EVENT

HOSPITALITY & ENTERTAINMENT

EVENT Hospitality & Entertainment Limited

Financial Results
For the half year ended 31 December 2021

This half year report is presented under listing rule 4.2A and should be read in conjunction with the EVENT Hospitality & Entertainment Limited 2021 Annual Report.

ASX code: EVT

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APPENDIX 4D
HALF YEARLY REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET

for the half year ended 31 December 2021
(previous corresponding period: half year ended 31 December 2020)

Key Information

				2021 A$'000	2020 A$'000
Revenue and other income				468,389	294,079
Total revenue and other income	**Up**	**59.3%**	**to**	**468,389**	**294,079**
Profit/(loss) before individually significant items, net finance costs and income tax				**30,311**	**(64,858)**
Net finance costs				(22,971)	(20,598)
Profit/(loss) before individually significant items and income tax				**7,340**	**(85,456)**
Individually significant items				23,801	3,683
Profit/(loss) before income tax				**31,141**	**(81,773)**
Income tax benefit				2,204	21,558
Profit/(loss) attributable to members of the parent entity	**Up**	**155.4%**	**to**	**33,345**	**(60,215)**

Dividends (distributions)		Amount per security	Franked amount per security
Final dividend	– 2021	– ¢	– ¢
Interim dividend	– Current year	– ¢	– ¢
	– Previous corresponding period	– ¢	– ¢

Record date for determining entitlements to the dividend	Not applicable
Date of interim dividend payment	Not applicable

Explanation of Revenue
See attached annexure and the Directors' Report.

Explanation of Profit from Ordinary Activities after Tax
See attached annexure and the Directors' Report.

Explanation of Net Loss/Profit
See attached interim consolidated financial report.

Explanation of Dividends
See attached interim consolidated financial report.

Net Tangible Asset Backing

	December 2021	June 2021	December 2020
Net tangible asset backing per share	$4.89	$4.78	$4.73

Controlled Entities Acquired or Disposed of
See attached interim consolidated financial report.

Additional Dividend Information
See attached interim consolidated financial report.

Dividend Re–Investment Plans
The Dividend Re–Investment Plan ("DRP") was suspended in August 2010.

Associates and Joint Venture Entities
See attached interim consolidated financial report.

Compliance Statement
The information provided in this report has been prepared in accordance with Australian Accounting Standards, the *Corporations Act 2001* and other standards acceptable to the ASX.

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

A summary of the normalised result is outlined below:

	31 December 2021					31 December 2020				
CONSOLIDATED GROUP RESULT	**Normalised EBITDA[1] $'000**	**Depreciation and amortisation[2] $'000**	**Normalised Result[3] $'000**	**Impact of AASB16 $'000**	**Reconciliation to reported net profit $'000**	**Normalised EBITDA[1] $'000**	**Depreciation and amortisation[2] $'000**	**Normalised Result[3] $'000**	**Impact of AASB16 $'000**	**Reconciliation to reported net profit $'000**
Entertainment										
Australia and New Zealand	(2,634)	(16,179)	(18,813)	7,994	(10,819)	(23,291)	(16,765)	(40,056)	8,086	(31,970)
Germany	65,199	(5,096)	60,103	1,131	61,234	(42,068)	(4,817)	(46,885)	(440)	(47,325)
Hospitality and Leisure										
Hotels and Resorts	(1,946)	(14,990)	(16,936)	311	(16,625)	11,349	(14,416)	(3,067)	582	(2,485)
Thredbo Alpine Resort	10,005	(4,763)	5,242	—	5,242	23,842	(4,234)	19,608	—	19,608
Property and Other Investments	3,910	(1,056)	2,854	—	2,854	5,121	(1,492)	3,629	—	3,629
Unallocated revenues and expenses[4]	(10,480)	(1,095)	(11,575)	—	(11,575)	(6,013)	(302)	(6,315)	—	(6,315)
	64,054	**(43,179)**	**20,875**	**9,436**	**30,311**	**(31,060)**	**(42,026)**	**(73,086)**	**8,228**	**(64,858)**
Net finance costs			(10,428)	(12,543)	(22,971)			(8,688)	(11,910)	(20,598)
			10,447	**(3,107)**	**7,340**			**(81,774)**	**(3,682)**	**(85,456)**
Income tax credit			8,953	888	9,841			21,463	920	22,383
Profit before individually significant items			**19,400**	**(2,219)**	**17,181**			**(60,311)**	**(2,762)**	**(63,073)**
Individually significant items – net of tax					16,164					2,858
Reported net (loss)/profit					**33,345**					**(60,215)**

1. Normalised EBITDA is the normalised result (see below) for the period before depreciation and amortisation and excluding the impact of AASB 16 *Leases*.
2. Depreciation and amortisation excludes the impact of AASB 16 *Leases*.
3. Normalised result is profit for the period before individually significant items (as outlined in note 4 to the interim consolidated financial report) and excluding the impact of AASB 16 *Leases*. As outlined in Note 2 to the interim consolidated financial report, 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-International Financial Reporting Standards ("IFRS") measure.
4. Unallocated expenses increased $4,467,000 in the half year ended 31 December 2021. This increase was driven by several factors including a material increase in insurance premiums, JobKeeper income recognised in the prior comparable half year, the end of the voluntary salary reductions entered into by directors, the CEO, and executives in the prior year in response to the impact of COVID-19 and short-term incentives earned and paid for certain corporate employees. No short-term incentives were paid to the CEO or other key management personnel. Adjusting for these items, underlying unallocated expenses were below the pre-COVID-19 half year ended 31 December 2019.

HALF YEAR OPERATING AND FINANCIAL REVIEW

The Group continued to be impacted by the global COVID-19 pandemic resulting in materially greater lockdowns and government mandated trading restrictions in the half year ended 31 December 2021 when compared with the prior comparable half year:

- The combination of the New South Wales ("NSW") and Victoria ("VIC") lockdowns from July to October 2021 and the continued impact of state and international border closures, resulted in materially greater trading restrictions for the Hotels division. 31% of owned hotel available rooms were in lockdown zones compared to 18% of available rooms prior year.
- In Australia, the Group's cinemas in Greater Sydney were impacted by 102 days of lockdown compared with no lockdowns in the prior comparable half year, whilst the Melbourne market was in lockdown for 85 days compared to 133 days in the prior comparable half year. Auckland, New Zealand was in lockdown for 107 days compared to 19 days in the prior comparable half year. Other regions across Australia and New Zealand were also impacted by lockdown periods.
- Thredbo's winter trading period was materially reduced because of the NSW Government mandated closure from mid-August to the end of the season.
- The German market was relatively less impacted by Government mandated closures, with cinemas reopening from 1 July 2021 following an eight-month closure. However, the Omicron wave resulted in 16% of screens across the Cinestar circuit mandated to close during the peak December trading period.

Despite these challenges, the Group's normalised revenue was $438.0 million or 54.8% above the prior comparative period, including the benefit of Government subsidies. Adjusting for the benefit of subsidies, the Group experienced strong revenue recovery, up 56.8% on the prior comparable period. This favourable result was largely driven by:

- The Entertainment businesses, which benefited from strong pent-up demand for the cinema experience and the performance of key blockbuster titles including *Spider-Man: No Way Home* and *No Time to Die*. The Group's success in the execution of the 'Cinema of the Future' strategic initiatives resulted in an increase in spend per customer, and the new operating models delivered strong margin improvements.
- The half year result was further assisted by a recovery in cinema trading in Germany, with *No Time to Die* delivering an outstanding result in that market, the best performing title since the pre-COVID-19 release of *Frozen 2*. In addition, revenue of $56.2 million was recognised from the German Government's Bridging Aid III program, which related to losses incurred in the year ended 30 June 2021.
- Hotels achieved strong average room rate growth and greater than fair market share performance by all owned EVT Hotel brands, to assist in mitigating the impact of lockdowns and restrictions. Strong growth was also achieved in food and beverage revenue, despite tougher trading conditions, and food and beverage margins were maintained despite increasing pressure on costs.
- Thredbo's new operating models continued to deliver benefits, with the new pricing strategy delivering record levels of revenue prior to the forced closure of the resort, and with active cost management of $4.6 million achieved in the half year.
- The November and December trading period demonstrated positive rebound indicators across all businesses.

Whilst the Group's Hotels and Thredbo divisions reported results below those in the prior comparable half year, Thredbo made a positive EBITDA contribution, and this was a strong result given the material increase in COVID related trading constraints.

The Group's strong performance in active cost management continued with these strategies delivering $75 million of savings in the half year. Since the commencement of the pandemic in March 2020 to December 2021, active cost management strategies have delivered a total reduction in costs of $339 million.

Good progress continues to be made on the strategy to divest $250 million of non-core property assets, with $194.4 million achieved to date. Non-core assets including Canberra Civic, Rydges Bankstown, Newcastle cinema and the under-performing QT Falls Creek were sold in the half year and total gross proceeds to date have exceeded the most recent valuations by 35.1%. The Group had previously identified a potential opportunity for Rydges North Sydney to attract a premium on disposal as a residential development site. However, following a thorough market process it became clear that the highest and best use is currently as an operating hotel asset with potential for mixed uses and it is intended to be retained on that basis. The Group remains on track to achieve the $250 million goal.

The Group has continued to make strong progress with the major development project at 525 George Street following Stage One Development Application approval, with targeted lodgement of the Stage Two Development Application in June 2022. Planning work continued for the 458-472 George Street development following the previous approval of the podium component, and the Group anticipates lodgement of the Development Application for the commercial office tower component in the second half of the 2022 financial year.

