borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

#### Bank debt – secured

The Group's secured bank debt facilities comprise the following:

- \$650,000,000 revolving multi-currency loan facility maturing on 3 July 2023;
- \$43,500,000 non-revolving loan facility maturing on 3 January 2022; and
- \$2,500,000 credit support facility (for the issue of letters of credit and bank guarantees).

The debt facilities are supported by interlocking guarantees from most Australian and New Zealand domiciled Group entities and secured by specific property mortgages (refer to Note 3.3). The debt facilities were amended and restated on 3 July 2020 and initially consisted of the \$650,000,000 revolving multi-currency loan, a \$100,000,000 non-revolving loan facility and \$2,500,000 credit support facility. In relation to the non-revolving loan facility, the Group repaid and cancelled \$56,500,000 of that facility during the year.

Debt drawn under the loan facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.75% and 4.35% per annum. As at 30 June 2021, the Group had drawn \$476,428,000 (2020: \$488,300,000) under the loan facilities and \$1,225,000 under the credit support facility (2020: \$1,124,000). Debt facility components subject to interest rate swaps used for hedging totalled \$nil (2020: \$nil) at 30 June 2021. The debt facilities replaced a \$545,000,000 revolving multi-currency loan facility and a \$15,000,000 credit support facility that were in place at 30 June 2020.

#### Other facilities

A wholly-owned New Zealand domiciled subsidiary has a general security facility in respect of certain bank guarantees issued in relation to obligations under lease arrangements. The general security facility obligations total NZ\$2,784,000 (A\$2,591,000) at 30 June 2021.

Certain wholly-owned German domiciled subsidiaries have a secured guarantee facility of €14,000,000 (A\$22,910,000) for the issue of letters of credit and bank guarantee arrangements. The facility was extended during the financial year and expires on 31 May 2022. The facility is secured against cash held within certain wholly-owned German domiciled subsidiaries. Guarantees supported under the facility bear interest at 1.15% per annum. At 30 June 2021, the Group had drawn €12,466,000 (A\$19,724,000) under the facility.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

|                                                                | 2021    | Restated<br>2020 |
|----------------------------------------------------------------|---------|------------------|
| 4.4 – LOANS, BORROWINGS AND FINANCING ARRANGEMENTS (continued) | \$'000  | \$'000           |
| <b>Current</b>                                                 |         |                  |
| <b>Interest bearing loans and borrowings</b>                   |         |                  |
| Bank loans – secured                                           | 43,500  | 488,300          |
|                                                                | 43,500  | 488,300          |
| <b>Non-interest bearing loans and borrowings</b>               |         |                  |
| Loans from other companies – unsecured                         | 1,480   | 821              |
|                                                                | 44,980  | 489,121          |
| <b>Non-current</b>                                             |         |                  |
| <b>Interest bearing loans and borrowings</b>                   |         |                  |
| Bank loans – secured                                           | 432,928 | –                |
| Deferred financing costs                                       | (3,081) | –                |
|                                                                | 429,847 | –                |
| <b>Non-interest bearing loans and borrowings</b>               |         |                  |
| Loans from other companies – unsecured                         | 1,363   | 1,804            |
|                                                                | 431,210 | 1,804            |

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

## 4.5 – FINANCIAL RISK MANAGEMENT

**Derivative financial instruments**

From time to time, the Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating activities, investing activities and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised at fair value within prepayments and other current assets. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

**Investments designated as at fair value through other comprehensive income ("FVOCI")**

The Group holds a preference shareholding in Carlton Investments Limited, a company listed on the ASX. The Group has designated these investments as at FVOCI. All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are designated as at FVOCI, are measured at fair value. Investments designated as at FVOCI comprise marketable equity securities.

For investments that are actively traded in organised financial markets, fair value is determined by reference to securities exchange quoted market bid prices at the close of business at reporting date.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

*Equity investments as at FVOCI*

Investment in a listed company

| 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------|----------------------------|
| 78             | 78                         |

No reasonably possible change in the share price of this company would have a material effect on the investment balance or the related revaluation reserve at the reporting date.

SECTION 4 – CAPITAL STRUCTURE AND FINANCING

4.5 – FINANCIAL RISK MANAGEMENT (continued)

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**Financial risks**

The Group's exposure to financial risks, objectives, policies and processes for managing the risks including methods used to measure the risks, and the management of capital are presented below.

The Group's activities expose it to the following financial risks:

- credit risk;
- liquidity risk; and
- market risk, including interest rate and foreign exchange risks.

The Board has overall responsibility for the oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly and modified as appropriate to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee oversees how management has established and monitors internal compliance and control systems and to ensure the appropriate and effective management of the above risks. The Audit and Risk Committee is assisted in its oversight role by the Internal Audit function. The Internal Audit function undertakes reviews of risk management controls and procedures in accordance with an annual plan approved by the Audit and Risk Committee. The results of these Internal Audit reviews are reported to the Audit and Risk Committee.

**Credit risk**

Credit risk arises from trade and other receivables outstanding, cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. It is the risk of financial loss to the Group if a customer or counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables. Information regarding the Group's trade receivable balances is disclosed in Note 3.1. The Group's exposure to credit risk is not considered material.

The Group's maximum exposure to credit risk at the reporting date was considered to approximate the carrying value of receivables at the reporting date.

*Investments and derivatives*

Investments of surplus cash and deposits and derivative financial instruments are with banks with high credit ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At 30 June 2021, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position.

*Guarantees*

All guarantees are in respect of obligations of subsidiaries, associates, joint ventures or joint operations in which the Group has an interest, and principally relate to operating lease arrangements. The Group's operating lease commitments are disclosed in Note 3.9, and details of guarantees given by the parent entity are provided in Note 7.4.

*Security deposits*

Security deposits relate to the Group's operating lease arrangements. Certain lease agreements require an amount to be placed on deposit, which should then be returned to the Group at the conclusion of the lease term.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

### 4.5 – FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. The Group's treasury function aims to maintain flexibility in funding by maintaining committed credit lines with a number of counterparties.

#### The Group's financial liabilities

The contractual maturities of the Group's financial liabilities, including interest payments and excluding the impact of netting agreements, are as follows:

|                                                           | Carrying<br>amount<br>\$'000 | Contractual<br>cash flows<br>\$'000 | 6 months<br>or less<br>\$'000 | 6 to 12<br>months<br>\$'000 | 1 to 2<br>year(s)<br>\$'000 | 2 to 5<br>years<br>\$'000 | Over 5<br>years<br>\$'000 |
|-----------------------------------------------------------|------------------------------|-------------------------------------|-------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| <b>2021</b>                                               |                              |                                     |                               |                             |                             |                           |                           |
| <b>Non-derivative financial liabilities</b>               |                              |                                     |                               |                             |                             |                           |                           |
| Secured bank loans                                        | 476,428                      | (504,972)                           | (7,123)                       | (50,235)                    | (14,606)                    | (433,008)                 | —                         |
| Unsecured non-interest bearing loans from other companies | 2,843                        | (2,870)                             | (740)                         | (740)                       | (449)                       | (320)                     | (621)                     |
| Trade payables                                            | 46,422                       | (46,422)                            | (46,422)                      | —                           | —                           | —                         | —                         |
| Other payables and accruals                               | 83,856                       | (83,856)                            | (83,856)                      | —                           | —                           | —                         | —                         |
| Lease liabilities                                         | 1,011,742                    | (1,207,167)                         | (66,481)                      | (66,481)                    | (122,836)                   | (345,545)                 | (605,824)                 |
| <b>Derivative financial liabilities</b>                   |                              |                                     |                               |                             |                             |                           |                           |
| Forward exchange contracts                                | —                            | —                                   | —                             | —                           | —                           | —                         | —                         |
|                                                           | 1,621,291                    | (1,845,287)                         | (204,662)                     | (117,456)                   | (137,891)                   | (778,873)                 | (606,445)                 |
| <b>2020 – restated</b>                                    |                              |                                     |                               |                             |                             |                           |                           |
| <b>Non-derivative financial liabilities</b>               |                              |                                     |                               |                             |                             |                           |                           |
| Secured bank loans                                        | 488,300                      | (489,195)                           | (489,195)                     | —                           | —                           | —                         | —                         |
| Unsecured non-interest bearing loans from other companies | 2,625                        | (2,625)                             | (410)                         | (411)                       | (854)                       | (628)                     | (322)                     |
| Trade payables                                            | 32,228                       | (32,228)                            | (32,228)                      | —                           | —                           | —                         | —                         |
| Other payables and accruals                               | 77,265                       | (77,265)                            | (77,265)                      | —                           | —                           | —                         | —                         |
| Lease liabilities                                         | 937,063                      | (1,121,519)                         | (66,232)                      | (66,232)                    | (118,112)                   | (340,073)                 | (530,870)                 |
| <b>Derivative financial liabilities</b>                   |                              |                                     |                               |                             |                             |                           |                           |
| Forward exchange contracts                                | —                            | —                                   | —                             | —                           | —                           | —                         | —                         |
|                                                           | 1,537,481                    | (1,722,832)                         | (665,330)                     | (66,643)                    | (118,966)                   | (340,701)                 | (531,192)                 |

For derivative financial assets and liabilities, maturities detailed in the table above approximate periods that cash flows and the impact on profit or loss are expected to occur.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

### 4.5 – FINANCIAL RISK MANAGEMENT (continued)

#### Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Group uses derivative financial instruments such as interest rate swaps and forward exchange contracts to hedge exposures to fluctuations in interest rates and foreign exchange rates. Derivatives are used exclusively for hedging purposes and are not traded or used as speculative instruments. This is carried out under Board approved treasury policies.

