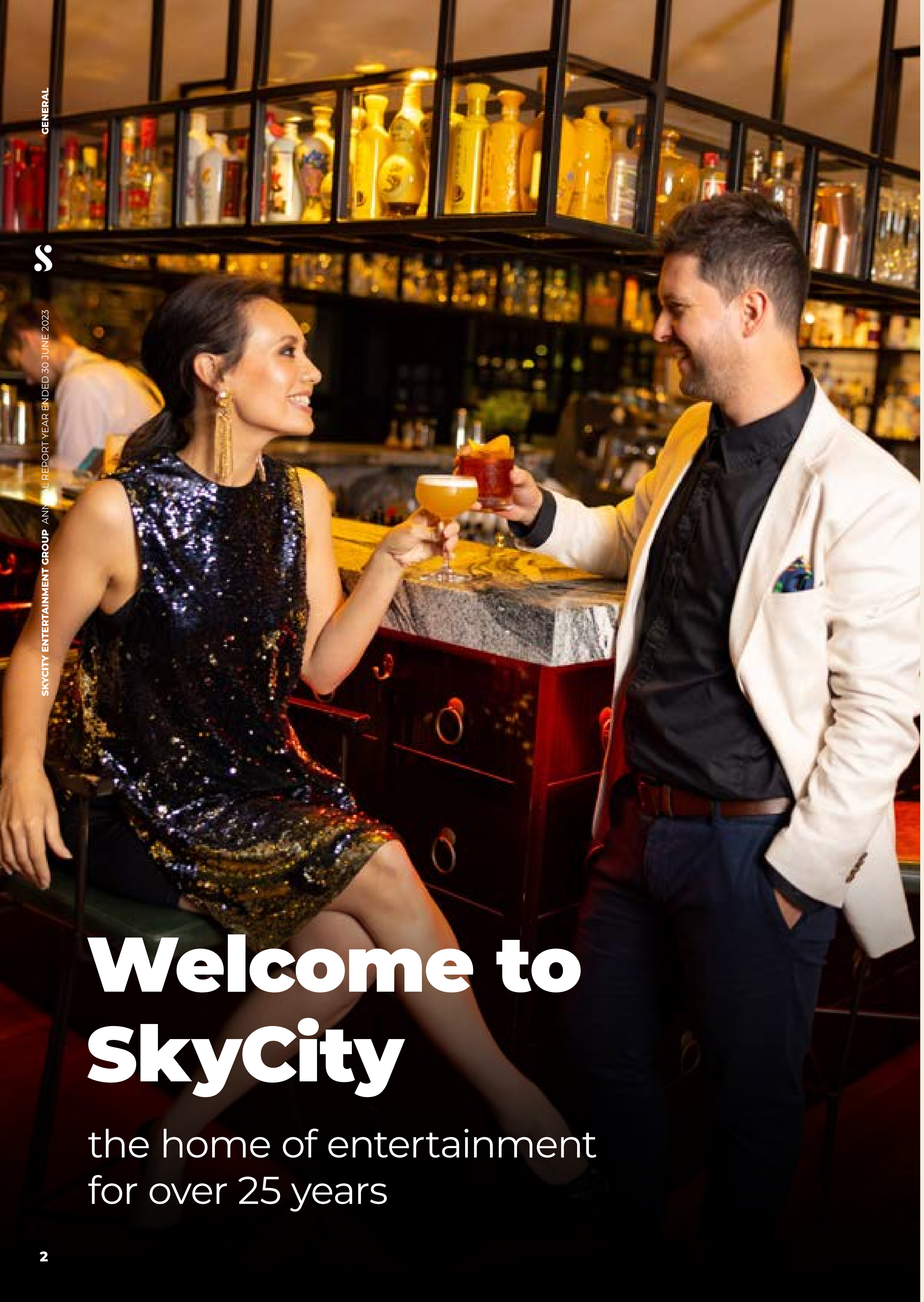
SKYCITY
ENTERTAINMENT GROUP

Annual Report

Year Ended 30 June 2023



Welcome to SkyCity

the home of entertainment
for over 25 years

Contents

HYBRID ANNUAL MEETING

The 2023 SkyCity Annual Meeting will be held at the SkyCity Theatre, Level 3, SkyCity Auckland, Corner of Wellesley and Hobson Streets, Auckland, and online on 27 October 2023 commencing at 11am (New Zealand time).

Instructions and further details on how shareholders can participate in the Annual Meeting will be included in the Notice of Meeting to security holders.

SkyCity Entertainment Group Limited has been designated as 'Non-Standard' by NZX Limited due to certain restrictions in the company's constitution. See pages 134-135 of this annual report for further details.

Report
from the Chair and Chief Executive Officer

A Year of Re-emerging Performance

The 2023 financial year was marked by the recovery of SkyCity's core operations with the Group's operating earnings exceeding pre COVID-19 levels on a like-for-like basis – our businesses not having been impacted by COVID-19 related closures or trading restrictions (unlike the prior comparable period). This result was achieved against the backdrop of a weaker macroeconomic environment in New Zealand and Australia due to the impact of higher interest rates, inflationary pressures and recovering immigration. The strong performance of our operating businesses is testament to their underlying quality.

Throughout the year, the management of regulatory issues has continued to occupy a considerable amount of Board and management focus. We recognise the importance of retaining our social licence to operate and are committed to upholding standards commensurate with this. This does not mean minimum compliance with regulatory obligations. Since the commencement of the Australian Transaction Reports and Analysis Centre's (**AUSTRAC**) enforcement investigation into SkyCity Adelaide Pty Limited (**SkyCity Adelaide**), the operator of the SkyCity Adelaide casino, two years ago, we have made considerable investment to uplift our financial crime and host responsibility systems in Adelaide, and we are extending this investment into the broader New Zealand business and our Group management and governance systems to ensure we stay ahead of expectations.