The Group continues to invest in its key hotel assets, including upgrades of Rydges Melbourne and QT Gold Coast, which are now in progress. During the half year, the Group entered into an agreement to increase its interest in Rydges Latimer Christchurch from 16% to 100% over a period of two years. The recently upgraded 175-room hotel opened in 2013 and has extensive conference and food and beverage facilities, including the Bloody Mary's restaurant, representing an excellent addition to the Group's portfolio of owned hotels.

Despite the tougher trading constraints, a material improvement in normalised profit was achieved. Group profit before interest, the net impact of AASB 16 Leases, and income tax expense was $20,875,000 for the half year ended 31 December 2021 which compares with a loss of $73,086,000 for the prior comparable half year. Adjusting for Germany's Bridging Aid III program, EBITDA was $7.9 million or $38.9 million above the comparable half year.

The Group's normalised profit after tax was $19,400,000 (2020: loss of $60,311,000) and the reported net profit after income tax was $33,345,000 (2019: loss of $60,215,000). The reported net profit included the profit on sale recognised on disposal of certain properties during the period, including Rydges Bankstown and the Canberra Civic commercial office property, with a total profit on sale of properties of $27,881,000 before tax recognised in the half year as an individually significant item (see below).

The Group's net debt position materially improved as at 31 December 2021 to $292,342,000 from 30 June 2021 ($355,450,000), and the current position is in line with the Group's pre-COVID-19 net debt. The Group is in a strong position to navigate the current COVID challenges and continue to invest in future growth projects.

Outlook for the second half
Whilst the Omicron wave has impacted the Group's trading performance in late December 2021 and January 2022, the Group is confident that when restrictions are eased demand will return quickly across all businesses, as has been evidenced in periods throughout 2021.

In Australia, most state borders are now open, and the reopening of the international border for tourism is encouraging. In New Zealand, the Government announced on 23 January 2022 that the entire country would be subject to 'Red' level restrictions under the traffic light system, limiting cinema auditoriums to a maximum of 100 people per screen. International inbound travel to New Zealand is expected to remain materially restricted throughout the second half. In Germany, certain cinemas closed in December 2021 due to government mandates, but have now reopened and are operating under various trading restrictions.

Demand for out-of-home entertainment experiences remains strong when restrictions are lifted, as demonstrated by the performance of *Spider-Man: No Way Home*. The Entertainment Group's second half trading performance will be subject to no further COVID-19 government constraints, no movement in release dates and the overall appeal of the film line-up. Based on the current film line-up and release dates, the Group expects second half box office revenue to exceed that achieved in the second half of the prior financial year, with a strong dependency on the performance of the northern hemisphere summer blockbuster releases in June 2022.

Strong signs of recovery for Hotels were evidenced in November and December trading period before Omicron. In Australia, corporate travel is expected to gain traction from April to improve weekday performance. Domestic leisure travel is expected to maintain pace on weekends and follow typical seasonal trends. New Zealand is expected to continue to be materially impacted due to Government mandated quarantine requirements and border restrictions. Overall, the performance of the Hotels division in the second half is expected to be in line with the second half of the prior financial year, with the benefit of the return of international travel expected to flow through in the next financial year.

Thredbo summer season opened a week later due to weather conditions. Despite the challenges presented by Omicron, Thredbo's summer season is expected to be relatively in line with the prior summer season.

The Property segment result in the second half is expected to track below the first half result due to the success of the Group's property divestment strategy and COVID-19 related matters.

Overall, the Group's underlying EBITDA in the second half of the year ended 30 June 2021 was approximately $15 million (excluding the German Government's November and December 2020 support program), and it is expected that the Group's underlying EBITDA in the second half of the current year will demonstrate a strong improvement on that result, subject to no further Government trading restrictions.

Subject to trading conditions and lending gearing requirements, the Board continues to desire to resume dividend payments later in the 2022 calendar year.

Individually significant items

Individually significant items comprised the following:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Profit on sale of properties	27,881	7,387
Reversal of impairment charges booked in previous years	—	3,747
Gain on pre-existing interest in acquired business (net of costs)	568	—
Write off of redundant assets on commencement of refurbishment program	(2,407)	—
Transaction and other costs associated with the sale of a business segment	(580)	(4,506)
Other expenses (net of income items)	(1,661)	(2,945)
Individually significant items benefit before income tax	23,801	3,683
Income tax expense	(7,637)	(825)
Individually significant items benefit after income tax	16,164	2,858

Capital structure and net debt

Cash and term deposits at 31 December 2021 totalled $153,242,000 and total bank debt outstanding was $445,584,000. The Group's net debt position at 31 December 2021 was $292,342,000 (30 June 2021: $355,450,000).

Liquidity and funding

As at 31 December 2021, the Group's main secured bank debt facilities comprise the following:

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

The above facilities are supported by interlocking guarantees from most Group entities and are secured by specific property mortgages. Debt drawn under these facilities bears interest at the relevant inter-bank benchmark reference rate plus a margin of between 1.75% and 4.35% per annum.

REVIEW OF OPERATIONS BY DIVISION

Entertainment Group

Whilst the first half was materially impacted compared to the comparable half year period due to government mandated restrictions, the Group's Entertainment divisions delivered significantly improved profitability. This was primarily due to strong customer demand for the cinema experience, the release of high performing blockbuster films and positive results from the Group's strategic initiatives.

As expected, customer demand for the cinema experience returned quickly when blockbuster titles were released. The Group's 'Cinema of the Future' strategic initiatives are proving successful with customers spending more each visit, new operating models resulting in a lower cost to serve and customer sentiment improving relative to the pre-COVID trading period.

The result for the half year ended 31 December 2021 was further assisted by the reopening of cinemas in Germany in July 2021, and revenue of $56.2 million was recognised from the German Government's Bridging Aid III program, which related to losses incurred in the year ended 30 June 2021.

Entertainment Australia

The Group's Entertainment Australia revenue was $120.3 million, a 36.9% increase on the prior comparable period. Excluding JobKeeper which benefited the prior year, revenue increased 95.5% on the prior comparable period.

The period was disrupted by the various State government mandated closures and COVID-19 operating restrictions, with the majority of these in NSW and VIC as outlined below.

- **NSW**: Greater Sydney was locked down from 1 July to 10 October, whilst Newcastle and certain other regional areas were locked down from 9 August to 10 October. Capacity restrictions, mandatory face masks and vaccine certificate requirements applied following reopening from 11 October.
- **VIC**: Greater Melbourne was locked down from 6 August to 29 October, with regional areas locked down from 22 August to 27 September. Capacity restrictions applied during the first two weeks of November, and mandatory face masks and vaccine certificate requirements also applied.

- **QLD**: Brisbane sites were only closed for nine days in the period, and Gold Coast sites were closed for seven days in the period. Capacity restrictions were lifted in December 2021 in conjunction with the introduction of vaccine certificate requirements. Mandatory face mask requirements also applied.
- **SA**: An eight-day lockdown was in place at the end of July, whilst capacity restrictions were in operation from August through to December 2021. Mandatory face mask requirements also applied.
- **WA**: No closures during the period, and capacity restrictions were only in place for the first two weeks of July. Mandatory face mask requirements also applied.

Despite the increased restrictions, the Australian Box Office increased by 105.9% on the prior comparable period, noting that the prior year was impacted by studios delaying blockbuster releases due to COVID-19 related global cinema closures. The Group's box office revenue increased by 106.1% on the prior comparable period. During the period, eight titles were released that grossed over $10 million, compared to only three titles in the prior comparable period. The increase in blockbuster films resulted in the top 10 films grossing $191.2 million, an increase of 172.0% on the collective gross of the top ten titles in the prior comparable period. For the month of December 2021, the Group's box office revenue was down only 2% on December 2018, and without the impact of the Omicron wave in late December the Group's month of December 2021 box office revenue would have exceeded the December 2018 month.

No Time to Die (released 11 November) grossed $35.6 million at the Australian box office, which is in line with the previous James Bond title, *Spectre* ($35.7 million). *Spider-Man: No Way Home* (released 16 December) has cumulatively grossed $79.3 million making it the fourth highest grossing film in Australia over the past 20 years and grossing 112.6% more than the previous Spider-Man title (*Spider-Man: Far from Home*). Fewer Government mandated COVID restrictions were in effect when both films were released, and there was an immediate return of audiences to cinemas.

Premium concepts were strongly favoured by customers, with admission contribution from premium concepts increasing by 6.2 percentage points. The combination of premium concepts and variable pricing strategy resulted in a record yield result with average ticket price increasing by 15.3% over the pre-COVID half year ended 31 December 2018. In addition, a period of record merchandising spend per head was achieved increasing 16.0% over the prior period and by 49.9% over the pre-COVID half year ended 31 December 2018. The new data-led marketplace design, premium Parlour Lane range and new proprietary technology contributed to the result.

The Group's direct customer relationships remain exceptionally strong with Cinebuzz representing 68% of cinema visits and 82% of online transactions.

The recognised COVID-19 safety plans that were developed, implemented and endorsed by infectious disease experts in the prior year continued to be applied throughout the period. The incremental cost of implementing government-mandated requirements in the period was around $1 million in Australian cinemas.

The new variable operating model that was designed to better reflect trading patterns, resulted in a significantly improved result for the period over the comparable prior period. As a result of these initiatives and growth in yield, growth in cinema EBITDA margin of more than three percentage points across the EVT-managed cinemas was achieved in the month of December 2021 when compared with the pre-COVID-19 December 2019 month.