#### *Hedge of net investment in foreign operations*

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation, that is determined to be an effective hedge, is recognised in other comprehensive income and presented in equity in the foreign currency translation reserve. The ineffective portion is recognised immediately in profit or loss.

#### Interest rate risk

The Group manages interest rate exposures on borrowings in accordance with a Board approved treasury policy that specifies parameters for hedging including hedging percentages and approved hedging instruments. The policy specifies upper and lower hedging limits set for specific timeframes out to five years. These limits may be varied with the approval of the Board.

At reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

|                                  | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------------------------|----------------|----------------------------|
| <b>Fixed rate instruments</b>    |                |                            |
| Financial assets                 | –              | –                          |
| Financial liabilities            | –              | –                          |
|                                  | –              | –                          |
| <b>Variable rate instruments</b> |                |                            |
| Financial assets                 | 90,752         | 55,168                     |
| Financial liabilities            | (476,428)      | (488,300)                  |
|                                  | (385,676)      | (433,132)                  |

The Group manages interest rate risk in accordance with a Board approved treasury policy covering the types of instruments, range of protection and duration of instruments. The financial instruments cover interest rate swaps and forward rate agreements. Maturities of these instruments are up to a maximum of five years. Interest rate swaps and forward rate agreements allow the Group to raise long term borrowings at floating rates and swap a portion of those borrowings into fixed rates.

The approved range of interest rate cover is based on the projected debt levels for each currency and reduced for each future year. There were no interest rate hedges at 30 June 2021 (2020: no interest rate hedges).

The Group classifies interest rate swaps as cash flow hedges and recognises them at fair value in the Statement of Financial Position.

The Group accounts for fixed rate financial assets and liabilities at fair value. The Group had no fixed rate instruments for the year ended 30 June 2021 (2020: no fixed rate instruments) and accordingly no sensitivity analysis has been prepared in the current or prior year.

#### Foreign exchange risk

The Group is exposed to currency risk on purchases, borrowings and surplus funds that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar ("AUD"), but also the New Zealand dollar ("NZD"), Euro ("EUR") and Great British pound ("GBP"). Transactions undertaken by Group entities are primarily denominated in AUD, NZD, EUR and the US dollar ("USD").

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 4 – CAPITAL STRUCTURE AND FINANCING

### 4.5 – FINANCIAL RISK MANAGEMENT (continued)

The Group manages foreign currency exposures in accordance with a Board approved treasury policy that specifies parameters for hedging, including hedging percentages and approved hedging instruments. At any point in time, the Group may hedge up to 60% of “highly probable” foreign currency exposures and 100% of confirmed foreign currency exposures. Typically, foreign currency exposures are hedged with the utilisation of forward exchange contracts.

The Group’s exposure to foreign currency risk in AUD equivalents at the reporting date was as follows, based on notional amounts:

|                              | 2021          |               |               |               | 2020 – restated |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|-----------------|---------------|---------------|---------------|
|                              | NZD<br>\$'000 | EUR<br>\$'000 | GBP<br>\$'000 | USD<br>\$'000 | NZD<br>\$'000   | EUR<br>\$'000 | GBP<br>\$'000 | USD<br>\$'000 |
| Cash and cash equivalents    | 8,274         | 29            | 305           | 88            | 7,684           | 3,534         | 476           | 96            |
| Trade receivables            | 135           | –             | –             | –             | 1,713           | –             | –             | –             |
| Secured bank loans           | (94,928)      | –             | –             | –             | (95,300)        | –             | –             | –             |
| Trade payables               | (2,863)       | –             | –             | –             | (3,460)         | –             | –             | –             |
| Gross balance sheet exposure | (89,382)      | 29            | 305           | 88            | (89,363)        | 3,534         | 476           | 96            |
| Forward exchange contracts   | –             | –             | –             | –             | –               | –             | –             | –             |
|                              | –             | –             | –             | –             | –               | –             | –             | –             |
| Net exposure                 | (89,382)      | 29            | 305           | 88            | (89,363)        | 3,534         | 476           | 96            |

#### Sensitivity analysis

No reasonably possible change in prevailing foreign exchange rates would have a significant impact on the Income Statement or hedging reserve in the current or prior year.

#### Hedging of net investment in foreign subsidiaries

The Group’s NZD denominated bank loan is designated as a hedge of the foreign currency exposure to the Group’s net investment in its subsidiaries in New Zealand. The carrying amount of the loan at 30 June 2021 was \$94,928,000 (2020: \$95,300,000). A foreign exchange gain of \$372,000 (2020: gain of \$2,412,000) was recognised in equity on translation of the loan to AUD.

#### Financial instruments fair value determination method grading

Valuation methods for financial instruments carried at fair value are defined as follows:

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

Investments designated as at FVOCI are classified as Level 1 financial instruments. Derivative financial instruments are classified as Level 2 financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

*This section explains the composition of the Group.*

*On the following pages, there are sections on businesses acquired during the year, a list of subsidiaries, investments in associates and joint ventures, and disclosures regarding interests in other entities including cinema partnership interests.*

### 5.1 – BUSINESS COMBINATIONS

#### Accounting policy

Business combinations are accounted for using the acquisition method as at the date when control is transferred to the Group. Under the acquisition method, consideration transferred in a business combination is generally measured at fair value, as are the identifiable net assets acquired. Consideration transferred includes the fair value of any contingent consideration, and share-based payment awards of the acquiree that are required to be replaced in the business combination.

The Group measures goodwill arising from the business combination at the acquisition date as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment (refer to Note 3.6). If the consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if the liability represents a present obligation and arises from past events, and its fair value can be measured.

The Group measures any non-controlling interest at its proportionate interest of the fair value of identifiable net assets of the acquiree.

Transaction costs incurred by the Group in connection with a business combination, such as due diligence fees, legal fees and other professional costs, are expensed as incurred.

#### Business combinations in the year ended 30 June 2021

The Group acquired the following business during the year:

##### *Jucy Snooze Limited*

Effective 30 April 2021, Noahs Hotels (N.Z.) Limited (“Noahs”), a wholly owned subsidiary, acquired 100% of Jucy Snooze Limited (“Snooze”), having previously acquired a 50% interest on 3 February 2020. The net consideration paid for the acquisition of the remaining 50% interest on 30 April 2021 was NZ\$3,718,000 (A\$3,460,000), comprised as follows (all amounts in Australian dollars):

|                                                                    | Fair value at acquisition date<br>\$'000 |
|--------------------------------------------------------------------|------------------------------------------|
| Equity interest in Snooze                                          | 821                                      |
| Shareholder loan receivable balances acquired                      | 3,533                                    |
| Total consideration for the increase in interest in Snooze to 100% | 4,354                                    |
| Adjustments to the purchase price for the initial 50% interest     | (894)                                    |
| Net consideration paid on 30 April 2021                            | 3,460                                    |

The adjustments to the purchase price for the initial 50% interest were certain adjustments in Noahs’ favour in respect of working capital and contingent consideration relating to earnings of a component of Snooze for the year ended 30 June 2020.