These changes have meant that it is harder for some customers to qualify to play in our premises and some forms of business are no longer undertaken, such as junket play. This has impacted revenue in some segments of the business although the ongoing steady growth of the mass market segments has offset this.

Progress on the New Zealand International Convention Centre (**NZICC**) rebuild has been good although negotiating the repurchase of the long term concession granted over our SkyCity Auckland car parks has proved challenging with the counterparty to this transaction proving intransigent and difficult.

The contribution of the New Zealand operations has again been led by the performance of the SkyCity Auckland business, where both gaming and non-gaming revenues have benefited from a full year of operation and significant improvement in customer visitation.

Revenue from electronic gaming machines (**EGMs**) in Auckland returned to pre COVID-19 levels by the end of the financial year as a result of strong local visitation (particularly on weekends), investment in new products and customer promotions. Auckland table games revenue was slower to recover with table games opening hours impacted by staffing pressures during the year and lower local VIP table games visitation. However, we expect the Auckland table games performance to improve as international tourism returns and table games opening hours increase.

Our Auckland hotels, bars, restaurants and attractions (including Sky Tower) grew progressively over the financial year, accounting for 24% of total revenue from the Auckland business for the period. Our food and beverage portfolio is a key driver of visitation to the Auckland precinct and was bolstered by two new outlet openings in 2023 – Cassia, an award-winning Indian restaurant within the SkyCity Grand Hotel, and Sky Bar, an up-market cocktail bar at the top of the Sky Tower opened in partnership with Moët & Chandon. Pleasingly, there were margin improvements across this portfolio over the period as a result of productivity initiatives and operational efficiencies, including the utilisation of QR ordering and robot waiters at Andy's Burgers & Bar.

The growth in the SkyCity Auckland business will be underpinned by strong demographic and economic drivers with the forecast increase in international tourism supporting the entertainment and hospitality industry across the next decade. Once completed, the NZICC and Horizon Hotel, plus the new City Rail Link (a new $5.5 billion underground rail system being constructed in the Auckland CBD), will drive increased visitation to the SkyCity Auckland precinct.

The SkyCity Hamilton business continued to trade well over the period, returning to pre COVID-19 levels of earnings. The opening of a new restaurant tenancy, EGM product investment and increased table games opening hours improved the customer experience and supported gaming revenue over the period. Property improvements currently underway are expected to further underpin growth in both gaming and non-gaming earnings in the 2024 financial year.

The consolidated SkyCity Queenstown business performance was strong despite higher operating costs and staff shortages. Revenue was impacted by lower tourist numbers to the region and casino trading hours were curtailed by a shortage of staff. We expect trading to improve as international visitors return, starting with the current winter seasonal boost around snow sports.

Trading in Adelaide over the last financial year was negatively impacted by the slowing South Australian economy, the ongoing regulatory focus and resulting additional legal and compliance costs, and a lower level of VIP play compared to previous years. However, non-gaming revenue improved significantly in 2023 as a result of the investment in the property over the last five years.

Our International Business, which has previously been centred on hosting international VIPs, was restructured over the past year and is now focused on domestic, interstate Australian VIP customers. Significant operational changes have been made as a result, including capping table games differentials.

The online casino business has contributed significantly to Group earnings despite online EBITDA declining year on year. This was due to the New Zealand market continuing to be aggressively targeted by offshore operators in breach of local marketing regulations. SkyCity does not operate in this way and has lost market share as a result. The Group continues to advocate for the introduction of online gaming regulation that is appropriate for the New Zealand online gaming industry.

Operational Performance

For the 12-months ended 30 June 2023, normalised Group EBITDA was $310.3 million and normalised Group NPAT was $138.8 million, and reported Group EBITDA was $165.9 million and reported Group NPAT was $8.0 million.

Normalised Group EBITDA of $310.3 million was up 125% on the previous financial year, reflecting a full year of operations uninterrupted by COVID-19 closures of the prior year. Normalised Group NPAT was significantly higher than the prior year (up 1332%) due to the higher level of EBITDA and aided by a lower net interest cost.

SkyCity's New Zealand operations performed well over the period with normalised EBITDA of $291.9 million up 127% from the prior comparable period and reported EBITDA of $255.5 million (up 102.5%). This was driven predominantly by a significant increase in normalised EBITDA for the Auckland property with gross gaming revenue of $444.9 million, up 71% from $260.5 million previously, and non-gaming revenue of $123.9 million (up 77%) due mainly to there being no COVID-19 related closures over the period.

SkyCity Adelaide's performance was significantly impacted by the ongoing regulatory matters and focus, which impacted visitation and resulted in significant operating costs. Despite this, SkyCity Adelaide's normalised EBITDA of $34.9 million was 70% higher than the prior period ($20.5 million) due to an increase in gaming machine and non-gaming revenues offset by higher operating costs, including A$8 million of legal and compliance expenses.

SkyCity Online Casino EBITDA (attributable to SkyCity) of $10.7 million was down 17% from $12.9 million in the prior comparable period with the increase in gross gaming revenue being offset by higher bonusing and jackpots, and increased costs of operating the online platform.

Reinstatement works on the NZICC have progressed well over the period, with construction of the new roof expected to be completed by December 2023. We expect that the building will be reinstated to the state it was in just prior to the devastating fire in October 2019 in early 2024 - an important and key milestone. This also gives us confidence around the contractor's latest programme which indicates that the Horizon Hotel will be completed in 2024 and the NZICC in 2025. We have already started taking bookings for conferences from mid-2025 with strong interest from offshore organisations looking to host their events in New Zealand.

In March 2023, SkyCity drew down US$75 million in funding from the issue of US Private Placement notes to partially fund the buy-back of the long term concession granted over the SkyCity Auckland car parks from MPF Parking NZ Limited. However, as at the date of this annual report, the termination of the Auckland Car Park Concession Agreement has not completed, resulting in $6.2 million of interest revenue over the period. This led to net interest expense of $23.5 million, down from $35.0 million in the previous year.