The overall EBITDA loss for the half year ended 31 December 2021 was $1,603,000, which compared favourably with an EBITDA loss of $18,943,000 in the prior comparable period, an improvement of $17,340,000. Excluding the net benefit of JobKeeper in the prior comparable period, EBITDA improved by $29,419,000.

Entertainment New Zealand
Entertainment New Zealand revenue was $24.9 million or 46.0% up on the comparable period, excluding government wage subsidies revenue increased 38.7%. The impact of the New Zealand Government COVID-19 restrictions and closures was more significant in the half year ended 31 December 2021 than it had been in the prior comparable period; in the prior period, cinemas remained open with the exception of the mandated closure of the Auckland cinemas for an 19 day period in August, whilst in the current period there was a nationwide shutdown for 21 days, Auckland shutdown for a further 107 days.

Despite the increased impact of COVID-19 restrictions in New Zealand, nationwide box office increased by 42.2% over the prior comparable period. As in Australia, the prior year was impacted by studios delaying blockbuster releases due to COVID-19 related global cinema closures. There were five titles that grossed over $2 million at the New Zealand Box Office during the half year: *Spider-Man: No Way Home* (NZ$7.6 million), *No Time to Die* (NZ$5.3 million), *Black Widow* (NZ$3.9 million), *Space Jam: A New Legacy* (NZ$3.4 million), and *Dune* (NZ$2.0 million); compared to only two titles in the prior comparable period. The return of blockbuster films resulted in the top 10 grossing $29.8 million, an increase of 97.9% on the collective gross of the top 10 in the prior comparable period.

The top two films were sequel titles, both of which performed very well when compared to the prior release in the respective series. *No Time to Die* has grossed NZ$5.6 million, only 3.1% down on the prior James Bond (*Spectre*), despite releasing whilst Auckland cinemas were mandated to close. *Spider-Man: No Way Home* has cumulatively grossed NZ$11.3 million which is 98.2% up on the prior Spider-Man title (*Spider-Man: Far from Home*).

As evidenced in Australia, the 'Cinema of the Future' strategic initiatives resulted in customers spending more per visit and the operational model changes reduced the cost to serve whilst customer sentiment improved relative to the pre-COVID period. These initiatives resulted in average ticket price increasing by 28.3% over the pre-COVID half year ended 31 December 2018 with every month representing a record for that month. In addition, a record period of merchandising spend per head was achieved up 27.4% on the prior comparable half year and up 42.0% on pre-COVID spend per head. Cinebuzz maintained its strong influence with Cinebuzz representing approximately 73% of all online transactions.

The EBITDA result for the half year ended 31 December 2021 was a loss of $1,031,000, which was a significant improvement on the EBITDA loss of $4,348,000 in the prior comparable period.

Entertainment Germany
The Entertainment Germany division re-opened on 1 July 2021 following an eight-month closure period from November 2020 to June 2021. Initial trading results have been encouraging despite the 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. Some states now apply a "2G+" rule requiring customers to show evidence of vaccination and a negative COVID test. As a result of the Omicron outbreak, approximately 16% of screens across the Cinestar circuit were mandated to close during part or all of December. All screens have re-opened as at the end of January 2022.

Entertainment Germany revenue was $171.1 million, including Government subsidies, which was 431.0% above the prior comparable half year. Excluding Bridging Aid III, which related to material COVID-19-related losses incurred in the year ended 30 June 2021, Entertainment Germany revenue was $114.9 million, 256.5% above the prior comparable half year. EBITDA for the half year ended 31 December 2021 was $65.2 million, which compared favourably with an EBITDA loss of $42.1 million in the prior comparable period, an improvement of $107.3 million. Excluding the German Government's Bridging Aid III program, which relates to the prior financial year, EBITDA was $7.9 million or $38.9 million above the comparable half year.

The highest grossing titles within the German market included: *No Time to Die* (5.9 million admissions), an outstanding result and the best performing title in the German market since the pre-COVID-19 release of *Frozen 2*; *Spider-Man: No Way Home* (2.4 million admissions), the second-best performing Marvel title in Germany of all time after *Avengers: Endgame*, and *F9: The Fast Saga* (1.9 million admissions). The top ten films achieved total market admissions of 18.6 million, which was 267.4% higher than the prior year comparable period, noting that cinemas were closed in Germany in November and December 2020. Merchandising spend per head increased by 16.2% over the prior comparable period and by 20.5% over the pre-COVID-19 half year ended 31 December 2019.

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 to support 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 September 2021 period referred to as Bridging Aid III. Applications for Bridging Aid IIII subsidies of €35.5 million (A$56.2 million) in relation to the January to June 2021 period have been lodged and have been included in revenue in the half year ended 31 December 2021. Furthermore, in May 2021 the German government announced a €2.5 billion (A$3.8 billion) Culture Fund to help relaunch the country's pandemic-hit cultural sector. The Culture Fund provides compensation in cases where a spike in coronavirus infections forces events to be cancelled, postponed or capacity restricted, and the venue is not mandated to close. The aim of this fund is to help offset losses incurred to enable businesses to endure the COVID impacted period.

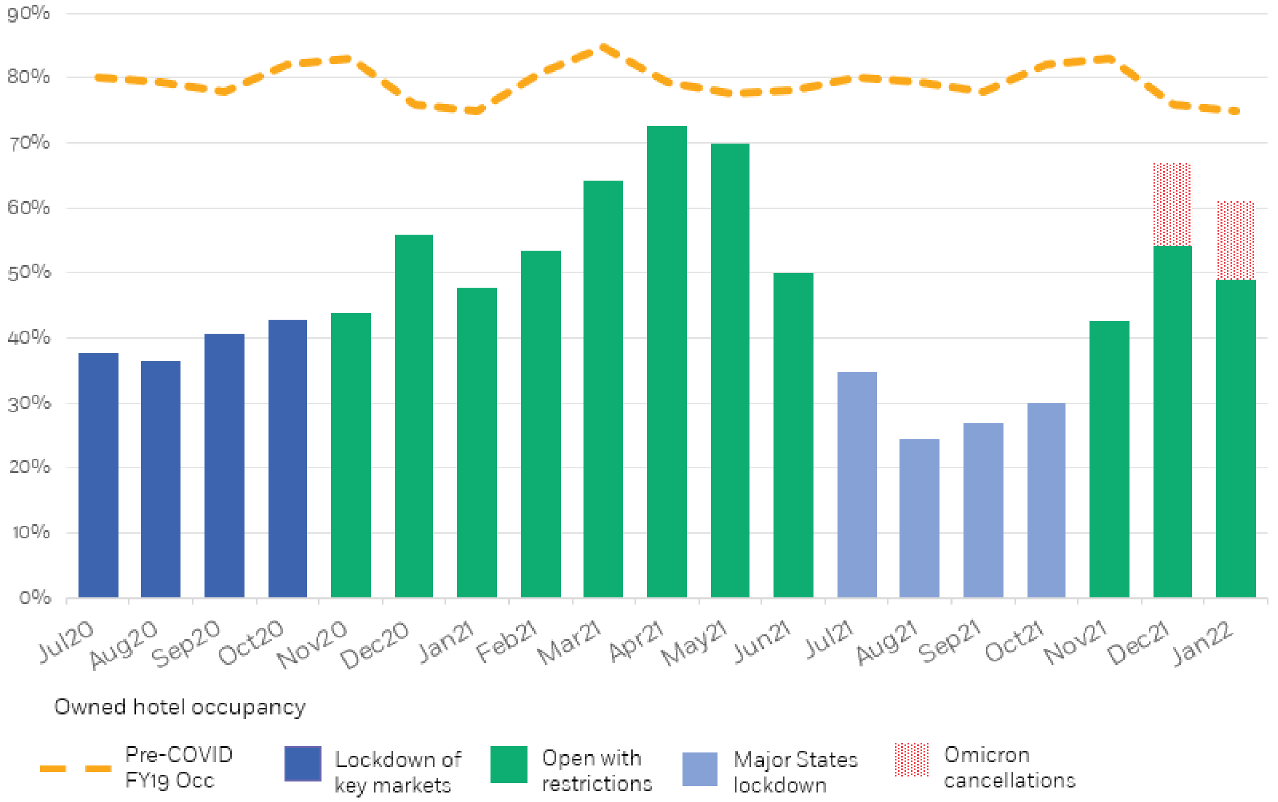
The Group continues to pursue legal advice in relation to the failure by Vue to meet its contractual obligation, which resulted in the sale of the German Cinema operation (as notified to the German Federal Cartel Office) being prohibited. The Group has reserved its legal and all other rights in relation to the failure by Vue to complete the transaction.

Hotels and Resorts

A material increase in government mandated lockdowns and extended border restrictions impacted the half year result. Approximately 31% of the Group's owned available rooms were in locked down locations compared to 18% in the prior comparable half year, impacting on the Group's key Sydney locations, in addition to Melbourne which was impacted in both the current and prior period. Despite these challenges, half year revenue from the Group's Hotels and Resorts division excluding government subsidies increased by 4.9% on the prior comparable half year.

Occupancy levels gathered pace throughout the half year period in line with the easing of restrictions, only to weaken again in late December with the identification of Omicron as a variant of concern, as illustrated in the chart below.

Owned Hotel Occupancy – monthly trends



New revenue strategies and revenue management initiatives resulted in a strong increase in the average room rates for all brands over the prior comparable half year, offsetting some of the decline in revpar which would have otherwise resulted from the lockdown induced occupancy decline. Prior to the Omicron wave, November and December were tracking well ahead of the prior comparable period under similar COVID-19 operating restrictions. The Group continues to outperform its competitors.