AASB 3 *Business Combinations* requires that the existing interest in Snooze be remeasured to its fair value. The Group determined that there was no material difference between the equity-accounted book value of its existing interest in Snooze and the fair value of that interest at 30 April 2021 and on that basis no adjustment has been recorded in this regard.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

### 5.1 – BUSINESS COMBINATIONS

The Group has provisionally recognised the fair value of the following identifiable assets and liabilities relating to this acquisition as follows (all amounts in Australian dollars):

|                                                                    | Fair value at acquisition date<br>\$'000 |
|--------------------------------------------------------------------|------------------------------------------|
| Total consideration for the increase in interest in Snooze to 100% | 4,354                                    |
| Less: cash acquired                                                | (79)                                     |
| Fair value (book value) of previously held interest in Snooze      | 5,087                                    |
|                                                                    | 9,362                                    |
| <i>Assets and liabilities acquired</i>                             |                                          |
| Leasehold improvements                                             | 4,079                                    |
| Plant and equipment                                                | 1,084                                    |
| Software                                                           | 255                                      |
| Capital work in progress                                           | 951                                      |
| Other assets and liabilities                                       | (1,562)                                  |
| Total net value of identifiable assets and liabilities acquired    | 4,807                                    |
| Goodwill                                                           | 4,555                                    |

The goodwill is attributable to the trading reputation and other intangible assets which are not separately identifiable. Goodwill recognised is not expected to be deductible for income tax purposes.

The Group incurred direct costs relating to this acquisition of \$179,000 which have been expensed in the Income Statement for the year.

The Income Statement includes revenue and a net loss for the year ended 30 June 2021 of \$345,000 and \$536,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the year, it is estimated that the Income Statement would have included additional revenue and net loss of approximately \$1,822,000 and \$799,000 respectively.

There were no other material business combinations in the year ended 30 June 2021.

#### Business combinations in the year ended 30 June 2020

There were no material business combinations in the year ended 30 June 2020.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

### 5.2 – SUBSIDIARIES

#### Accounting policy

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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 over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial report.

| Subsidiaries                                         | Note   | Ownership interest |           |
|------------------------------------------------------|--------|--------------------|-----------|
|                                                      |        | 2021<br>%          | 2020<br>% |
| Albury Hotel Property Unit Trust                     |        | 100                | 100       |
| Amalgamated Cinema Holdings Limited                  | (c)    | 100                | 100       |
| Amalgamated Holdings Superannuation Fund Pty Limited |        | 100                | 100       |
| Ancona Investments Pty Limited                       |        | 100                | 100       |
| Atura Adelaide Airport Unit Trust                    |        | 100                | 100       |
| Atura Holdings Pty Limited                           |        | 100                | 100       |
| Atura Hotels and Resorts Pty Limited                 |        | 100                | 100       |
| Bay City Cinemas Limited                             | (c)    | 100                | 100       |
| Birch, Carroll & Coyle Limited                       |        | 100                | 100       |
| BLN Hotels Property Unit Trust                       |        | 100                | 100       |
| Bryson Centre Unit Trust                             |        | 100                | 100       |
| Bryson Hotel Property Unit Trust                     |        | 100                | 100       |
| Bryson Hotel Pty Limited                             |        | 100                | 100       |
| Canberra Theatres Limited                            |        | 100                | 100       |
| CMS Cinema Management Services GmbH & Co. KG         | (a)(e) | 100                | 100       |
| CMS Cinema Verwaltungs GmbH                          | (a)(e) | 100                | 100       |
| Edge Digital Cinema Pty Limited                      |        | 100                | 100       |
| Edge Digital Technology Pty Limited                  |        | 100                | 100       |
| Edge Investments BV                                  | (a)(d) | 100                | 100       |
| Elsternwick Properties Pty Limited                   |        | 100                | 100       |
| Event Cinema Entertainment Pty Limited               |        | 100                | 100       |
| Event Cinemas (Australia) Pty Limited                |        | 100                | 100       |
| Event Cinemas Limited                                | (c)    | 100                | 100       |
| Event Cinemas Nominees Limited                       | (c)    | 100                | 100       |
| Event Cinemas (NZ) Limited                           | (c)    | 100                | 100       |
| Event Cinemas Queen Street Nominees Limited          | (c)    | 100                | 100       |
| Event Hotels and Resorts Pty Limited                 |        | 100                | 100       |
| Event Hotels (NZ) Limited                            | (c)    | 100                | 100       |
| EVT Administration Pty Limited                       |        | 100                | 100       |
| Filmpalast am ZKM Karlsruhe Beteiligungs GmbH        | (a)(e) | 100                | 100       |
| Filmpalast Konstanz Beteiligungs GmbH                | (a)(e) | 100                | 100       |
| First Cinema Management BV                           | (a)(d) | 100                | 100       |
| 2015 First Holding GmbH                              | (a)(e) | 100                | 100       |
| Flaggspelt Vermögensverwaltungsgesellschaft mbH      | (a)(e) | 100                | 100       |
| 458 to 468 George Street Development Pty Limited     |        | 100                | 100       |
| 458 to 468 George Street Development Trust           |        | 100                | 100       |
| 458 to 468 George Street Holding Pty Limited         |        | 100                | 100       |
| 458 to 468 George Street Holding Trust               |        | 100                | 100       |
| Glenelg Theatres Pty Limited                         |        | 100                | 100       |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

| 5.2 – SUBSIDIARIES (continued)                             | Note   | Ownership interest |           |
|------------------------------------------------------------|--------|--------------------|-----------|
|                                                            |        | 2021<br>%          | 2020<br>% |
| Greater Entertainment Pty Limited                          |        | 100                | 100       |
| Greater Occasions Australia Pty Limited                    |        | 100                | 100       |
| Greater Union Betriebsmittel GmbH                          | (a)(e) | 100                | 100       |
| Greater Union Filmpalast Cubix in Berlin GmbH              | (a)(e) | 100                | 100       |
| Greater Union Filmpalast Dortmund GmbH & Co. KG            | (a)(e) | 100                | 100       |
| Greater Union Filmpalast GmbH                              | (a)(e) | 100                | 100       |
| Greater Union Filmpalast in der Kulturbrauerei Berlin GmbH | (a)(e) | 100                | 100       |
| Greater Union Filmpalast in Hamburg GmbH                   | (a)(e) | 100                | 100       |
| Greater Union Filmpalast Rhein-Main GmbH                   | (a)(e) | 100                | 100       |
| Greater Union First Cinema BV and Co. KG                   | (a)(e) | 100                | 100       |
| Greater Union International BV                             | (a)(d) | 100                | 100       |
| Greater Union International GmbH                           | (a)(e) | 100                | 100       |
| Greater Union International Holdings Pty Limited           |        | 100                | 100       |
| Greater Union Limited                                      | (a)(b) | 100                | 100       |
| Greater Union Media & Event GmbH                           | (a)(e) | 100                | 100       |
| Greater Union Nominees Pty Limited                         |        | 100                | 100       |
| Greater Union Real Estate 24 GmbH                          | (a)(e) | 100                | 100       |
| Greater Union Real Estate 40 GmbH                          | (a)(e) | 100                | 100       |
| Greater Union Real Estate Mainz GmbH                       | (a)(e) | 100                | 100       |
| Greater Union Screen Entertainment Pty Limited             |        | 100                | 100       |
| Greater Union Theaters Beteiligungs GmbH                   | (a)(e) | 100                | 100       |
| Greater Union Theaters Dritte GmbH & Co. KG                | (a)(e) | 100                | 100       |
| Greater Union Theaters Dritte Verwaltungs GmbH             | (a)(e) | 100                | 100       |
| Greater Union Theaters GmbH                                | (a)(e) | 100                | 100       |
| Greater Union Theaters Management Mainz GmbH               | (a)(e) | 100                | 100       |
| Greater Union Theaters Verwaltungs GmbH                    | (a)(e) | 100                | 100       |
| Greater Union Theaters Zweite GmbH & Co. KG                | (a)(e) | 100                | 100       |
| Greater Union Theaters Zweite Verwaltungs GmbH             | (a)(e) | 100                | 100       |
| Greattheatre Pty Limited                                   |        | 100                | 100       |
| GU Real Estate Mainz Management GmbH                       | (a)(e) | 100                | 100       |
| GUO Investments (WA) Pty Limited                           |        | 100                | 100       |
| Gutace Holdings Pty Limited                                |        | 100                | 100       |
| Jucy Snooze Limited                                        | (f)    | 100                | 50        |
| Haparanda Pty Limited                                      |        | 100                | 100       |
| Haymarket's Tivoli Theatres Pty Limited                    |        | 100                | 100       |
| Kidsports Australia Pty Limited                            |        | 100                | 100       |
| Kosciuszko Thredbo Pty Limited                             |        | 100                | 100       |
| KTPL Unit Trust                                            |        | 100                | 100       |
| Kvarken Pty Limited                                        |        | 100                | 100       |
| Lakeside Hotel Property Unit Trust                         |        | 100                | 100       |
| Lakeside Hotel Pty Limited                                 |        | 100                | 100       |
| Lakeside International Hotel Unit Trust                    |        | 100                | 100       |
| Mamasa Pty Limited                                         |        | 100                | 100       |
| Multiplex Cinemas Bremen GmbH                              | (a)(e) | 100                | 100       |
| Multiplex Cinemas Frankfurt Mainzer Landstraße GmbH        | (a)(e) | 100                | 100       |
| Multiplex Cinemas Gütersloh GmbH                           | (a)(e) | 100                | 100       |
| Multiplex Cinemas Magdeburg GmbH                           | (a)(e) | 100                | 100       |
| Multiplex Cinemas Oberhausen GmbH                          | (a)(e) | 100                | 100       |
| Multiplex Cinemas Remscheid GmbH                           | (a)(e) | 100                | 100       |
| Neue Filmpalast GmbH & Co. KG                              | (a)(e) | 100                | 100       |
| Neue Filmpalast Management GmbH                            | (a)(e) | 100                | 100       |
| NFP Erste GmbH & Co. KG                                    | (a)(e) | 100                | 100       |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