As at 30 June 2023, gross debt was $522 million, cash at hand was $245 million and net debt was $443 million. SkyCity has significant funding headroom in its debt facilities with $390 million of its debt undrawn and its current ratio of net debt is 1.5x EBITDA, well within the company's banking covenants and consistent with its BBB- credit rating from S&P Global Ratings which was reconfirmed as "Stable" outlook during June 2023. Management expects net debt to increase in the coming year given a return to a more normal year of maintenance capital expenditure and some large one-off payments – however, SkyCity is expected to remain comfortably within its mandated debt thresholds.

Given its improved financial performance over the period, SkyCity paid an interim dividend of 6 cents per share in March 2023 and has announced a final dividend of 6 cents per share payable to qualifying shareholders on 8 September 2023 - consistent with our dividend policy of paying 60% – 90% of normalised NPAT per annum.

Regulatory Focus

On 7 December 2022, AUSTRAC filed civil penalty proceedings in the Federal Court of Australia against SkyCity Adelaide alleging serious and systemic contraventions of its obligations under the Australian Anti-Money Laundering and Counter Terrorism Financing Act 2006 following an enforcement investigation commenced by AUSTRAC in June 2021. At the date of this annual report, the proceedings remain at a relatively early stage with AUSTRAC and SkyCity Adelaide currently working toward agreeing facts and potential admissions before the Court identifies a process for any remaining disputed issues (if any) and potential penalty to be determined. SkyCity continues to engage with AUSTRAC and expects the proceedings will be resolved during the 2024 financial year.

On 7 February 2023, Consumer and Business Services (**CBS**), the South Australian gaming regulator, announced that the Honourable Brian Martin KC's independent review into the suitability of SkyCity Adelaide to continue to hold the SkyCity Adelaide casino licence and the suitability of SkyCity to continue to be a close associate of SkyCity Adelaide (which commenced in July 2022) had been placed on hold pending the resolution of the AUSTRAC proceedings. The South Australian Liquor and Gambling Commissioner also announced that he was considering his options regarding any action he should take while the independent review was on hold. Subsequently, on 29 May 2023, the Commissioner issued a direction notice to SkyCity Adelaide under section 10 of the Gambling Administration Act 2019 (SA) requiring SkyCity Adelaide to appoint an independent expert to review its anti-money laundering and countering financing of terrorism (**AML/CFT**) and host responsibility enhancement programmes, monitor the implementation of those enhancement programmes by SkyCity Adelaide and SkyCity Adelaide's compliance with its AML/CFT and gambling harm minimisation obligations, and report back to the Commissioner on those matters - to provide an independent perspective of SkyCity Adelaide's AML/CFT and host responsibility enhancement programmes and an additional layer of assurance. SkyCity Adelaide is working with the Commissioner to finalise the appointment of the independent expert, and will continue to work pro-actively and cooperatively with the Commissioner to provide the additional layer of assurance required.

On 14 August 2023, SkyCity announced that it had recognised a A$45 million (NZ$49 million) provision on its balance sheet as at 30 June 2023 in accordance with accounting standards for a potential AUSTRAC civil penalty and associated legal costs. This provision is an estimate of the potential exposure to penalties and legal costs associated with the proceedings, and considers a wide range of parameters that could potentially be considered by AUSTRAC and the Court. The provision, including how it was arrived at, is outlined in more detail in note 30 to the FY23 financial statements on page 187 of this annual report. It is important to note that the estimate of the amount of the provision was made on the basis of all relevant information available to SkyCity at the time and in the context of considerable uncertainty (as outlined in note 30), and any eventual civil penalty applied to SkyCity Adelaide may be materially higher or lower than the provision.

A Commitment to Continuous Improvement

The SkyCity Board and management remain committed to ensuring that SkyCity provides safe and responsible experiences and environments for its people and customers.

We are acutely aware that in Adelaide we have not met the standards which we need to hold ourselves to. Accordingly, there has been a significant focus on, and investment in, the continuous improvement of the business in Adelaide and the Board is happy with progress in this area. It is critical that we are not complacent in terms of our New Zealand operations and work is therefore underway to take the learnings from Adelaide and look to how we can improve our New Zealand operations in respect of our AML/CFT obligations.

The Board has made a number of changes over the last year which support this refocus on core compliance systems and processes - these include completing a refresh of the Board, the appointment of independent directors to the SkyCity Adelaide Board, the creation of a dedicated Board Risk and Compliance Committee to take carriage of our AML/CFT and host responsibility obligations (among other key obligations), the appointment of a Chief Risk Officer, and moving the AML/CFT and host responsibility teams' reporting line directly to the Chief Risk Officer.

Across the Group over the period, we have further enhanced and invested in our internal AML/CFT and host responsibility resourcing and capability, processes and systems. For example, we have enhanced our approach to ongoing customer due diligence, and completed more customer assessments than ever before. In Adelaide, we have also piloted a daily cash limit per player for buy-ins and cash outs, and players within the premium gaming areas can only conduct 'carded' play (where all gaming activity is recorded). The additional people and resources have necessarily increased the cost base, but it is essential that these areas of the business in particular are resourced appropriately.

We continue to explore available technology solutions where possible to improve our ability to prevent and minimise harm from problem gambling. Over the period, we enhanced our facial recognition technology at our Auckland and Hamilton properties to monitor continuous play periods, and we trialled the use of facial recognition technology to monitor repeat withdrawals and multiple declined transactions at some of our Auckland ATMs for indicators of problem gambling. We are progressing the rollout of this technology at our Auckland and Hamilton properties initially.