The Group achieved growth in food and beverage revenue over the prior comparable half year of 18.0%, despite tougher COVID-19 related trading conditions, and maintained food and beverage margins despite increasing pressure on costs. Active cost management including the benefit of new operating models and further action taken during periods of market lockdown delivered a benefit of $8,668,000 in the half year.

Whilst the market experienced hospitality labour shortages, action taken earlier in the 2021 calendar year to retain staff enabled minimal impact to operations. Targeted retention incentives, flexible working arrangements, wellbeing leave and the unique benefits the Group can offer staff were among the tactics deployed, and the Group recognises that smart investment is essential to ensure the Group remains in a leading position to retain and attract the best people. Further programs focussed on development and retention are currently under development.

For the half year, EBITDA was down $13,295,000 to a loss of $1,946,000, and PBIT was down $13,869,000 to a loss of $16,936,000. Excluding the net benefit of government subsidies, the underlying decline in EBITDA was $5,462,000 and the underlying decline in PBIT was $6,036,000.

In addition, three new managed hotels joined the Independent Collection portfolio during the half year period, being the Terrace Adelaide, Hotel Motel Adelaide and The Kennigo Brisbane. Consistent with the Group's strategy of divesting non-core and underperforming assets, QT Falls Creek and Rydges Bankstown have been sold, with the Group retaining management of Rydges Bankstown under a new Management Agreement.

Refurbishment of two key hotel assets are currently in progress and on completion will offer market-leading conference and event experiences. A refurbishment of QT Gold Coast is underway and will be completed later in the 2022 calendar year, including the conversion of underutilised space into revenue generating areas and an enhancement of guest rooms and conference facilities. In addition, Rydges Melbourne was closed in January 2022 for a major refurbishment that will transform the hotel into our new Rydges flagship brand standard. The upgrade includes new rooms, the enhancement of suites, and an expansion of our conference area by over 1,000 square metres to better maximise this asset. Completion is expected in early 2023. Prior to COVID-19, Rydges Melbourne contributed approximately 15% of the Group's owned hotel earnings, and as a result this closure is expected to negatively impact hotel earnings in the 2022 calendar year.

Thredbo Alpine Resort

Early winter season trading produced record levels of revenue for Thredbo reflecting the success of the revised business strategy, generating a return from the 2021 snow season despite a shortened season due to Government mandated closure.

COVID-19 related government mandated restrictions resulted in total closure of the resort in August 2021 for five peak trading weeks, which was the first time in Thredbo's history that winter operations have ceased by government mandate mid-season. As a result, skier days were down 55.7% on the prior year. The new operating model implemented by the Group in response was essential, and the new product and pricing strategies offset some of the impact of materially reduced visitation.

The opening of the summer season was delayed by a week due to adverse weather conditions. The Omicron wave impacted in December with staff shortages due to isolation requirements, causing disruption to certain food and beverage venues. Mountain biking visitation growth resulted in a 18% increase in mountain biking revenue in November and December 2021 when compared with the prior comparable period. A new mountain biking trail, Sidewinder, Thredbo's easiest beginner trail was added prior to the 2021-22 summer season, taking total mountain biking trails to nine.

The strong response by management in developing industry leading COVID-19 practices and defining the new operating model enabled Thredbo to operate very efficiently and safely when restrictions allowed. Customer sentiment remained high with an improved net promoter score across winter and into the summer months.

As part of the property development strategy, the Group continues to unlock value from unutilised bed rights at Thredbo. During the period, the Group agreed terms for the development of two separate lots realising total revenue of $7.0 million. Further initiatives are in progress.

EBITDA for the half year was $10,005,000, 58.0% below the prior comparable half year, and the normalised profit before income tax expense was $5,242,000, 73.3% below the prior comparable half year result. This was a solid result in the context of the COVID-19 closures outlined above. Excluding property sales, JobKeeper income in the prior comparable half year and certain other non-recurring items, EBITDA was $3,768,000.

Strong progress continues to be made with Thredbo's strategic growth plan. Planning is well underway for a major upgrade of Merritts Mountain House. Construction of a further three mountain bike trails in the Cruiser area has commenced with completion scheduled for prior to the 2022/23 summer season. Major upgrades to the snowmaking system including pipe replacement and the installation of 10 new snowmaking fan guns on Friday Flat are well underway and expected to be completed in time for the 2022 winter season. The proposed Alpine Coaster installation is expected to add a further year-round attraction to the resort and is scheduled to be completed for the 2023 winter season. Preparatory work has commenced for the replacement of the two-seater Snowgums chairlift with a new six-seater chairlift with construction scheduled for completion for the 2024 winter season.

Property
The Group is on track to realise the goal of $250 million from non-core asset sales. The total gross proceeds from the divestment of property assets in the year ended 30 June 2021 and the half year to December 2021 is $194.4 million. To date, the total gross proceeds achieved from this strategy have exceeded the most recent valuations by 35.1%. The Group will only divest assets if satisfactory outcomes are achieved.

Total gross proceeds (before selling costs and tax) of $107.9 million was achieved in the half year. Gross proceeds of $105.2 million were settled during the half year and $2.7 million is due to settle in April 2022. The assets sold in the half year were Rydges Bankstown, Canberra Civic (commercial office), Newcastle Cinema (cinema operations ceased in 2020) and the management rights and related property relating to QT Falls Creek. The Group had previously identified a potential opportunity for Rydges North Sydney to attract a premium on disposal as a residential development, however following a thorough market process it became clear that the highest and best use remains as an operating hotel asset and it will be retained on that basis. The Group remains on track to achieve the $250 million goal.

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 (810m2), 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. The Group anticipates lodgement of the Stage Two Development Application in June 2022 and subject to market conditions, construction is targeted to commence in the 2023/24 financial year subject to the success of residential sales, 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 (340m2) 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 office tower above the podium with 33 levels and approximately 34,000m2 of commercial office space, with lodgement of this application in the second half of the financial year. Subject to market conditions, construction is targeted to commence in the 2025/26 financial year. It is anticipated that should the Group proceed with the commercial office tower development a joint venture partner will be identified to assist in funding and developing the commercial office tower component.

Rental revenue was up 8.3% to $6,674,000. Whilst underlying costs were well managed, the normalised profit before interest and income tax expense of $2,854,000 was 21.4% below the prior comparable half year due to a reversal of provision balances that assisted the result for the prior comparable half year.

Unallocated revenues and expenses
Unallocated expenses increased $4,467,000 in the half year ended 31 December 2021. This increase was primarily driven by an increase in insurance premiums, no JobKeeper income in this period, and the end of the voluntary salary reductions by Directors, the CEO, and executives in the prior year in response to the impact of COVID-19. Adjusting for these items, underlying unallocated expenses were below the pre-COVID-19 half year ended 31 December 2019.

EVENT HOSPITALITY & ENTERTAINMENT LIMITED
INTERIM CONSOLIDATED FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

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DIRECTORS' REPORT

The directors present their report together with the interim consolidated financial report for the half year ended 31 December 2021 and the independent auditor's review report thereon.

Directors
The directors of the Company at any time during or since the end of the half year period are:

Name	**Period of directorship**
AG Rydge (Chairman)	Director since 1978
JM Hastings (Chief Executive Officer)	Director since 2017
RG Newton	Director since 2008
PR Coates *AO*	Director since 2009
VA Davies	Director since 2011
DC Grant	Director since 2013
PM Mann	Director since 2013

Review of operations
The review and results of operations are set out in the Annexure to the Appendix 4D.

Significant changes in the state of affairs
COVID-19 has had, and continues to have, a material impact on the Group's operating divisions. Further impact regarding the impact of COVID-19 on the Group is set out within the Operating and Financial Review.

Dividend
Due to the impact of the COVID-19 pandemic on the recent financial performance, no distribution was declared for the half year ended 31 December 2021.

Impact of legislation and other external requirements
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.

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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 14 and forms part of the directors' report for the half year ended 31 December 2021.

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 21st day of February 2022.

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 review of Event Hospitality & Entertainment Limited for the half-year ended 31 December 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Cameron Slapp
Partner

Sydney
21 February 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000
ASSETS				
Current assets				
Cash and cash equivalents		153,242	120,978	81,306
Trade and other receivables		107,641	98,800	51,694
Current tax receivables		522	6,074	41,717
Inventories		18,637	16,360	18,981
Prepayments and other current assets		13,474	8,692	11,609
Assets held for sale		6,069	17,973	9,652
Total current assets		299,585	268,877	214,959
Non-current assets				
Trade and other receivables		6,980	672	651
Other financial assets		4	1,086	1,086
Other investments		78	78	78
Investments accounted for using the equity method	12	9,419	13,945	16,392
Property, plant and equipment	7	1,269,822	1,249,793	1,297,076
Right-of-use assets	13	879,955	908,541	814,744
Investment properties		6,250	64,500	74,800
Goodwill and other intangible assets	8	123,240	101,345	100,325
Deferred tax assets		49,126	39,276	36,126
Other non-current assets		20,058	20,467	22,782
Total non-current assets		2,364,932	2,399,703	2,364,060
Total assets		2,664,517	2,668,580	2,579,019
LIABILITIES				
Current liabilities				
Trade and other payables		137,775	130,278	123,144
Loans and borrowings	9	1,593	44,980	1,063
Current tax liabilities		6,227	–	–
Provisions		23,034	22,131	18,769
Deferred revenue		97,169	120,159	94,160
Lease liabilities	13	129,745	129,869	129,303
Other current liabilities		9,101	2,504	4,019
Total current liabilities		404,644	449,921	370,458
Non-current liabilities				
Loans and borrowings	9	444,198	431,210	531,430
Provisions		20,365	19,958	18,833
Deferred revenue		7,935	8,266	12,909
Lease liabilities	13	863,160	881,873	778,368
Other non-current liabilities		12,431	4,816	4,991
Total non-current liabilities		1,348,089	1,346,123	1,346,531
Total liabilities		1,752,733	1,796,044	1,716,989
Net assets		911,784	872,536	862,030
EQUITY				
Share capital	10	219,126	219,126	219,126
Reserves	11	74,845	70,242	71,915
Retained earnings		617,813	583,168	570,989
Total equity		911,784	872,536	862,030