| 5.2 – SUBSIDIARIES (continued)              | Note   | Ownership interest |           |
|---------------------------------------------|--------|--------------------|-----------|
|                                             |        | 2021<br>%          | 2020<br>% |
| NFP Erste Verwaltungs GmbH                  | (a)(e) | 100                | 100       |
| Noahs Hotels (NZ) Limited                   | (c)    | 100                | 100       |
| Noahs Limited                               |        | 100                | 100       |
| Northside Gardens Hotel Property Unit Trust |        | 100                | 100       |
| Northside Gardens Hotel Pty Limited         |        | 100                | 100       |
| Pantami Pty Limited                         |        | 100                | 100       |
| 203 Port Hacking Road Pty Limited           |        | 100                | 100       |
| QT Gold Coast Pty Limited                   |        | 100                | 100       |
| QT Hotels and Resorts Pty Limited           |        | 100                | 100       |
| QT Resort Port Douglas Pty Limited          |        | 100                | 100       |
| RH Hotels Pty Limited                       |        | 100                | 100       |
| RQ Motels Pty Limited                       |        | 100                | 100       |
| Rydges Bankstown Pty Limited                |        | 100                | 100       |
| Rydges Cronulla Pty Limited                 |        | 100                | 100       |
| Rydges Gladstone Hotel Property Unit Trust  |        | 100                | 100       |
| Rydges Hobart Hotel Property Unit Trust     |        | 100                | 100       |
| Rydges Hobart Hotel Pty Limited             |        | 100                | 100       |
| Rydges Hotels Limited                       |        | 100                | 100       |
| Rydges Hotels Property Unit Trust           |        | 100                | 100       |
| Rydges HPT Pty Limited                      |        | 100                | 100       |
| Rydges Property Holdings Pty Limited        |        | 100                | 100       |
| Rydges Rotorua Hotel Limited                | (a)(c) | 100                | 100       |
| Rydges Townsville Hotel Property Unit Trust |        | 100                | 100       |
| Sonata Hotels Pty Limited                   |        | 100                | 100       |
| Southport Cinemas Pty Limited               |        | 100                | 100       |
| Sunshine Cinemas Pty Limited                |        | 100                | 100       |
| Tannahill Pty Limited                       |        | 100                | 100       |
| The Geelong Theatre Company Limited         |        | 100                | 100       |
| The Greater Union Organisation Pty Limited  |        | 100                | 100       |
| Thredbo Resort Centre Pty Limited           |        | 100                | 100       |
| Tourism & Leisure Pty Limited               |        | 100                | 100       |
| Vierte Kinoabspielstätten GmbH & Co. KG     | (a)(e) | 100                | 100       |
| Vierte Kinoabspielstätten Verwaltungs GmbH  | (a)(e) | 100                | 100       |
| Western Australia Cinemas Pty Limited       |        | 100                | 100       |
| Zollverein Pty Limited                      |        | 100                | 100       |
| Zweite Kinoabspielstätten GmbH & Co. KG     | (a)(e) | 100                | 100       |
| Zweite Kinoabspielstätten Verwaltungs GmbH  | (a)(e) | 100                | 100       |

(a) These companies are audited by other member firms of KPMG International.

(b) This company was incorporated in and carries on business in the United Kingdom.

(c) These companies were incorporated in and carry on business in New Zealand.

(d) These companies were incorporated in and carry on business in The Netherlands.

(e) These companies were incorporated in and carry on business in Germany.

(f) The Group acquired a 50% interest in Jucy Snooze Limited on 3 February 2020. On 30 April 2021 the Group increased its interest in Jucy Snooze Limited to 100%.

All companies, except those stated above, were incorporated in Australia. All trusts were established in Australia.

SECTION 5 – GROUP COMPOSITION

5.3 – INTERESTS IN OTHER ENTITIES

**Accounting policy**

*Interests in equity accounted investees*

The Group's interests in equity accounted investees comprise interests in associates and interests in joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Interests in associates and joint ventures (see below) are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*Joint arrangements*

A joint arrangement is an arrangement of which two or more parties have joint control, in which the parties are bound by a contractual arrangement, and the contractual arrangement gives two or more of those parties joint control of the arrangement.

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group's interests in joint operations, which are arrangements in which the parties have rights to the assets and obligations for the liabilities, are accounted for on the basis of the Group's interest in those assets and liabilities. The Group's interests in joint ventures, which are arrangements in which the parties have rights to the net assets, are equity accounted.

**Investments in associates and joint ventures**

Associates  
Joint ventures

|                | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------|----------------|----------------------------|
| Associates     | 103            | 119                        |
| Joint ventures | 13,842         | 18,180                     |
|                | 13,945         | 18,299                     |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

### 5.3 – INTERESTS IN OTHER ENTITIES (continued)

#### Joint ventures

Details of the Group's investments in joint ventures, which are accounted for using the equity method, are as follows:

| Name                                          | Principal activities                     | Country of incorporation | Ownership interest |           | Investment carrying amount |                            | Contribution to operating profit |                             |
|-----------------------------------------------|------------------------------------------|--------------------------|--------------------|-----------|----------------------------|----------------------------|----------------------------------|-----------------------------|
|                                               |                                          |                          | 2021<br>%          | 2020<br>% | 2021<br>\$'000             | Restated<br>2020<br>\$'000 | 2021<br>\$'000                   | Restated<br>2020<br>\$'0000 |
| Browns Plains Cinemas Pty Limited             | Operator of a multiscreen cinema complex | Australia                | (a)50              | (a)50     | 280                        | 488                        | (208)                            | (184)                       |
| Filmpalast am ZKM Karlsruhe GmbH & Co. KG     | Operator of a multiscreen cinema complex | Germany                  | (b)50              | (b)50     | 3,295                      | 1,765                      | 1,645                            | (113)                       |
| Filmpalast Konstanz GmbH & Co. KG             | Operator of a multiscreen cinema complex | Germany                  | (b)50              | (b)50     | 800                        | 353                        | 327                              | 229                         |
| Rydges Latimer Holdings Limited               | Hotel owner                              | New Zealand              | 16                 | 16        | 4,251                      | 3,973                      | 431                              | 311                         |
| Jucy Snooze Limited                           | Hotel operator                           | New Zealand              | (c)100             | (c)50     | –                          | 5,530                      | (799)                            | (445)                       |
| Loganholme Cinemas Pty Limited                | Operator of a multiscreen cinema complex | Australia                | 50                 | 50        | 5,197                      | 5,888                      | (690)                            | (548)                       |
| Red Carpet Cinema Communication GmbH & Co. KG | Event management                         | Germany                  | (b)50              | (b)50     | 19                         | 183                        | –                                | –                           |
|                                               |                                          |                          |                    |           | 13,842                     | 18,180                     | 706                              | (750)                       |

(a) Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group also has a direct 33% share in the Browns Plains Multiplex Joint Venture which is accounted for as a joint operation. The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

(b) These companies are incorporated in Germany.

(c) The Group acquired a 50% interest in Jucy Snooze Limited on 3 February 2020. On 30 April 2021 the Group increased its interest in Jucy Snooze Limited to 100%.

The Group reviewed its investments in joint ventures for indicators of impairment following the economic impact of COVID-19. The Group considered each investment and, in the case of Browns Plains Cinemas Pty Limited and Loganholme Cinemas Pty Limited, the relationship and connection with other associated cash generating assets. The Group determined that there was no requirement to book an impairment in relation to the carrying value of investments in joint ventures.