Looking longer term, cashless gaming and the introduction of mandatory carded play are starting to make their way into Australia in the wake of the regulatory issues in the sector. The technological challenges to achieve this are not insubstantial, but as a business we are committed to moving towards this over time. We have introduced initiatives to test carded play and cashless gaming in our properties and are developing detailed planning to achieve this. We have already achieved very high levels of carded play with more than 90% of gaming turnover being tracked in our VIP areas. Work is also under way to enable mandatory carded play which will create greater cashless optionality. This will likely encourage further use of technology like QuickPay – an electronic customer wallet available to gaming machine customers that already has over 50% uptake in our VIP areas.

Changes to Board

There has been further renewal of the Board over the period with the departure of two non-executive directors (Jennifer Owen and Silvana Schenone) and the appointment of three new non-executive directors.

In September 2022, Kate Hughes and Glenn Davis were appointed to the Board with Mr Davis also being appointed as Chair of the SkyCity Adelaide Board. Both are experienced non-executive directors across a number of industries. Ms Hughes is a board member of the Australian Prudential Regulation Authority and is Chair of the Authority's Audit and Risk Committee. Mr Davis has practised as a solicitor in corporate and risk throughout Australia for over 35 years.

David Attenborough was appointed to the SkyCity Board in March 2023 and brings with him strong gaming experience having been the Chief Executive Officer and Managing Director of ASX-listed Tabcorp Holdings Limited and, prior to this, the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure.

On 20 July 2023, we announced our intention to appoint Donna Cooper to the SkyCity Board, subject to regulatory approvals being obtained. Donna has extensive experience in the financial services industry, most recently as Chief Executive of TSB Bank Limited where she led an extensive transformation of the culture and processes around AML/CFT and compliance. Donna will fill a vacancy left by Sue Suckling who has indicated her intention to step down from the Board.

The Board also intends to appoint a seventh director over the next year to complement the current mix of skills and experience.

The Board intends to seek an increase to the non-executive directors' fee pool at the upcoming 2023 SkyCity Annual Meeting to provide the Board with sufficient headroom to appoint the seventh director and to meet the fees payable to the independent non-executive directors on the separate SkyCity Adelaide Board and any ad-hoc Committee fees – see the Remuneration Report in this annual report for further details.

FY24 Outlook

Recent trading has seen a lift in visitation and spend in our non-gaming business in Auckland, and this trend has continued into the current financial year buoyed by the 2023 FIFA Women's World Cup tournament in July and August 2023, which has had an incrementally positive impact on our Auckland operations.

We see a continued recovery in tourism combined with improved staff availability as positive factors for the year ahead. These could be offset by an uncertain economic environment with continued inflationary pressures, some one-off project costs, and further investment in risk and AML/CFT capability. Additionally, initiatives that we have recently implemented and are continuing to execute in FY24 should support our future earnings growth and mitigate some of the cost pressures. A good example of these initiatives is a recent restructuring of the cost base at Adelaide to ensure that the business is more aligned with its future focus.

The opening of the Horizon Hotel in Auckland in the second half of FY24 will incur some pre-opening costs and its operation will take some time to ramp up. We also expect car park earnings to be integrated into Auckland operating earnings in FY24 although the exact timing is uncertain.

Provided there are no material changes to the operational environments and trading conditions, normalised Group EBITDA in the current financial year is expected to be modestly higher than for the 2023 financial year.

Our thanks to the SkyCity Board, employees across the business, and our external stakeholders for their continued focus and support of the business over the last financial year.

Julian Cook
Chair of the SkyCity Board

Michael Ahearne
Chief Executive Officer

About **this Annual Report**

IMAGE: SkyCity Adelaide casino

This annual report is a review of SkyCity Entertainment Group Limited (**SkyCity** or the **company** and, together with its subsidiaries, the **Group**) and its subsidiary companies' performance for the financial year ended 30 June 2023. Where appropriate, information is also provided in relation to activities that have occurred after 30 June 2023.

This annual report has been prepared in accordance with the NZX Listing Rules, the NZX Corporate Governance Code (1 April 2023 Edition), the New Zealand Companies Act 1993 and the New Zealand Financial Markets Conduct Act 2013 and, although SkyCity is not required to comply with ASX Listing Rule 4.10 (which requires entities to include certain prescribed information in their annual reports) as it has a 'Foreign Exempt Listing' status on the Australian Securities Exchange, substantially reflects the ASX Listing Rules and the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council.

This annual report has also been prepared with due consideration of the International Integrated Reporting Council's International Integrated Reporting Framework. Integrated reporting applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process and adopting 'integrated thinking' as a way of breaking down internal silos and reducing duplication.

The non-financial information in this annual report has been informed by the principles and disclosures of the Global Reporting Initiative's (**GRI**) Sustainability Reporting Standards. A GRI reference index based on the GRI Sustainability Reporting Standards is included on pages 209-211 of this annual report.

The financial statements have been prepared in accordance with the International Financial Reporting Standards. This annual report includes both reported and normalised financial information. Our objective in providing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the SkyCity Group – the intention being to provide information which is representative of SkyCity's underlying performance (as a potential indicator of future performance), can be compared across years and can assist with comparison between publicly listed casino companies in New Zealand and Australia. This objective is achieved by eliminating the inherent volatility (or 'luck' factor) from International Business, which has variable turnover and actual win percentage from period to period, and eliminating structural differences in the business between periods.

Normalised numbers are a non-GAAP financial measure. A reconciliation of reported and normalised earnings and a description of the differences are provided on pages 206-208 of this annual report.

Unless otherwise stated, all dollar amounts in this annual report are expressed in New Zealand dollars.

Certain totals, subtotals and percentages stated in this annual report may not agree throughout due to rounding.

An electronic copy of this annual report is available in the Investor Centre section of the company's website at www.skycityentertainmentgroup.com.

If you have any feedback and/or questions in relation to SkyCity's sustainability framework and/or reporting, please contact SkyCity at sustainability@skycity.co.nz.