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

INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Note	31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue and other income			
Revenue from sale of goods and rendering of services	3	353,472	221,471
Other revenue and income	3	114,917	72,608
		468,389	294,079
Expenses			
Employee expenses		(119,015)	(119,215)
Film hire and other film expenses		(60,986)	(22,315)
Occupancy expenses		(58,881)	(51,028)
Amortisation, depreciation and impairments		(100,743)	(97,136)
Purchases and other direct expenses		(31,865)	(24,337)
Other operating expenses		(33,964)	(32,882)
Advertising, commissions and marketing expenses		(8,589)	(6,536)
Finance costs		(23,041)	(20,675)
		(437,084)	(374,124)
Equity accounted loss			
Net loss of equity accounted associates and joint ventures	12	(164)	(1,728)
Profit/(loss) before tax		31,141	(81,773)
Tax credit	6	2,204	21,558
Net profit/(loss) after tax		33,345	(60,215)

	31 Dec 2021 Cents	31 Dec 2020 Cents
Earnings per share		
Basic earnings per share	20.7	(37.4)
Diluted earnings per share	20.5	(37.4)

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021 $'000	31 Dec 2020 $'000
Net profit/(loss) after tax	33,345	(60,215)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation differences for foreign operations – net of tax	(643)	(2,762)
Other comprehensive loss for the period – net of tax	(643)	(2,762)
Total comprehensive income/(loss)	32,702	(62,977)

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

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Share capital $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2021	219,126	70,242	583,168	872,536
Profit for the period	–	–	33,345	33,345
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	(643)	–	(643)
Total other comprehensive loss recognised directly in equity	–	(643)	–	(643)
Total comprehensive profit for the period	–	(643)	33,345	32,702
Employee share-based payments expense – net of tax	–	6,546	–	6,546
Transfer on sale of an Investment Property	–	(1,300)	1,300	–
Balance at 31 December 2021	219,126	74,845	617,813	911,784
Balance at 1 July 2020	219,126	73,106	631,204	923,436
Loss for the period	–	–	(60,215)	(60,215)
Other comprehensive income				
Foreign currency translation differences for foreign operations – net of tax	–	(2,762)	–	(2,762)
Total other comprehensive loss recognised directly in equity	–	(2,762)	–	(2,762)
Total comprehensive loss for the period	–	(2,762)	(60,215)	(62,977)
Employee share-based payments expense – net of tax	–	1,571	–	1,571
Balance at 31 December 2020	219,126	71,915	570,989	862,030

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

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	31 Dec 2021 $'000	31 Dec 2020 $'000
Cash flows from operating activities		
Cash receipts in the course of operations	352,202	247,569
Cash payments in the course of operations	(343,740)	(276,207)
Cash provided by operations	8,462	(28,638)
Distributions from joint ventures	182	61
Other revenue	91,134	66,857
Dividends received	3	3
Interest received	70	77
Finance costs paid	(23,066)	(17,865)
Income tax refund/(paid)	4,911	(420)
Net cash provided by operating activities	81,696	20,075
Cash flows from investing activities		
Payments for property, plant and equipment and redevelopment of properties	(30,050)	(10,621)
Finance costs paid in relation to qualifying assets	–	(1,824)
Payments for management rights, software and other intangible assets	(90)	(1,322)
Decrease in loans from other entities	(277)	(19)
Proceeds from disposal of property, plant and equipment	107,910	7,645
Payment to acquire a business (net of cash acquired)	(12,584)	–
Net cash used by investing activities	64,909	(6,141)
Cash flows from financing activities		
Proceeds from borrowings	84,582	67,000
Repayment of borrowings	(137,642)	(22,000)
Repayment of minority interest loan	(7,523)	–
Transaction costs related to borrowings	–	(3,863)
Payment of lease liabilities	(52,961)	(49,639)
Net cash used in financing activities	(113,544)	(8,502)
Net increase in cash and cash equivalents	33,061	5,432
Cash and cash equivalents at the beginning of the period	120,978	76,594
Effect of exchange rate fluctuations on cash held	(797)	(720)
Cash and cash equivalents at the end of the period	153,242	81,306

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

NOTE 1 – GENERAL INFORMATION, COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES

EVENT Hospitality & Entertainment Limited ("Company") is a company domiciled in Australia. The condensed interim consolidated financial report of the Company as at and for the six months ended 31 December 2021 comprises the Company and its subsidiaries (collectively referred to as "Group" or "Consolidated Entity") and the Group's interest in associates and jointly controlled entities.

The interim consolidated financial report was authorised by the Board of the Company for issue on 21 February 2022.

Statement of compliance and basis of preparation
The interim consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim consolidated financial report does not include all of the information required for a full annual financial report.

It is recommended that this interim consolidated financial report be read in conjunction with the most recent annual financial report for the year ended 30 June 2021. This report should also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and 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.

In preparing the interim consolidated financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent to those that applied to the consolidated financial report as at and for the year ended 30 June 2021, other than for the impacts of COVID-19 which continue to evolve, as set out below.

Financial risk management
The Group's financial risk management systems are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2021.

Going Concern and COVID-19
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 and societal interaction. 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;
- Provision for expected credit losses;
- Revaluations of investment properties; and
- Valuations of property plant and equipment.

Going concern basis of accounting
COVID-19 continues to have a material impact on the Group's operational divisions, including:

- Various government-mandated temporary closure of the Group's cinemas 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 markets and other visitation impacts for the Thredbo resort; and
- Reduction in rental income as a result of rental stress by tenants and support relief provided.

NOTE 1 – GENERAL INFORMATION, COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has incurred significant and material reductions in revenue and, in order to manage and maintain an appropriate level of current and future liquidity, has continued to undertake certain actions to ensure the viability of the Group for the current and longer term. The actions include:

- Implementation of operational and corporate cost saving initiatives to ensure that the impact of COVID-19 on earnings was appropriately minimised and managed;
- Participation in government support initiatives;
- Suspension of dividend payments. 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; and
- From a future financial and liquidity perspective, and in the context of the current challenging environment highlighted above, COVID-19 forecast updates are regularly undertaken across all of the Group's businesses.

The Group considers that, whilst COVID-19 will continue to create uncertainty for the short-term prospects of its operating businesses, the Group expects to maintain sufficient liquidity for the foreseeable future. In relation to the existing debt facilities, the Group and its banks have agreed to covenant calculation amendments for the 31 December 2021 covenant testing point. Certain covenants had previously been waived for the 31 December 2020 and 30 June 2021 covenant testing points. Based on the Group's forward forecasts, current trading expectations and ongoing capital management plans, the financial report has been prepared on a going concern basis. 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.

In addition, the Group has reported a net current asset deficiency of $105.1 million. This deficiency is predominately a consequence of the recognition of current lease liabilities (under AASB 16 *Leases*) totalling $129.7 million. Current lease and other liabilities are expected to be supported by future operating cash flows and available liquidity from undrawn debt facilities of $225.6 million at 31 December 2021.

The Group has also initiated a divestment plan relating to non-core assets expected to realise approximately $250 million. The plan, which was announced in February 2021, anticipated the sale process to be undertaken progressively over a two-year period. To date, sales totalling $201.5 million have been completed. The Group's most recent future reforecasts do not include additional net proceeds of the non-core asset sales.

New and amended accounting standards adopted by the Group
The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period. The adoption of the Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

NOTE 2 – SEGMENT REPORTING

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.

NOTE 2 – SEGMENT REPORTING (continued)

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.

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.