Dividends received from joint ventures for the year ended 30 June 2021 amount to \$303,000 (2020: \$858,000). The balance date of each of the Group's joint ventures is 30 June.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

### 5.3 – INTERESTS IN OTHER ENTITIES (continued)

#### Associates

Details of the Group's investments in associates, which are accounted for using the equity method, are as follows:

| Name                                               | Principal activities               | Country of incorporation | Ownership interest |           | Investment carrying amount |                            | Contribution to operating profit |                            |
|----------------------------------------------------|------------------------------------|--------------------------|--------------------|-----------|----------------------------|----------------------------|----------------------------------|----------------------------|
|                                                    |                                    |                          | 2021<br>%          | 2020<br>% | 2021<br>\$'000             | Restated<br>2020<br>\$'000 | 2021<br>\$'000                   | Restated<br>2020<br>\$'000 |
| Cinesound Movietone Productions Pty Limited        | Film owner and distributor         | Australia                | 50                 | 50        | 103                        | 119                        | (16)                             | 3                          |
| DeinKinoticket GmbH                                | Operator of DeinKinoticket website | Germany                  | (a)24              | (a)24     | –                          | –                          | –                                | –                          |
| Digital Cinema Integration Partners Pty Limited    | Administration                     | Australia                | 48                 | 48        | –                          | –                          | –                                | –                          |
| Digital Cinema Integration Partners NZ Pty Limited | Administration                     | New Zealand              | (b)60              | (b)60     | –                          | –                          | –                                | –                          |
| Movietimes Australia and New Zealand Pty Limited   | Operator of Movietimes website     | Australia                | (b)53              | (b)53     | –                          | –                          | –                                | –                          |
|                                                    |                                    |                          |                    |           | 103                        | 119                        | (16)                             | 3                          |

(a) This company is incorporated in Germany.

(b) Digital Cinema Integration Partners NZ Pty Limited and Movietimes Australia and New Zealand Pty Limited are not consolidated as the Group does not have control.

Dividends received from associates for the year ended 30 June 2021 amount to \$nil (2020: \$nil). The balance date of each of the Group's associates is 30 June.

The Group reviewed its investments in associates for indicators of impairment following the economic impact of COVID-19. The Group determined that there was no requirement to book an impairment in relation to the carrying value of investments in associates.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 5 – GROUP COMPOSITION

### 5.3 – INTERESTS IN OTHER ENTITIES (continued)

#### Joint operations

Details of the Group's investments in joint operations, which are accounted for on a line-by-line basis, are as follows:

| Name                                       | Principal activities                     | Country of operation | Ownership interest |                   |
|--------------------------------------------|------------------------------------------|----------------------|--------------------|-------------------|
|                                            |                                          |                      | 2021<br>%          | 2020<br>%         |
| Australian Theatres Joint Venture          | Operator of multiscreen cinema complexes | Australia            | 50                 | 50                |
| Browns Plains Multiplex Joint Venture      | Operator of a multiscreen cinema complex | Australia            | <sup>(a)</sup> 33  | <sup>(a)</sup> 33 |
| Castle Hill Multiplex Cinema Joint Venture | Operator of a multiscreen cinema complex | Australia            | 50                 | 50                |
| Casuarina Cinema Centre Joint Venture      | Operator of a multiscreen cinema complex | Australia            | 50                 | 50                |
| Garden City Cinema Joint Venture           | Operator of a multiscreen cinema complex | Australia            | 33                 | 33                |
| Rialto Joint Venture                       | Operator of multiscreen cinema complexes | New Zealand          | 50                 | 50                |
| Toowoomba Cinema Centre Joint Venture      | Operator of a multiscreen cinema complex | Australia            | 50                 | 50                |

(a) In addition to the 33% interest in the Browns Plains Multiplex Joint Venture held directly, the Group has a 50% interest in Browns Plains Cinemas Pty Limited which is classified as a joint venture and equity accounted. Browns Plains Cinemas Pty Limited owns 33% of the Browns Plains Multiplex Joint Venture. The Group's total effective interest in the Browns Plains Multiplex Joint Venture is 50%.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

*This section explains the remuneration of executives and other employees, and transactions with related parties including directors.*

*On the following pages, there are sections on share-based payments, director and executive disclosures and related party transactions.*

### 6.1 – SHARE-BASED PAYMENTS

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The Group's share-based payment arrangements include the Executive Performance Share Plan and the Executive Performance Rights Plan. Grants were made under the Executive Performance Share Plan from 2007 to 2013 inclusive. The Group conducted a review of its long term incentive ("LTI") arrangements in 2013 and resolved that the existing performance share-based LTI should be replaced with a performance rights-based LTI. Shareholders approved the Executive Performance Rights Plan at the 2013 Annual General Meeting. Grants have subsequently been made under the Executive Performance Rights Plan in February 2014, February 2015, February 2016, February 2017, February 2018, February 2019, February 2020 and February 2021.

#### Accounting policy

The fair value of performance shares and rights granted under the Executive Performance Share Plan and the Executive Performance Rights Plan is recognised as an employee expense over the period during which the employees become unconditionally entitled to shares in the Company. There is a corresponding increase in equity, being recognition of a share-based payments reserve. The fair value of performance shares and rights granted is measured at grant date.

To facilitate the operation of the Executive Performance Share Plan and Executive Performance Rights Plan, a third party trustee is used to administer the trust which holds shares in the Company allocated under the Executive Performance Share Plan or otherwise held or acquired on market in order to satisfy the Group's future obligations under the Executive Performance Rights Plan. The trust is controlled by the Group and therefore its financial statements are included in the consolidated financial statements. The shares in the Group held by the trust are therefore shown as treasury shares (see Note 4.1). The Group incurs expenses on behalf of the trust. These expenses are in relation to administration costs of the trust and are recorded in the Income Statement as incurred.

Performance shares and performance rights are subject to performance hurdles. The performance shares are recognised in the Statement of Financial Position as restricted ordinary shares. Performance shares are included within the weighted average number of shares used as the denominator for determining basic earnings per share and net tangible asset backing per share. Performance rights are not recognised in the Statement of Financial Position, but are included within the weighted average number of shares issued as the denominator for determining diluted earnings per share.

The Group measures the cost of the Executive Performance Share Plan and Executive Performance Rights Plan by reference to the fair value of the equity instruments at the date at which the instruments are granted. The fair value of performance rights granted is determined by an external valuer using a Binomial tree model and a Monte Carlo simulation model and using the assumptions detailed below.

#### Executive Performance Rights Plan

The establishment of the Executive Performance Rights Plan was approved by shareholders at the 2013 Annual General Meeting. Employees receiving awards under the Executive Performance Rights Plan are those of a senior level and above (including the CEO).

An employee awarded performance rights is not legally entitled to shares in the Company before the performance rights under the plan vest, and during the vesting period the performance rights do not carry the right to vote or to receive dividends. Once the rights have vested, which is dependent on the Group achieving its earnings per share ("EPS") and total shareholder return ("TSR") targets, participants are issued one ordinary share in the Company for each vested performance right held. Award, vesting and the issue of ordinary shares under the plan are made for no consideration. The performance period is three years.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

### 6.1 – SHARE-BASED PAYMENTS (continued)

Set out below are summaries of performance rights awarded under the plan:

| Type of right      | Grant date       | Balance at the start of the year | Granted | Exercised | Forfeited | Balance at the end of the year |
|--------------------|------------------|----------------------------------|---------|-----------|-----------|--------------------------------|
| <b>2021</b>        |                  |                                  |         |           |           |                                |
| Performance rights | 15 February 2018 | 433,467                          | –       | –         | (433,467) | –                              |
| Performance rights | 21 February 2019 | 403,115                          | –       | –         | (12,761)  | 390,354                        |
| Performance rights | 20 February 2020 | 508,815                          | –       | –         | (18,436)  | 490,379                        |
| Performance rights | 18 February 2021 | –                                | 748,386 | –         | (4,029)   | 744,357                        |
|                    |                  | 1,345,397                        | 748,386 | –         | (468,693) | 1,625,090                      |
| <b>2020</b>        |                  |                                  |         |           |           |                                |
| Performance rights | 16 February 2017 | 485,009                          | –       | –         | (485,009) | –                              |
| Performance rights | 15 February 2018 | 478,224                          | –       | –         | (44,757)  | 433,467                        |
| Performance rights | 21 February 2019 | 445,908                          | –       | –         | (42,793)  | 403,115                        |
| Performance rights | 20 February 2020 | –                                | 528,483 | –         | (19,668)  | 508,815                        |
|                    |                  | 1,409,141                        | 528,483 | –         | (592,227) | 1,345,397                      |

#### *Fair value of performance rights granted*

The assessed fair value at grant date of performance rights granted under the Executive Performance Rights Plan during the year ended 30 June 2021 was \$10.00 (2020: \$11.07) for those rights that have EPS hurdles and \$6.99 (2020: \$5.15) for those rights that have TSR hurdles. The fair value of each performance right is estimated on the date of grant using a Binomial tree model for those rights that have EPS hurdles, and a Monte Carlo simulation model for those rights that have TSR hurdles with the following weighted average assumptions used for each grant:

|                            | Granted<br>18 February 2021 | Granted<br>20 February 2020 | Granted<br>21 February 2019 |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Dividend yield (per annum) | 1.99%                       | 4.35%                       | 4.15%                       |
| Expected volatility        | 35.71%                      | 20.00%                      | 20.00%                      |
| Risk-free rate (per annum) | 0.21%                       | 0.68%                       | 1.62%                       |
| Share price                | \$10.53                     | \$12.40                     | \$12.46                     |
| Expected life              | 3 years                     | 3 years                     | 3 years                     |

The expected life of the performance rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

### 6.1 – SHARE-BASED PAYMENTS (continued)

#### Executive Performance Share Plan

Employees who received awards under the Executive Performance Share Plan were those of a senior level and above. An employee awarded performance shares was not legally entitled to shares in the Company before the performance shares allocated under the plan vest. However, the employee was able to vote and receive dividends in respect of shares allocated to them. Once the shares vested, which was dependent on the Group achieving its EPS and TSR targets, they remained in the trust until the earliest of the employee leaving the Group, the seventh anniversary (for grants made from 2010) or the 10<sup>th</sup> anniversary (for grants made from 2007 to 2009) of the date the performance shares were awarded, or the date the Board approved an application for their release. There was no consideration for award, vesting and exercise under the plan. The performance period was three years.