This annual report is dated 23 August 2023 and is signed on behalf of the SkyCity Board by:

Julian Cook
Chair of the SkyCity Board

Chad Barton
Chair of the Audit Committee

Year in Review

-$33.6 million REPORTED NPAT ▼

$9.7 million NORMALISED NPAT ▼

2022

JULY

Honourable Brian Martin AO KC appointed by the South Australian gaming regulator to undertake an independent review of SkyCity Adelaide (the operator of the SkyCity Adelaide casino)

AUGUST

Sky Tower celebrates its 25th birthday

FY22 full year result announced with reported NPAT of -$33.6 million (down 121.6% over the prior period) and normalised NPAT of $9.7 million (down 89.2% over the prior period)

SEPTEMBER

Kate Hughes and Glenn Davis appointed as non-executive directors to the SkyCity Board

SkyCity Hamilton celebrates its 20th birthday

OCTOBER

MPF Parking NZ Limited terminates its long term concession over the SkyCity Auckland car park

NOVEMBER

SkyCity secures an additional US$125 million in United States Private Placement funding

US$125 million

DECEMBER

AUSTRAC commences civil penalty proceedings in the Federal Court of Australia alleging contraventions of SkyCity Adelaide's obligations under the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006

2023

$22.8 million REPORTED NPAT ▲

$73.1 million NORMALISED NPAT ▲

JANUARY

The NZICC staff car park reopens to SkyCity employees

FEBRUARY

Independent review of SkyCity Adelaide put on hold by the South Australian gaming regulator pending resolution of AUSTRAC's civil penalty proceedings

FY23 interim result announced with reported NPAT of $22.8 million (up 167.8% from the prior period) and normalised NPAT of $73.1 million (up 474.3% from the prior period)

MARCH

Dividend of $0.06 per ordinary share paid to shareholders

David Attenborough appointed as a non-executive director to the SkyCity Board

APRIL

Carolyn Kidd joins SkyCity as Chief Risk Officer

MAY

Award-winning Indian restaurant, Cassia, by Chef Sid Sahrawat, opens at SkyCity Auckland

The South Australian gaming regulator issues a direction notice requiring SkyCity Adelaide to appoint an independent expert to review, and monitor its implementation of, its AML/CFT and host responsibility enhancement programmes in Adelaide

JUNE

Awarded a Gold Award (General Awards) and a Silver Award (Sustainability Reporting Awards) at the 2023 Australasian Reporting Awards for SkyCity's 2022 annual report

Sky Bar, New Zealand's highest bar, opens at the top of the Sky Tower in partnership with Moët & Chandon

Creating **Value**

Our Business

(as at 30 June 2023)

4,559 staff

5 properties across New Zealand^ and Australia

1 online casino

GAMING

5^ licences

3,456 electronic gaming machines

307 table games

378 automated table games

HOSPITALITY

19 restaurants

12 bars

HOTELS

755 hotel rooms

CONVENTIONS

1,250 sqm of SkyCity convention space

SKY TOWER

328 metres tall

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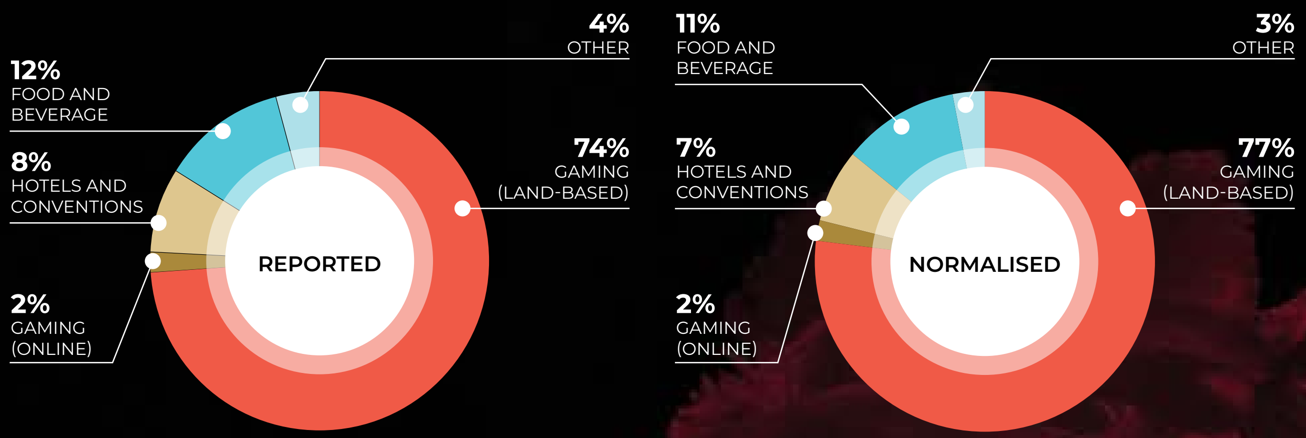
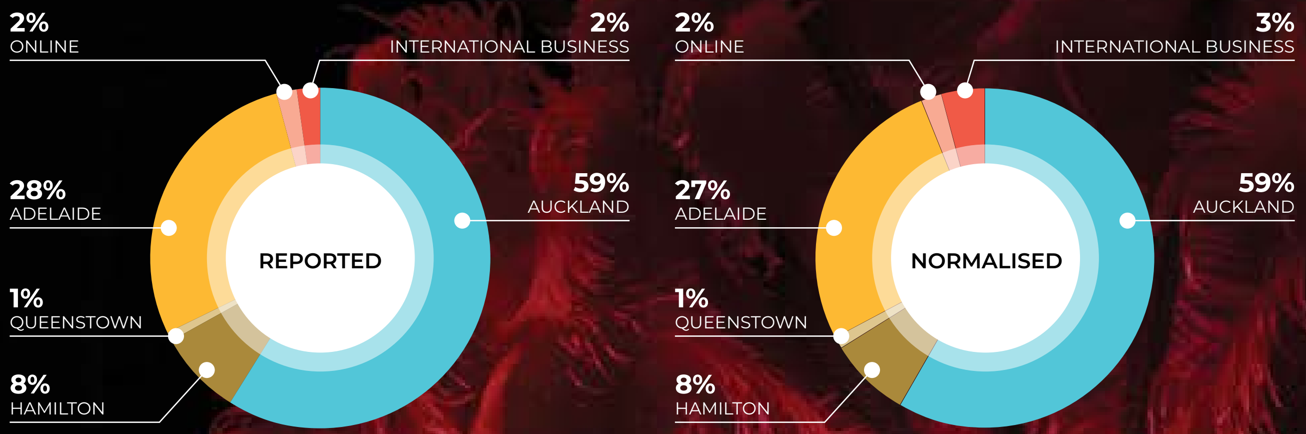
^ Includes the SkyCity Wharf Casino in Queenstown which has remained closed since March 2020 at the commencement of the first COVID-19 lockdown in New Zealand.