NOTE 2 – SEGMENT REPORTING (continued)

	Entertainment									
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Consolidated $'000
31 December 2021										
Revenue and other income										
External segment revenue	142,080	107,786	76,778	33,960	7,327	–	367,931	–	–	367,931
Other income – external	3,071	63,323	3,629	–	–	3	70,026	30,362	–	100,388
Finance revenue	–	–	–	–	–	–	–	–	70	70
Revenue and other income	145,151	171,109	80,407	33,960	7,327	3	437,957	30,362	70	468,389
Result										
Segment result	36,633	88,312	431	10,005	3,910	(10,480)	128,811	23,801	–	152,612
Net profit of equity accounted investees	(349)	133	52	–	–	–	(164)	–	–	(164)
EBITDA*	36,284	88,445	483	10,005	3,910	(10,480)	128,647	23,801	–	152,448
Depreciation and amortisation	(47,103)	(27,211)	(17,108)	(4,763)	(1,056)	(1,095)	(98,336)	–	–	(98,336)
Profit/(loss) before interest and income tax expense	(10,819)	61,234	(16,625)	5,242	2,854	(11,575)	30,311	23,801	–	54,112
Finance costs	(10,683)	(762)	(1,098)	–	–	–	(12,543)	–	(10,498)	(23,041)
Finance revenue	–	–	–	–	–	–	–	–	70	70
Profit/(loss) before income tax expense	(21,502)	60,472	(17,723)	5,242	2,854	(11,575)	17,768	23,801	(10,428)	31,141
Income tax credit/(expense)	–	–	–	–	–	–	–	(7,637)	9,841	2,204
Net profit/(loss)	(21,502)	60,472	(17,723)	5,242	2,854	(11,575)	17,768	16,164	(587)	33,345
Assets										
Reportable segment assets (excluding right-of use assets)	356,531	235,270	762,651	72,223	263,685	–	1,690,360	–	35,657	1,726,017
Right-of-use assets	570,094	240,854	69,007	–	–	–	879,955	–	–	879,955
Equity accounted investments	5,231	4,188	–	–	–	–	9,419	–	–	9,419
Deferred tax assets	–	–	–	–	–	–	–	–	49,126	49,126
Total assets	931,856	480,312	831,658	72,223	263,685	–	2,579,734	–	84,783	2,664,517

NOTE 2 – SEGMENT REPORTING (continued)

	Entertainment: Australia and New Zealand $'000	Entertainment: Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Consolidated $'000
31 December 2021										
Reconciliation of adjustments AASB 16 *Leases*										
Reported EBITDA (including AASB 16 Leases)*	36,284	88,445	483	10,005	3,910	(10,480)	128,647	23,801	–	152,448
Less: Occupancy costs	(38,918)	(23,246)	(2,429)	–	–	–	(64,593)	–	–	(64,593)
Adjusted EBITDA (excluding AASB 16 Leases)*	(2,634)	65,199	(1,946)	10,005	3,910	(10,480)	64,054	23,801	–	87,855
Result impacts arising from AASB 16 *Leases*										
Occupancy costs	38,918	23,246	2,429	–	–	–	64,593	–	–	64,593
Amortisation	(30,924)	(22,115)	(2,118)	–	–	–	(55,157)	–	–	(55,157)
Finance costs	(10,683)	(762)	(1,098)	–	–	–	(12,543)	–	–	(12,543)
Income tax credit**	782	(110)	216	–	–	–	888	–	–	888
	(1,907)	259	(571)	–	–	–	(2,219)	–	–	(2,219)

* *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.*

NOTE 2 – SEGMENT REPORTING (continued)

	Entertainment									
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Consolidated $'000
31 December 2020										
Revenue and other income										
External segment revenue	77,251	27,800	73,191	49,168	7,009	3	234,422	–	–	234,422
Other income – external	27,659	4,426	13,439	1,777	250	895	48,446	11,134	–	59,580
Finance revenue	–	–	–	–	–	–	–	–	77	77
Revenue and other income	104,910	32,226	86,630	50,945	7,259	898	282,868	11,134	77	294,079
Result										
Segment result	14,392	(16,792)	13,456	23,842	5,121	(6,013)	34,006	(64)	–	33,942
Net profit of equity accounted investees	(433)	(1,155)	(140)	–	–	–	(1,728)	–	–	(1,728)
EBITDA*	13,959	(17,947)	13,316	23,842	5,121	(6,013)	32,278	(64)	–	32,214
Depreciation and amortisation	(45,929)	(29,378)	(15,801)	(4,234)	(1,492)	(302)	(97,136)	–	–	(97,136)
Impairment reversal	–	–	–	–	–	–	–	3,747	–	3,747
Profit/(loss) before interest and income tax expense	(31,970)	(47,325)	(2,485)	19,608	3,629	(6,315)	(64,858)	3,683	–	(61,175)
Finance costs	(9,947)	(1,091)	(872)	–	–	–	(11,910)	–	(8,765)	(20,675)
Finance revenue	–	–	–	–	–	–	–	–	77	77
Profit/(loss) before income tax expense	(41,917)	(48,416)	(3,357)	19,608	3,629	(6,315)	(76,768)	3,683	(8,688)	(81,773)
Income tax credit/(expense)	–	–	–	–	–	–	–	(825)	22,383	21,558
Net profit/(loss)	(41,917)	(48,416)	(3,357)	19,608	3,629	(6,315)	(76,768)	2,858	13,695	(60,215)
Assets										
Reportable segment assets (excluding right-of use assets)	368,007	130,760	716,567	64,214	343,007	–	1,622,555	–	89,202	1,711,757
Right-of-use assets	550,126	214,870	49,748	–	–	–	814,744	–	–	814,744
Equity accounted investments	6,061	994	9,337	–	–	–	16,392	–	–	16,392
Deferred tax assets	–	–	–	–	–	–	–	–	36,126	36,126
Total assets	924,194	346,624	775,652	64,214	343,007	–	2,453,691	–	125,328	2,579,019

NOTE 2 – SEGMENT REPORTING (continued)

	Entertainment									
	Australia and New Zealand $'000	Germany $'000	Hotels and Resorts $'000	Thredbo Alpine Resort $'000	Property $'000	Corporate $'000	Total segments $'000	Individually significant items $'000	Unallocated and tax $'000	Consolidated $'000
31 December 2020										
Reconciliation of adjustments AASB 16 *Leases*										
Reported EBITDA (including AASB 16 Leases)*	13,959	(17,947)	13,316	23,842	5,121	(6,013)	32,278	(64)	–	32,214
Less: Occupancy costs	(37,250)	(24,121)	(1,967)	–	–	–	(63,338)	–	–	(63,338)
Adjusted EBITDA (excluding AASB 16 Leases)*	(23,291)	(42,068)	11,349	23,842	5,121	(6,013)	(31,060)	(64)	–	(31,124)
Result impacts arising from AASB 16 *Leases*										
Occupancy costs	37,250	24,121	1,967	–	–	–	63,338	–	–	63,338
Amortisation	(29,164)	(24,561)	(1,385)	–	–	–	(55,110)	–	–	(55,110)
Finance costs	(9,947)	(1,091)	(872)	–	–	–	(11,910)	–	–	(11,910)
Income tax credit**	419	458	43	–	–	–	920	–	–	920
	(1,442)	(1,073)	(247)	–	–	–	(2,762)	–	–	(2,762)

** 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.

	31 December 2021				31 December 2020			
	Australia $'000	New Zealand $'000	Germany $'000	Total Consolidated $'000	Australia $'000	New Zealand $'000	Germany $'000	Total Consolidated $'000
External segment revenue	214,104	46,041	107,786	367,931	172,510	34,112	27,800	234,422
Reportable segment assets	1,202,017	253,073	235,270	1,690,360	1,173,923	317,872	130,760	1,622,555
Right-of-use assets	499,724	139,377	240,854	879,955	472,634	127,240	214,870	814,744
Equity accounted investments	5,231	–	4,188	9,419	6,061	9,337	994	16,392
Total assets	1,706,972	392,450	480,312	2,579,734	1,652,618	454,449	346,624	2,453,691

NOTE 3 – REVENUE

	31 Dec 2021 $'000	31 Dec 2020 $'000
Revenue from contracts with customers (see below)	353,472	221,471
Other revenue		
Rental revenue	13,841	12,581
Finance revenue	70	77
Government support [a]	69,983	48,190
Dividends	3	3
Sundry	636	366
	84,533	61,217
Other income		
Profit on sale of investment properties	17,437	–
Profit on sale of property, plant and equipment	12,258	7,394
Gain on pre-existing interest in acquired business	689	–
Reversal of impairment charges booked in previous years	–	3,747
Increase in fair value of investment properties	–	250
	30,384	11,391
Total other revenue and income	114,917	72,608
	468,389	294,079

[a] Government 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. The JobKeeper program concluded on 28 March 2021. 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 and Bridging Aid III programs were implemented by the Germany government as a form of compensation for businesses affected by various lockdown periods. Certain Group companies resident in Germany qualified for the Damage Support and Bridging Aid III programs.

NOTE 3 – REVENUE (continued)

	Entertainment						
	Australia and New Zealand $'000	**Germany $'000**	**Hotels and Resorts $'000**	**Thredbo Alpine Resort $'000**	**Property and Other Investments $'000**	**Corporate and Unallocated $'000**	**Consolidated $'000**
Disaggregation of revenue from contracts with customers 31 December 2021							
Major products/service lines							
Box office	75,465	63,009	–	–	–	–	138,474
Food and beverage	41,890	33,610	27,750	4,144	–	–	107,394
Hotel rooms	–	–	38,701	1,236	–	–	39,937
Management and service agreements	777	119	4,548	–	–	–	5,444
Thredbo lift tickets	–	–	–	13,369	–	–	13,369
Other revenue from contracts with customers	23,919	8,643	5,182	10,457	653	–	48,854
Revenue from contracts with customers	142,051	105,381	76,181	29,206	653	–	353,472
Rental revenue	29	2,277	597	4,264	6,674	–	13,841
Finance revenue	–	–	–	–	–	70	70
Government support	3,071	63,301	3,611	–	–	–	69,983
Dividends	–	–	–	–	–	3	3
Sundry	–	150	18	490	–	–	658
Total revenue and other income before individually significant items	145,151	171,109	80,407	33,960	7,327	73	438,027
Individually significant items – other income	1,120	–	11,000	–	18,242	–	30,362
Total revenue and other income	146,271	171,109	91,407	33,960	25,569	73	468,389

NOTE 3 – REVENUE (continued)