Set out below are summaries of performance shares awarded under the plan:

| Year | Type of right      | Balance at the start of the year | Granted | Exercised | Forfeited shares reallocated | Balance at the end of the year |
|------|--------------------|----------------------------------|---------|-----------|------------------------------|--------------------------------|
| 2021 | Performance shares | –                                | –       | –         | –                            | –                              |
| 2020 | Performance shares | 203,493                          | –       | (203,493) | –                            | –                              |

No performance shares were granted during the year ended 30 June 2021 (2020: nil).

#### Share-based payment expense

Total share-based payment expense included within employee expenses for the year ended 30 June 2021 was a charge of \$1,486,000 (2020: credit of \$1,720,000).

#### Superannuation

Group entities contribute to several defined contribution superannuation plans. The superannuation contributions recognised as an employee expense in the Income Statement are detailed below:

|                                                                | 2021<br>\$'000 | 2020<br>\$'000 |
|----------------------------------------------------------------|----------------|----------------|
| Superannuation contributions recognised as an employee expense | 12,052         | 15,398         |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

### 6.2 – DIRECTOR AND EXECUTIVE DISCLOSURES

Information regarding individual directors' and executives' compensation and some equity instruments disclosures, as permitted by the Corporations Regulations 2001, are provided in the Remuneration Report contained within the Directors' Report. The relevant sections of the Remuneration Report are outlined below:

| Section of Remuneration Report                                   | Directors' Report page reference |
|------------------------------------------------------------------|----------------------------------|
| Non-executive director remuneration                              | 24                               |
| CEO and other executive remuneration                             | 25                               |
| Fixed annual remuneration                                        | 25                               |
| Variable remuneration – short term incentive                     | 26                               |
| Variable remuneration – long term incentive                      | 26                               |
| Employment contracts for the CEO and other executive KMP         | 28                               |
| Directors' and executives' position and period of responsibility | 29                               |
| Directors' and executives' remuneration                          | 30                               |
| Performance rights holdings and transactions                     | 32                               |
| Equity holdings and transactions                                 | 34                               |

#### Key management personnel remuneration

The key management personnel remuneration included in employee expenses is as follows:

|                          | 2021<br>\$ | 2020<br>\$ |
|--------------------------|------------|------------|
| <b>Employee benefits</b> |            |            |
| Short term               | 2,978,950  | 4,997,963  |
| Other long term          | 242,407    | 108,847    |
| Equity compensation      | 2,356,116  | 22,071     |
| Post employment          | 114,170    | 141,248    |
|                          | 5,691,643  | 5,270,129  |

#### Other transactions with the Company or its controlled entities

AG Rydge is a director of Carlton Investments Limited. Carlton Investments Limited rents office space from a controlled entity. Rent is charged to Carlton Investments Limited at a market rate. Rent and office service charges received during the year were \$23,870 (2020: \$21,675). The Company previously held ordinary shares in Carlton Investments Limited, and continues to hold preference shares in Carlton Investments Limited. Dividends received during the year from preference shares held in Carlton Investments Limited were \$5,312 (2020: \$5,312).

AG Rydge paid rent, levies and other costs to Group entities during the year amounting to \$143,307 (2020: \$117,287). Rent is charged to AG Rydge at market rates.

Apart from the details disclosed in the Remuneration Report, no KMP has entered into a material contract with the Group since the end of the previous year and there were no material contracts involving directors' interests existing at the reporting date.

From time to time, KMP of the Group, or their related parties, may purchase goods or services from the Group. These purchases are usually on the same terms and conditions as those granted to other Group employees. Where the purchases are on terms and conditions more favourable than those granted to other Group employees, the resulting benefits form part of the total remuneration outlined within the Remuneration Report.

SECTION 6 – EMPLOYEE BENEFITS AND RELATED PARTY TRANSACTIONS

6.3 – RELATED PARTIES

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**Relationships with associates**

Transactions with associates included the receipt of property rental income from an associate of \$66,000 (2020: \$69,000). Costs paid on behalf of an associate totalled \$61,000 (2020: \$71,000) and these costs were not refundable (2020: \$nil) by that associate.

Refer also to Notes 3.1 and 5.3.

**Relationships with joint ventures and joint operation partners**

Refer to Note 5.3.

**Key management personnel**

Disclosures relating to directors of the Company and named executives are set out in the Remuneration Report contained within the Directors' Report, and in Note 6.2.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 7 – OTHER INFORMATION

*This section contains other disclosures required by accounting standards and the Corporations Act 2001.*

### 7.1 – CONTINGENT LIABILITIES

#### *Personal injury and other claims*

The nature of the Group's operations results in personal injury and other claims being received from time to time. The directors believe that the outcome of any current claims outstanding, which are not provided against in the financial statements, will not have a significant impact on the operating result of the Group in future reporting periods.

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement at balance date.

### 7.2 – RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH PROVIDED BY OPERATING ACTIVITIES

|                                                                                                                                  | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|----------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|
| <b>Reconciliation of loss for the year to net cash provided by operating activities</b>                                          |                |                            |
| Loss for the year                                                                                                                | (48,036)       | (56,987)                   |
| Adjustments for:                                                                                                                 |                |                            |
| Depreciation and amortisation                                                                                                    | 186,627        | 196,655                    |
| Impairment adjustments                                                                                                           | 5,923          | 60,923                     |
| Profit on disposal of non-current assets                                                                                         | (35,222)       | (612)                      |
| Fair value (increment)/decrement of investment properties                                                                        | (6,950)        | 1,657                      |
| Equity accounted investment dividends                                                                                            | 303            | 858                        |
| Share of equity accounted investees' net (profit)/loss                                                                           | (690)          | 747                        |
| Share-based payments expense                                                                                                     | 1,490          | 396                        |
| Receivables impairment adjustment                                                                                                | (1,031)        | 1,714                      |
| Unrealised foreign exchange losses                                                                                               | 171            | 430                        |
| <b>Net cash provided by operating activities before change in assets and liabilities</b>                                         | <b>102,585</b> | <b>205,781</b>             |
| Change in assets and liabilities adjusted for effects of consolidation of controlled entities acquired/disposed during the year: |                |                            |
| (Increase)/decrease in trade and other receivables                                                                               | (11,741)       | 5,907                      |
| Decrease in inventories                                                                                                          | 4,695          | 596                        |
| Decrease/(increase) in prepayments and other current assets                                                                      | 1,642          | (20,410)                   |
| Decrease/(increase) in deferred tax items                                                                                        | 19,094         | (25,382)                   |
| Increase in income taxes payable                                                                                                 | (5,434)        | (25,954)                   |
| Increase in trade and other payables                                                                                             | 15,509         | 12,947                     |
| Increase/(decrease) in provisions                                                                                                | 3,240          | (1,051)                    |
| Decrease in other liabilities                                                                                                    | (2,595)        | (342)                      |
| Increase in deferred revenue                                                                                                     | 18,509         | 24,163                     |
| Increase in financing costs payable                                                                                              | 2,633          | 112                        |
| <b>Net cash provided by operating activities</b>                                                                                 | <b>148,137</b> | <b>176,367</b>             |