FY23 REVENUE BY BUSINESS ACTIVITY



FY23 REVENUE BY BUSINESS PROPERTY



FY23 Outputs and Financial Results

FY23 revenue and annual visitation

GAMING

$654.5 million
including online (reported)

$758.6 million*
including online (normalised)

2.2 million
visits from loyalty card members to our land-based casinos**

HOSPITALITY

$105.4 million

4.4 million
restaurant/bar covers

HOTELS

$57.9 million

219,698
rooms occupied

CONVENTIONS

(including out catering)

$9.3 million

119,739
conference delegates

SKY TOWER

$15.5 million

404,525
visits

CONTRIBUTIONS

$189.5 million
in taxes to **Governments** (including GST, income tax, and gaming tax and duties)

$10.1 million
in **community contributions, levies and sponsorships**

$28.4 million
in **interest paid to lenders**

$307.9 million
in remuneration and benefits to **staff**

$281.0 million
to **suppliers**

$91.1 million
in dividends declared for **shareholders** (in relation to the FY23 period)

$262.9 million
of **capital invested**

** Includes gaming GST.*

*** Calculated by reference to customers who used their SkyCity customer loyalty card to game, where one visit records a customer's patronage on a day irrespective of how many times they used their card on that day.*

FY23 Outcomes and Impacts

Our sustainability vision recognises that to be a sustainable business we must be a responsible business.

See pages 64-101 of this annual report for further details of our sustainability activities and achievements over the financial year ended 30 June 2023.

OUR CUSTOMERS

1,087 customers*

identified within our casino properties in breach of their exclusion orders during FY23

FY22 - 629

1,288 exclusion* orders

issued across our casino properties during FY23

FY22 - 901

Trialled the use of **facial recognition technology in ATMs** to monitor for potential indicators of problem gambling

OUR COMMUNITY

$4.5 million

paid to the SkyCity New Zealand Community Trusts

FY22 - $3.0 million

A record $5.3 million

in grants was approved by the SkyCity New Zealand Community Trusts to 122 community organisations in FY23

$52.2 million

paid in gaming taxes and problem gaming levies

FY22 - $34.3 million

Over $540 million

paid to suppliers of goods and services during FY23 (including capital expenditure)

FY22 - over $446 million

"I get to connect with a range of community groups that support our communities through the SkyCity New Zealand Community Trusts. The needs of our communities are varied, and I am privileged to sit and talk with many community organisations and hear how they see their communities and their needs and aspirations.

Project Nikau, SkyCity's youth employment programme for rangatahi Māori and Pasifika, has grown immensely this year. It's exciting to be part of this journey as we support young people on their employment journey at SkyCity."

Raewynne Jacobs
General Manager, Community Operations
SkyCity Community Trusts and Project Nikau

OUR ENVIRONMENT

17,107 tonnes CO^{2}e*

total carbon footprint

FY22 - 16,144 tonnes CO^{2}e

8.8% reduction

in waste sent to landfill by SkyCity since 2015

Over 202 tonnes

of food waste from our Auckland kitchens sent to be commercially composted

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** The increase in exclusion orders issued, exclusion-related breaches and carbon emissions in FY23 reflects a return to a full year of operations. In FY22, SkyCity's land-based casinos were significantly impacted by COVID-19 closures and operating restrictions.*

Performance

FY23 Highlights

SkyCity delivered a solid financial performance for the financial year ended 30 June 2023 marked by the recovery of SkyCity's core casino operations as the business returned to a full year of operation.

In the prior comparable period, SkyCity's result was significantly impacted by the COVID-19 pandemic - Government mandated lockdowns and restrictions resulted in the closure of the SkyCity Auckland property for 107 days over the period, the closure of the SkyCity Hamilton property for 65 days, the closure of the SkyCity Queenstown property for 22 days and the closure of the SkyCity Adelaide property for 8 days. When permitted to reopen, SkyCity's properties operated with significant operational constraints due to restrictions on mass gatherings and physical distancing requirements during much of the period.