	Entertainment						
	Australia and New Zealand $'000	**Germany $'000**	**Hotels and Resorts $'000**	**Thredbo Alpine Resort $'000**	**Property and Other Investments $'000**	**Corporate and Unallocated $'000**	**Consolidated $'000**
Disaggregation of revenue from contracts with customers 31 December 2020							
Major products/service lines							
Box office	39,223	13,538	–	–	–	–	52,761
Food and beverage	22,279	7,722	23,511	8,091	–	–	61,603
Hotel rooms	–	–	39,452	2,482	–	–	41,934
Management and service agreements	735	123	3,613	–	–	–	4,471
Thredbo lift tickets	–	–	–	29,018	–	–	29,018
Other revenue from contracts with customers	14,964	4,070	5,800	6,002	848	–	31,684
Revenue from contracts with customers	77,201	25,453	72,376	45,593	848	–	221,471
Rental revenue	50	2,308	815	3,247	6,161	–	12,581
Finance revenue	–	–	–	–	–	77	77
Government support	27,659	4,426	13,439	1,771	–	895	48,190
Dividends	–	–	–	–	–	3	3
Increase in fair value of investment property	–	–	–	–	250	–	250
Sundry	–	39	–	334	–	–	373
Total revenue and other income before individually significant items	104,910	32,226	86,630	50,945	7,259	975	282,945
Individually significant items – other income	7,387	–	3,747	–	–	–	11,134
Total revenue and other income	112,297	32,226	90,377	50,945	7,259	975	294,079

NOTE 3 – REVENUE (continued)

Performance obligations and 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 contacts 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
Box office	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. 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.	Box office ticket revenue is recognised on the date the customer views the relevant film. 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. 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. 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. 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.
Food and beverage	Customers obtain control of food and beverage at the point of sale.	Revenue is recognised at the point of sale.
Hotel rooms	Customers obtain control of the accommodation service when they occupy the room.	Revenue is recognised when the room is occupied.
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.

NOTE 4 – PROFIT BEFORE INCOME TAX

Profit before income tax expense includes the following items where disclosure is relevant in explaining the financial performance of the Group.

(a) Individually significant items

Individually significant items comprised the following:

	31 Dec 2021 $'000	31 Dec 2020 $'000
Profit on sale of properties	27,881	7,387
Reversal of impairment charges booked in previous years	–	3,747
Gain on pre-existing interest in acquired business (net of acquisition costs)	568	–
Write off of redundant assets on commencement of refurbishment program	(2,407)	–
Transaction and other costs associated with the sale of a business segment	(580)	(4,506)
Other expenses (net of income items)	(1,661)	(2,945)
Individually significant items benefit before income tax	23,801	3,683
Income tax (expense)/benefit	(7,637)	(825)
Individually significant items benefit after income tax	16,164	2,858

(b) Seasonality of operations

The consolidated result includes the operations of the Thredbo Alpine Resort. Due to the timing of the Australian ski season, profits from this business for the financial year to 30 June 2021 have largely been earned in the half year to 31 December 2021. The results for the Thredbo resort for the half year ending 31 December 2021 were impacted by the implementation of social distancing, the impact of lockdowns in key markets and other visitation impacts.

NOTE 5 – DIVIDENDS

To assist the Group's liquidity during the COVID-19 recovery period, no dividend has been declared for the half year ending 31 December 2021.

NOTE 6 – TAXATION

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. 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.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the half year ended 31 December 2021 the Group acquired property, plant and equipment with a cost value of $30,050,000 (2020: $12,444,000).

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 31 December 2021 are set out below.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (continued)

Hotels
Hotel properties are treated as separate cash-generating units. The impairment review process at 31 December 2021 included a detailed review of independent valuations that were issued at 30 June 2021 and utilising the recent independent valuations as an indicative indicator of, or proxy for, fair value purposes. The independent valuation parameters that were used within the 30 June 2021 were generally considered to be consistent with current valuation methodology and assumptions that would have been used had a valuation exercise occurred at 31 December 2021. The valuations were compared to the relevant carrying value of each hotel cash generating unit. With the exception of one property, each valuation for the hotel cash generating units exceeded the relevant carrying value at 31 December 2021. In relation to the one exception, the property is currently undergoing a refurbishment and upgrade which is expected to result in an increased valuation comparator.

As a result of the above impairment review process, there were no impairment losses recognised during the half year (year ended 30 June 2021: $Nil). For hotels that had been subject to impairments in previous years, the recoverable amount was reviewed during the period and, as a result of the review, impairment charges of $nil (year ended 30 June 2021: $3,747,000) 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 continuing COVID-19 impacted trading performance, together with past pre COVID-19 performance, of certain cinema sites and cash-generating units caused the Group to assess their recoverable amounts at 31 December 2021.

The impairment review process at 31 December 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 a review and assessment of the independent valuation that was undertaken as 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, there were no impairment losses recognised during the half year period (year ending 30 June 2021: $9,920,000).

For cinemas that had been subject to impairments in previous years, the recoverable amount was reviewed during the period. As a result of the review, no impairment charges were reversed in respect of impairments booked in previous years.

Thredbo
The operations at Thredbo are treated as one cash-generating unit. The impairment review process at 31 December 2021 included a review of the parameters of the independent valuation issued at 30 June 2021 together with the expected future normalised earnings of the Thredbo business. The independent valuation parameters that were used within the 30 June 2021 were considered to be consistent with current valuation methodology and assumptions that would have been used had a valuation exercise occurred at 31 December 2021. In addition, the independent valuation that occurred at 30 June 2021 is in excess of the current carrying value by over 200% and, as a result, the Group determined that there was no impairment in relation to the carrying value of Thredbo.

NOTE 8 – GOODWILL AND OTHER INTANGIBLE ASSETS

	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000
Goodwill and other intangible assets comprise of goodwill, construction rights, management and leasehold rights, liquor licences and software. Movements in goodwill and other intangible assets during the half year were as follows:			
Balance at the beginning of the period	101,345	99,146	99,146
Acquisitions and initial contributions	26,892	6,157	1,323
Net foreign currency differences on translation of foreign operations	405	(383)	(85)
Amortisation	(3,022)	(6,308)	(2,945)
Disposals	(1,215)	(15)	–
Transfer	(1,165)	2,748	2,886
Balance at the end of the period	123,240	101,345	100,325

Impairment

The carrying amounts of the Group's non-financial assets, other than investment properties, 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.

NOTE 9 – LOANS AND BORROWINGS

	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000
Current			
Interest bearing loans and borrowings			
Bank loans – secured	565	43,500	–
Non–interest bearing loans and borrowings			
Loans from other companies – unsecured	1,028	1,480	1,063
	1,593	44,980	1,063
Non–current			
Interest bearing loans and borrowings			
Bank loans – secured	445,019	432,928	533,640
Deferred financing costs	(2,311)	(3,081)	(3,863)
	442,708	429,847	529,777
Non–interest bearing loans and borrowings			
Loans from other companies – unsecured	1,490	1,363	1,653
	444,198	431,210	531,430

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; 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 are 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 $43,500,000 (30 June 2021: $56,500,000 was repaid and cancelled) during the period.

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 31 December 2021, the Group had drawn $424,382,000 (30 June 2021: $476,428,000) under the debt facilities, of which $nil (30 June 2021: $nil) was subject to interest rate swaps used for hedging, and had drawn $1,298,000 under the credit support facility (30 June 2021: $1,225,000).

A New Zealand domiciled subsidiary has general loan facilities secured against a hotel property. The subsidiary had drawn NZ$22,534,000 (A$21,202,000) under the facility. The subsidiary, prior to 30 September 2021, was accounted as a joint venture as the Group owned a 16% interest in the subsidiary. The interest in the subsidiary increased to 70% effective from 30 September 2021 (refer also to note 14).

Other facility – secured

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$2,619,000).

Certain wholly-owned German subsidiaries have a secured guarantee facility of €14,000,000 (A$21,837,000) for the issue of letters of credit and bank guarantees. The facility expires on 31 May 2022 and is secured against cash held within certain (non-Australian based) Group entities. Guarantees supported under the facility bear interest of 1.15% per annum on the nominal amount of the facility. At 31 December 2021, the Group had drawn €12,466,000 (A$19,444,000) under the facility.

NOTE 10 – SHARE CAPITAL

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2020 Shares	31 Dec 2021 $'000	30 Jun 2021 $'000	31 Dec 2020 $'000
Share capital						
Fully paid ordinary shares	161,195,521	161,195,521	161,195,521	219,126	219,126	219,126
Share capital consists of:						
Ordinary shares	161,195,521	161,173,953	161,173,953			
Tax Exempt Share Plan	–	21,568	21,568			
	161,195,521	161,195,521	161,195,521			

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.

NOTE 11 – RESERVES

	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000
Financial assets revaluation	12,536	12,536	12,536
Investment property revaluation	3,821	5,121	5,121
Share–based payments	42,801	36,255	36,340
Foreign currency translation	15,687	16,330	17,918
	74,845	70,242	71,915

NOTE 12 – INTERESTS IN OTHER ENTITIES

Details of the investments in other entities have been provided below:

	Investment carrying amount			Contribution to operating profit/(loss)	
	31 Dec 2021 $'000	30 June 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000
Joint ventures	9,338	13,842	16,282	(142)	(1,719)
Associates	81	103	110	(22)	(9)
	9,419	13,945	16,392	(164)	(1,728)

The Group reviewed its interest in other entities for indicators of impairment and determined that there was no current requirement to book an impairment in relation to the carrying value of interests in other entities.