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST or equivalent tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, taxation authorities are classified as operating cash flows.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 7 – OTHER INFORMATION

|                                          | 2021<br>\$       | Restated<br>2020<br>\$ |
|------------------------------------------|------------------|------------------------|
| <b>7.3 – AUDITORS' REMUNERATION</b>      |                  |                        |
| Audit services:                          |                  |                        |
| Auditors of the Group – KPMG Australia   |                  |                        |
| Audit and review of financial statements | 1,289,000        | 1,276,000              |
| Other assurance services                 | 180,020          | 168,118                |
| Overseas KPMG firms                      |                  |                        |
| Audit and review of financial statements | 363,419          | 346,033                |
| Other assurance services                 | –                | –                      |
|                                          | <b>1,832,439</b> | <b>1,790,151</b>       |
| Other auditors                           |                  |                        |
| Audit and review of financial statements | 87,556           | 49,550                 |
| Other assurance services                 | 11,960           | 2,600                  |
|                                          | <b>99,516</b>    | <b>52,150</b>          |
|                                          | <b>1,931,955</b> | <b>1,842,301</b>       |
| Other services:                          |                  |                        |
| Auditors of the Group – KPMG Australia   |                  |                        |
| Tax compliance and advice                | 144,815          | 160,995                |
| Segment disposal – tax advice            | 4,299            | 86,877                 |
| Other services                           | 165,722          | 187,728                |
|                                          | <b>314,836</b>   | <b>435,600</b>         |
| Overseas KPMG firms                      |                  |                        |
| Tax compliance and advice                | 647,890          | 348,708                |
|                                          |                  |                        |
| Other auditors                           |                  |                        |
| Tax compliance and advice                | –                | –                      |
| Other services                           | 8,755            | 25,750                 |
|                                          | <b>8,755</b>     | <b>25,750</b>          |
|                                          | <b>971,481</b>   | <b>810,058</b>         |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 7 – OTHER INFORMATION

### 7.4 – PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended, 30 June 2021, the parent entity of the Group was EVENT Hospitality & Entertainment Limited.

|                                                                                                                                                                                                                           | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------|
| <b>Results of parent entity</b>                                                                                                                                                                                           |                |                            |
| Profit for the year                                                                                                                                                                                                       | (2,311)        | 15,288                     |
| Other comprehensive income for the year                                                                                                                                                                                   | 757            | (994)                      |
| Total comprehensive income for the year                                                                                                                                                                                   | (1,554)        | 14,294                     |
| <b>Financial position of parent entity at year end</b>                                                                                                                                                                    |                |                            |
| Current assets                                                                                                                                                                                                            | 7,449          | 2,098                      |
| Total assets                                                                                                                                                                                                              | 305,968        | 303,335                    |
| Current liabilities                                                                                                                                                                                                       | 9,316          | 5,856                      |
| Total liabilities                                                                                                                                                                                                         | 9,520          | 6,063                      |
| Net assets                                                                                                                                                                                                                | 296,448        | 297,272                    |
| <b>Total equity of parent entity comprises:</b>                                                                                                                                                                           |                |                            |
| Share capital                                                                                                                                                                                                             | 219,126        | 219,126                    |
| Financial assets revaluation reserve                                                                                                                                                                                      | 12,536         | 12,536                     |
| Share-based payments reserve                                                                                                                                                                                              | 36,255         | 34,769                     |
| Retained earnings                                                                                                                                                                                                         | 28,531         | 30,841                     |
| <b>Total equity</b>                                                                                                                                                                                                       | 296,448        | 297,272                    |
| <b>Parent entity contingencies</b>                                                                                                                                                                                        |                |                            |
| <i>Controlled entities</i>                                                                                                                                                                                                |                |                            |
| The Company has guaranteed the obligations of some subsidiary entities in respect of a number of operating lease commitments. Operating lease commitments of subsidiary entities that have been guaranteed are due:       |                |                            |
| Not later than one year                                                                                                                                                                                                   | 56,089         | 60,043                     |
| Later than one year but not later than five years                                                                                                                                                                         | 113,635        | 107,301                    |
| Later than five years                                                                                                                                                                                                     | 112,595        | 120,347                    |
|                                                                                                                                                                                                                           | 282,319        | 287,691                    |
| <i>Joint ventures and joint operations</i>                                                                                                                                                                                |                |                            |
| The Company has guaranteed the obligations of some joint ventures and joint operations in respect of a number of operating lease commitments. Operating lease commitments of joint ventures and joint operations are due: |                |                            |
| Not later than one year                                                                                                                                                                                                   | 51,426         | 40,354                     |
| Later than one year but not later than five years                                                                                                                                                                         | 188,156        | 138,453                    |
| Later than five years                                                                                                                                                                                                     | 274,902        | 191,876                    |
|                                                                                                                                                                                                                           | 514,484        | 370,683                    |
|                                                                                                                                                                                                                           | 796,803        | 658,374                    |

#### Parent entity guarantees

##### Subsidiaries

The Company has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of most of its Australian incorporated subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in Note 7.6.

##### Bank debt facilities

The Company is a guarantor under the Group's secured bank debt facilities, as disclosed in Note 4.4.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 7 – OTHER INFORMATION

### 7.5 – EVENTS SUBSEQUENT TO REPORTING DATE

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#### **Lockdowns occurring within certain geographic areas of Australia and New Zealand**

A number of the Group's sites are currently closed or significantly impacted due to the COVID-19 lockdowns within certain geographic locations within Australia and New Zealand. The duration of the lockdowns are dependent upon the various governments relaxing the lockdown and travel restrictions. The general expectation is that the lockdowns will continue, or continue to reoccur, until the COVID-19 vaccination rates of the general population meet or exceed the appropriate levels expected by the various government authorities. It is expected that the relaxation of the restrictions could start to occur within the last quarter of calendar 2021.

#### **Reopening of the German Cinema operations and German government support**

The Group re-opened the German Cinema operations on 1 July 2021 following an eight-month closure period. The German government has implemented a damage compensation program for affected businesses for the November and December 2020 lockdown period, and a subsidy program (Bridging Aid III) for the January to June 2021 period. The Group lodged applications for the November and December 2020 damage compensation program and recognised €27.5 million within the results for the year ended 30 June 2021. The proceeds were received in July and August 2021.

The Group expects to lodge applications for Bridging Aid III support payments in September 2021.

#### **Sale of a number of group properties**

A number of freehold assets that were considered non-core to the business operations of the Group were sold during the year, with gross proceeds totalling \$79.65 million. Further additional non-core properties have been identified for potential sale and the Group has commenced a number of expression of interest campaigns for the sale of certain freehold assets. The Group is on track to achieve \$250 million of proceeds from non-core assets within two years.

#### **Dividends**

On 23 August 2021, the directors resolved that no final dividend be declared for the year ended 30 June 2021.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 7 – OTHER INFORMATION

### 7.6 – DEED OF CROSS GUARANTEE

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Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the deed is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the deed are:

|                                                  |                                            |
|--------------------------------------------------|--------------------------------------------|
| Atura Hotels and Resorts Pty Limited             | Kvarken Pty Limited                        |
| Birch, Carroll & Coyle Limited                   | Lakeside Hotel Pty Limited                 |
| Bryson Hotel Pty Limited                         | Mamasa Pty Limited                         |
| Canberra Theatres Limited                        | Noahs Limited                              |
| Edge Digital Technology Pty Limited              | Northside Gardens Hotel Pty Limited        |
| Elsternwick Properties Pty Limited               | Pantami Pty Limited                        |
| Event Cinema Entertainment Pty Limited           | 203 Port Hacking Road Pty Limited          |
| Event Cinemas (Australia) Pty Limited            | QT Hotels and Resorts Pty Limited          |
| Event Hotels and Resorts Pty Limited             | QT Resort Port Douglas Pty Limited         |
| Glenelg Theatres Pty Limited                     | RQ Motels Pty Limited                      |
| Greater Entertainment Pty Limited                | Rydges Bankstown Pty Limited               |
| Greater Occasions Australia Pty Limited          | Rydges Cronulla Pty Limited                |
| Greater Union International Holdings Pty Limited | Rydges Hotels Limited                      |
| Greater Union Nominees Pty Limited               | Sonata Hotels Pty Limited                  |
| Greater Union Screen Entertainment Pty Limited   | Tannahill Pty Limited                      |
| Greattheatre Pty Limited                         | The Geelong Theatre Company Limited        |
| GUO Investments (WA) Pty Limited                 | The Greater Union Organisation Pty Limited |
| Gutace Holdings Pty Limited                      | Thredbo Resort Centre Pty Limited          |
| Haparanda Pty Limited                            | Tourism & Leisure Pty Limited              |
| Haymarket's Tivoli Theatres Pty Limited          | Western Australia Cinemas Pty Limited      |
| Kidsports Australia Pty Limited                  | Zollverein Pty Limited.                    |
| Kosciuszko Thredbo Pty Limited                   |                                            |