REVENUE

REPORTED
$926.2 million ▲ **44.9%**

FY22 - $639.0 million

NORMALISED
$966.7 million ▲ **53.1%**

FY22 - $631.5 million

EBITDA

REPORTED
$165.9 million ▲ **71.1%**

FY22 - $96.9 million

NORMALISED
$310.3 million ▲ **125.0%**

FY22 - $137.9 million

NPAT

REPORTED
$8.0 million ▲ **123.7%**

FY22 - ($33.6) million

NORMALISED
$138.8 million ▲ **1331.6%**

FY22 - $9.7 million

EARNINGS PER SHARE

REPORTED
1.1 cents per share ▲ **123.7%**

FY22 - (4.4) cents per share

NORMALISED
18.3 cents per share ▲ **1331.6%**

FY22 - 1.3 cents per share

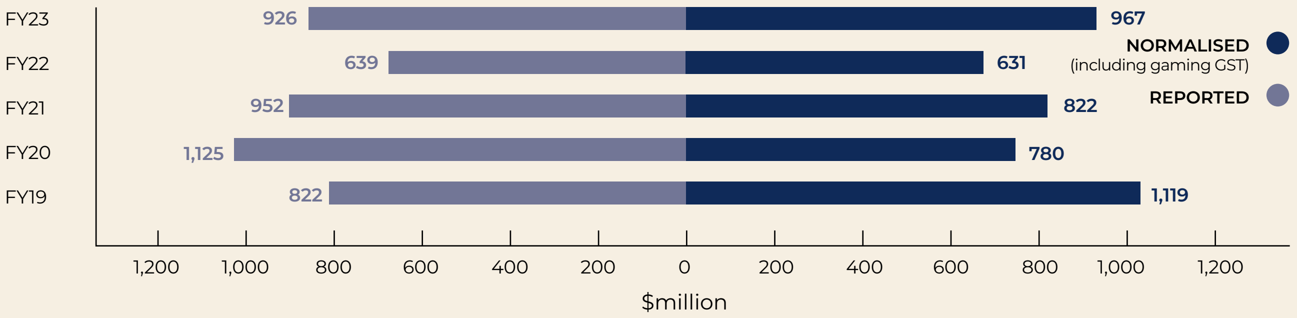
DIVIDENDS PER SHARE

12.0 cents per share ▲ **12.0 cents**

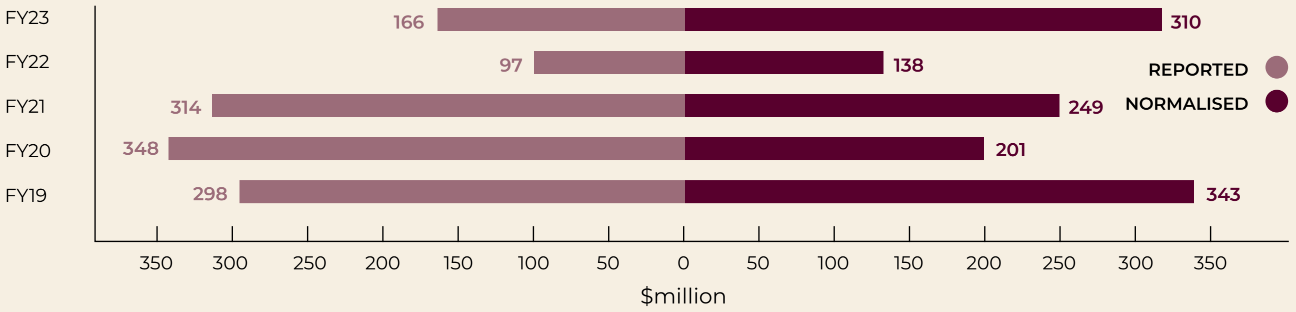
FY22 - 0.0 cents per share

Our Performance History

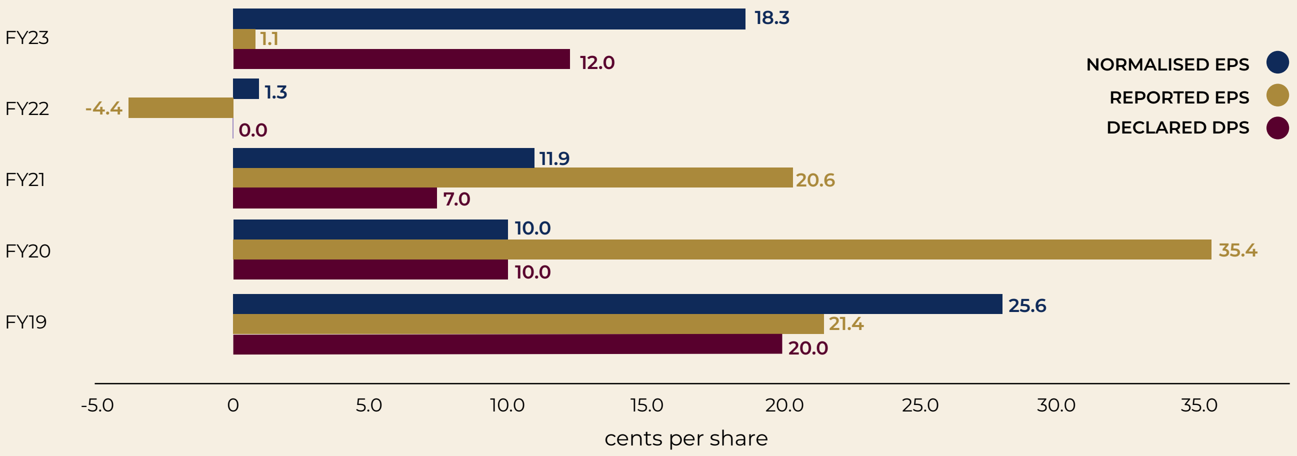
GROUP REVENUE



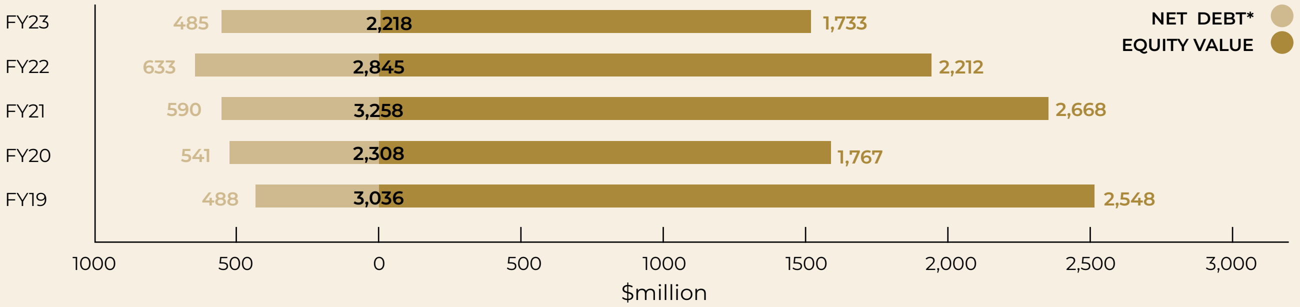
GROUP EBITDA



EARNINGS PER SHARE (EPS) AND DIVIDENDS PER SHARE (DPS)



ENTERPRISE VALUE



** Net debt is calculated as Group debt less cash in bank.*

Contributing to Our **Communities**

We are committed to creating vibrant experiences and precincts for our customers and positively contributing to the communities in the places where we operate – both directly and through the New Zealand SkyCity Community Trusts.