NOTE 12 – 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:

		Ownership Interest			Investment carrying amount			Contribution to operating (loss)/profit	
		31 Dec 2021	30 June 2021	31 Dec 2020	31 Dec 2021	30 June 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Name	**Principal activities**	%	%	%	$'000	$'000	$'000	$'000	$'000
Browns Plains Cinemas Pty Limited [(a), (f)]	Operates a multiscreen cinema complex	50	50	50	196	280	391	(84)	(96)
Jucy Snooze Limited [(b), (d)]	Hotel operator	100	100	50	–	–	5,190	–	(356)
Loganholme Cinemas Pty Limited [(f)]	Operates a multiscreen cinema complex	50	50	50	4,954	5,197	5,560	(243)	(328)
Rydges Latimer Holdings Limited [(c), (d)]	Hotel owner	70	16	16	–	4,251	4,147	52	216
Filmpalast am ZKM Karlsruhe GmbH & Co. KG [(e)]	Operates a multiscreen cinema complex	50	50	50	3,513	3,295	915	266	(736)
Filmpalast Konstanz GmbH & Co. KG [(e)]	Operates a multiscreen cinema complex	50	50	50	656	800	–	(133)	(419)
Red Carpet Cinema Communication GmbH & Co. KG [(e)]	Event management	50	50	50	19	19	79	–	–
					9,338	13,842	16,282	(142)	(1,719)

Notes:

(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) 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%.

(c) On 30 September 2021 the Group increased its interest in Rydges Latimer Holdings Limited to 70%. As a result of the additional interest Rydges Latimer Holdings Limited and its impact on control, Rydges Latimer Holdings Limited and its subsidiary companies now forms part of the consolidated Group from 30 September 2021. Refer also to Note 14.

(d) The company is incorporated in New Zealand.

(e) The company is incorporated in Germany.

(f) The company is incorporated in Australia.

NOTE 12 – 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	Ownership interest 31 Dec 2021 %	Ownership interest 30 Jun 2021 %	Investment carrying amount 31 Dec 2021 $'000	Investment carrying amount 30 June 2021 $'000	Investment carrying amount 31 Dec 2020 $'000	Contribution to operating profit/(loss) 31 Dec 2021 $'000	Contribution to operating profit/(loss) 31 Dec 2020 $'000
Cinesound Movietone Productions Pty Limited [d]	Film owner and distributor	50	50	81	103	110	(22)	(9)
Digital Cinema Integration Partners Pty Limited [d]	Administration	48	48	–	–	–	–	–
Digital Cinema Integration Partners NZ Pty Limited [b]	Administration	[a] 60	[a] 60	–	–	–	–	–
DeinKinoticket GmbH [c]	Operator of DeinKinoticket website	24	24	–	–	–	–	–
Movietimes Australia and New Zealand Pty Limited [d]	Operator of Movietimes website	[a] 53	[a] 53	–	–	–	–	–
				81	103	110	(22)	(9)

Note:
(a) These companies are not consolidated as the Group does not have control.
(b) The company is incorporated in New Zealand.
(c) The company is incorporated in Germany.
(d) The company is incorporated in Australia.

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 31 Dec 2021 %	Ownership interest 30 June 2021 %
Australian Theatres Joint Venture	Operator of multiscreen cinema complexes	Australia	50	50
Browns Plains Multiplex Joint Venture	Operator of a multiscreen cinema complex	Australia	[a] 33	[a] 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

Note:
(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%.

Subsidiaries

A list of subsidiaries of the Group is set out in note 5.2 of the 2021 Annual Report. Since 1 July 2021 there have been no significant changes to the Group's subsidiaries.

NOTE 13 – LEASES

The Group has applied AASB 16 effective from 1 July 2019, using the modified retrospective approach. The accounting policies relating to AASB 16 applied in the interim consolidated financial report are the same as those applied in the Group's consolidated financial report as at and for the year ended 30 June 2021.

NOTE 14 – BUSINESS COMBINATIONS

The Group acquired the following business during the half year period:

Rydges Latimer Holdings Limited

Effective 30 September 2021, Noahs Hotels (N.Z.) Limited ("Noahs"), a wholly owned subsidiary, acquired an additional 54% of Rydges Latimer Holdings Limited ("Latimer") taking the total ownership interest in Latimer to 70%. Prior to the acquisition, the Group had owned a 16% interest in Latimer that had been acquired in August 2017 (refer also to note 12).

In addition:

- Latimer includes two wholly owned subsidiary companies being Latimer Hotel Limited and PR Knight Limited. All three companies are incorporated in New Zealand; and
- The Group has contractually agreed to a stepped acquisition of the remaining 30% interest in Latimer, which will occur in equal tranches at 30 September 2022 and 30 September 2023.

The net consideration paid for the acquisition of 54% of the total share capital of Latimer was NZ$14,208,000 (A$13,614,000), comprised as follows (all amounts in Australian dollars):

	Fair value at acquisition date $'000
Net consideration paid for an additional equity interest in Latimer	13,614
Less: cash acquired	(1,030)
Payment to acquire shares in a non-controlling interest (net of cash acquired)	12,584

AASB 3 *Business Combinations* requires that the existing interest in Latimer be remeasured to its fair value, and the standard allows a period of 12 months for the remeasure process to occur. The Group has not yet completed the fair value process and, as a result, the existing book values within the Latimer companies have been utilised for consolidation purposes.

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 $'000
Net consideration for the equity increase in Latimer to 70%	13,614
Deferred consideration for the remaining 30% interest	7,523
Less: cash acquired	(1,030)
Fair value of previously held 16% interest in Latimer	4,976
	25,083
Assets and liabilities acquired	
Property, plant and equipment	32,468
Loans and borrowings	(21,736)
Other assets and liabilities	(1,319)
Minority interest loan	(11,744)
Total net value of identifiable assets and liabilities acquired	(2,331)
Goodwill on acquisition (preliminary and subject to a fair value process)	27,414

NOTE 14 – BUSINESS COMBINATIONS (continued)

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 $121,000 which were expensed in the Income Statement during the half year ended 31 December 2021.

The Income Statement for the half year ended 31 December 2021 included revenue and a net profit $2,501,000 and $206,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the half year period, it is estimated that the Income Statement would have included additional revenue and net profit of approximately $2,845,000 and $273,000 respectively.

There were no other material business combinations in the half year ended 31 December 2021.

Business combinations in the year ended 30 June 2021

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 $'000
Equity interest in Snooze	821
Shareholder loan receivable 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.

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 $'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
Assets and liabilities acquired	
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

NOTE 14 – BUSINESS COMBINATIONS (continued)

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 were expensed in the Income Statement during the year ended 30 June 2021.

The Income Statement for the year ended 30 June 2021 included revenue and a net loss of $345,000 and $536,000 respectively as a result of this acquisition. Had the acquisition occurred at the beginning of the 30 June 2021 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.

NOTE 15 – KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

At the Annual General Meeting held on 22 October 2021, shareholders approved an equity-based recognition and retention incentive for Ms Jane Hastings (the CEO) with an overall award target value of $775,000. The award has been 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. The award will be delivered in share rights and will remain restricted until at least three years from the grant date to further support the alignment of CEO remuneration and shareholder interests. The award will vest in two tranches, with 60% of the grant value vesting after the release of the Group's results for the year ending 30 June 2022 and the remaining 40% will vest after the release of the Group's results for the year ending 30 June 2023.

NOTE 16 – CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no material changes in contingent liabilities or contingent assets since 30 June 2021.

NOTE 17 – EVENTS SUBSEQUENT TO REPORTING DATE

German lockdown

Certain sites within the Entertainment Germany segment were closed for all, or part of, January 2022 due to the COVID-19 lockdown restrictions arising from the spread of the Omicron variant. All sites have now reopened and are operating.

The German government has announced the intention to extend Bridging Aid support for relevant companies that have been adversely impacted by COVID-19 during the period from January to March 2022. The Group is currently unable to determine the extent of potential support that may become available.

Prohibition of the sale of the German Cinema operation to Vue International Bidco plc ("Vue")

The Group continues to pursue legal advice in relation to the failure by Vue to meet its contractual obligation, which resulted in the sale of the German Cinema operation (as notified to the German Federal Cartel Office) being prohibited. The Group has reserved its legal and all other rights in relation to the failure by Vue to complete the transaction.

Sale of a number of group properties

The Group has previously committed to the sale of certain property assets totalling $250 million that are non-core to the business operations of the Group. The asset sales completed over the period and up to the end of the half year ending 31 December 2021 total approximately $202 million. Additional sales are expected over the next 12 to 18 months that will complete the $250 million target.

Dividends

On 21 February 2022, the directors resolved that no dividend be declared for the half year ended 31 December 2021.

DIRECTORS' DECLARATION

In the opinion of the directors of the Company:

1. The interim consolidated financial statements and notes set out on pages 12 to 41 are in accordance with the *Corporations Act 2001*, including:

    (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

AG Rydge
Director

JM Hastings
Director

Dated at Sydney this 21st day of February 2022.

Independent Auditor's Review Report

To the shareholders of Event Hospitality & Entertainment Limited

Conclusion

We have reviewed the accompanying ***Interim Consolidated Financial Report*** of Event Hospitality & Entertainment Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Consolidated Financial Report of Event Hospitality & Entertainment Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Consolidated Financial Report*** comprises:

- Statement of Financial Position as at 31 December 2021;
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half year ended on that date;
- Notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Event Hospitality & Entertainment Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Interim Consolidated Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Consolidated Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Consolidated Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Consolidated Financial Report

Our responsibility is to express a conclusion on the Interim Consolidated Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Consolidated Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Consolidated Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Cameron Slapp
Partner

Sydney
21 February 2022