A consolidated Statement of Comprehensive Income and a consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the deed, after eliminating all transactions between parties to the deed, for the year ended, and as at, 30 June 2021 respectively are set out on the following page:

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## SECTION 7 – OTHER INFORMATION

|                                                   | 2021<br>\$'000 | Restated<br>2020<br>\$'000 |
|---------------------------------------------------|----------------|----------------------------|
| <b>7.6 – DEED OF CROSS GUARANTEE (continued)</b>  |                |                            |
| <b>Statement of Comprehensive Income</b>          |                |                            |
| Loss before tax                                   | (11,780)       | (22,573)                   |
| Income tax benefit                                | 7,190          | 4,867                      |
| <b>Loss for the year</b>                          | (4,590)        | (17,706)                   |
| Retained earnings at the beginning of the year    | 443,142        | 598,544                    |
| Adjustment to retained earnings                   | –              | (53,874)                   |
| Dividends paid                                    | –              | (83,822)                   |
| <b>Retained earnings at the end of the year</b>   | 438,552        | 443,142                    |
| <b>Statement of Financial Position</b>            |                |                            |
| <b>ASSETS</b>                                     |                |                            |
| <b>Current assets</b>                             |                |                            |
| Cash and cash equivalents                         | 75,902         | 45,690                     |
| Trade and other receivables                       | 42,990         | 36,205                     |
| Inventories                                       | 11,236         | 15,874                     |
| Prepayments and other current assets              | 6,869          | 7,058                      |
| Assets held for sale                              | 17,973         | –                          |
| <b>Total current assets</b>                       | 154,970        | 104,827                    |
| <b>Non-current assets</b>                         |                |                            |
| Trade and other receivables                       | 672            | 543                        |
| Loans to controlled entities                      | 197,318        | 197,697                    |
| Other financial assets                            | 1,083          | 1,083                      |
| Other investments                                 | 78             | 78                         |
| Investments in controlled entities                | 71,227         | 71,227                     |
| Investments accounted for using the equity method | 5,579          | 6,495                      |
| Property, plant and equipment                     | 941,623        | 1,002,957                  |
| Right-of-use assets                               | 510,669        | 477,416                    |
| Investment properties                             | 64,500         | 74,550                     |
| Goodwill and other intangible assets              | 61,624         | 66,094                     |
| Deferred tax assets                               | 22,475         | 57,875                     |
| Other non-current assets                          | 500            | 1,581                      |
| <b>Total non-current assets</b>                   | 1,877,348      | 1,957,596                  |
| <b>Total assets</b>                               | 2,032,318      | 2,062,423                  |
| <b>LIABILITIES</b>                                |                |                            |
| <b>Current liabilities</b>                        |                |                            |
| Trade and other payables                          | 65,712         | 64,369                     |
| Other loans and borrowings                        | 43,500         | 488,300                    |
| Current tax liabilities                           | –              | 6,585                      |
| Provisions                                        | 18,477         | 15,884                     |
| Deferred revenue                                  | 94,696         | 74,147                     |
| Lease liabilities                                 | 67,212         | 73,662                     |
| Other current liabilities                         | 1,836          | 2,481                      |
| <b>Total current liabilities</b>                  | 291,433        | 725,428                    |
| <b>Non-current liabilities</b>                    |                |                            |
| Loans from controlled entities                    | 56,093         | 123,689                    |
| Other loans and borrowings                        | 430,706        | 859                        |
| Provisions                                        | 11,591         | 10,285                     |
| Deferred revenue                                  | 4,342          | 8,863                      |
| Lease liabilities                                 | 526,200        | 480,748                    |
| Other non-current liabilities                     | 3,574          | 3,573                      |
| <b>Total non-current liabilities</b>              | 1,032,506      | 628,017                    |
| <b>Total liabilities</b>                          | 1,323,939      | 1,353,445                  |
| <b>Net assets</b>                                 | 708,379        | 708,978                    |
| <b>EQUITY</b>                                     |                |                            |
| Share capital                                     | 219,126        | 219,126                    |
| Reserves                                          | 50,701         | 46,710                     |
| Retained earnings                                 | 438,552        | 443,142                    |
| <b>Total equity</b>                               | 708,379        | 708,978                    |

## DIRECTORS' DECLARATION

1. In the opinion of the directors of EVENT Hospitality & Entertainment Limited:
  - (a) the consolidated financial statements and notes that are set out on pages 36 to 111 and the Remuneration Report in the Directors' Report set out on pages 24 to 34, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the Group entities identified in Note 7.6 to the financial statements will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those subsidiaries pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The directors have received the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Director Finance & Accounting for the year ended 30 June 2021.
4. The directors draw attention to note 1.2 to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



**AG Rydge**  
Director



**JM Hastings**  
Director

Dated at Sydney this 23<sup>rd</sup> day of August 2021.



# Independent Auditor's Report

To the shareholders of Event Hospitality & Entertainment Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of Event Hospitality & Entertainment Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2021;
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Asset Valuation – Hotel and Cinema Property, Plant and Equipment Assets and Lease Right of Use Assets (\$2,158k)

Refer to Note 3.3 and Note 3.9 to the Financial Report

| The key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The valuation of Hotel and Cinema property, plant and equipment assets and lease right of use assets is considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the significant value of the property, plant and equipment and lease right of use assets (being 81 % of total assets);</li> <li>the high level of judgement required by us in assessing the significant assumptions used by the Group to assess the appropriateness of the carrying value of property, plant and equipment and lease right of use assets; and</li> <li>significant estimation uncertainty on the recovery of the cash generating units (CGUs) in the Group from the impacts of the COVID-19 global pandemic.</li> </ul> <p>There are a number of judgements made by the Group and their external independent valuation experts when estimating the recoverable value of these assets. Some are more complex as they are dependent on assumptions about the future, such as revenue and cost growth rates and discount rates. These forward-looking estimations and the current market conditions increase the range of possible outcomes and the complexity.</p> <p>The Group uses a combination of external valuation experts, who are engaged every three years to value owned properties, and internal analysis to determine asset valuations. A majority of owned hotel and cinema properties were externally valued at 30 June 2021.</p> | <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>assessing the methodology used by the Group in the context of requirements of the Australian Accounting Standards;</li> <li>meeting with management and those charged with governance to understand the ongoing impact of COVID-19 to the Group, including potential future impacts;</li> <li>assessing the Group's determination of their CGUs based on our understanding of the operations of the Group and how independent cash inflows were generated, against the requirements of the Australian Accounting Standards;</li> <li>for cinemas we: <ul style="list-style-type: none"> <li>assessed each CGU for indicators of impairment based on business performance;</li> <li>considered the appropriateness of the value-in-use method applied by the Group for those CGUs with indicators of impairment, against the requirements of the Australian Accounting Standards;</li> <li>assessed the mathematical accuracy of the value-in-use models prepared;</li> <li>assessed the basis for the cash flow forecast by comparing the forecasts to our understanding of the lease terms and consideration of the historical accuracy of previous forecasts;</li> </ul> </li> </ul> |

Internal analysis was prepared by the Group to assess for indicators of impairment to Cinema and Hotel CGUs. Where an indicator of impairment was present the Group calculated its recoverable value and compared this to its carrying amount. The recoverable amount was determined using either an external valuation or an internally prepared value-in-use model.

Complex modelling using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

- compared amounts in the value-in-use models to Board approved budgets;
- challenged the Group's cash flow forecasts in the value-in-use models by probability weighting various downside cash flow scenarios within a reasonable possible range. This assisted in our consideration of the sensitivity of the models to reasonable possible changes in cash flow assumptions;
- worked with our valuation specialists to independently developed a discount rate range using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in;
- worked with our valuation specialists to independently assess the EBITDA growth rate from FY23 onwards using publicly available market data; and
- recalculated the impairment charge against the recorded amount disclosed.
- for hotels we:
  - assessed each CGU for indicators of impairment based on the 2021 external property valuations;
  - worked with our property valuation specialists to assess the scope, competence and objectivity of external valuation experts engaged by the Group, for a sample of those hotel assets subject to an external valuation;
  - worked with our property valuation specialists to assess the reasonableness of key assumptions used by the external valuation experts engaged by the Group, for a sample of those hotel assets subject to an external valuation; and
  - compared the valuation in the external valuation report to the carrying value of the hotel asset, to determine whether any impairment was required.
- evaluating the adequacy of the related disclosures in the financial report, including those made with respect to judgements and estimates, by comparing these disclosures to our understanding and the requirements of the Australian Accounting Standards.

## Other Information

Other Information is financial and non-financial information in Event Hospitality & Entertainment Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or 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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Event Hospitality & Entertainment Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 24 to 34 of the Directors' report for the year ended 30 June 2021.

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



KPMG



Cameron Slapp

Partner

Sydney

23 August 2021