Our SkyCity Community Trusts

Since 1996, SkyCity has awarded more than 5,100 grants totalling over $71.5 million to various community groups and organisations in New Zealand through the SkyCity Community Trusts.

A record $5.3 million in grants was approved by the SkyCity Community Trusts to 122 community organisations over the financial year ended 30 June 2023 - see page 89 of this annual report for details of the community groups and organisations who received grants over the last financial year.

Award-winning Experiences

We are immensely proud that our businesses have again been recognised for delivering excellence over the period.

Eos by SkyCity was named:

- joint winner of the Luxury Hotel category at the 2022 Hotel Management Awards for Hotel and Accommodation Excellence;
- winner of the 5 Star Luxury Accommodation category at the 2022 South Australian Tourism Awards;
- winner of the Deluxe Hotel Accommodation, Best Overall Hotel, and Environmental & Energy Efficiency Practice categories at the 2022 Australian Hotels Association SA Hotel Industry Awards for Excellence; and
- joint winner of the Outdoor or Non-Enclosed Facility - Metropolitan category (for Sôl Rooftop bar) at the 2022 Australian Hotels Association SA Hotel Industry Awards for Excellence.

SkyCity Adelaide was named winner of the Business Event Venues category at the 2022 South Australian Tourism Awards.

Sky Tower, Eos by SkyCity, and The Grand by SkyCity were each awarded a 2023 Travellers' Choice Award by Tripadvisor – in recognition of accommodation, attractions and restaurants that consistently earn great reviews from travellers and are ranked within the top 10% of properties on Tripadvisor.

Supporting those Impacted by Cyclone Gabrielle

In February 2023, New Zealand was significantly impacted by Cyclone Gabrielle. To assist those affected, SkyCity donated $50,000 to the BBM Programme and $50,000 to the Vision West Community Trust to support their relief efforts in their local communities. SkyCity also donated a total of $60,000, being the proceeds of all Sky Tower ticket sales and all game fees from Bowl and Social (the tenpin bowling alley at SkyCity Hamilton) on 26 February 2023, to the New Zealand Red Cross and lit up the Sky Tower red that evening to raise awareness for the New Zealand Red Cross' Disaster Fund. The proceeds of all food sales at SkyCity Queenstown's Wild Thyme Bar & Kitchen on 24 February 2023 (around $1,900) was also donated to the Hawke's Bay Disaster Relief Trust.

The SkyCity Auckland Community Trust also established an Awhi Emergency Response Fund for community groups supporting those impacted by the extreme weather events in the Tāmaki Makaurau and Te Tai Tokerau regions – with a total of $103,100 in grants distributed to 13 organisations.

On 20 March 2023, several of our SkyCity Auckland and Hamilton food and beverage outlets joined other outlets across New Zealand in the 'Cooking up a Storm' fundraising event with all proceeds from the evening being distributed to the Emergency Mayoral Funds or held for distribution to impacted hospitality businesses. Our SkyCity outlets provided food and labour (at no cost) and helped to raise around $50,000 for the event.

Supporting Good Causes

Throughout the year, SkyCity lights the Sky Tower, one of New Zealand's most recognisable landmarks, to show support for organisations and special events, including charities and community initiatives, that SkyCity supports financially or to mark national holidays, milestones, other celebrations or significant events, or as a symbol of respect or solidarity.

The SkyCity Adelaide building is also lit up by SkyCity throughout the year to show support.

Over the last financial year, the **Sky Tower** was lit up to support over 40 campaigns and causes, including:

New Zealand Red Cross' Disaster Fund

Earth Hour

Trans Awareness Week

Rugby World Cup 2021 (playing in 2022)

Te Matatini National Kapa Haka Festival

Child Cancer Foundation

Pasifika Festival

Coronation of King Charles

The **SkyCity Adelaide building** was also lit up to support a variety of campaigns and causes, including:

National Epilepsy Awareness Day

AFL Gather Round

The Big Freeze Motor Neurone Disease Awareness Day

National Road Safety Week

National SES Volunteers Day

Group **Strategy**

PURPOSE

We are trusted to create vibrant places for gaming, entertainment and hospitality in New Zealand and Australia

Operational excellence at our core
Sustainable operations

Complete major projects and optimise portfolio
Create vibrant places

Pursue the omnichannel opportunity
Responsible growth

Implementation Principles

Commitment to responsibility

Shareholder value creation

Culture of compliance

Financial and capital settings to deliver objectives

In June 2022, we adopted a new corporate purpose statement and integrated business strategy that incorporates environmental, social, and governance considerations into our business strategy.

Our purpose statement provides our Board and management with a foundational guideline for decision-making, our employees with a reason for choosing to work with SkyCity, and our external stakeholders with an understanding of what drives SkyCity.

Our integrated business strategy supports the long term value proposition for attractive sustainable shareholder returns, generated through earnings growth with diversification, efficient capital allocation and long term sustainability.

Our three strategic pillars - sustainable operations, creating vibrant places and responsible growth - are premised on financial and capital settings and guided by three implementation principles:

- **commitment to responsibility** - emphasising the commitment to ethical business practices and responsible hosting, anti-money laundering, and 'doing what's right';
- **stakeholder value creation** – recognising that the organisation depends on stakeholders to create value, and in turn the organisation can create (or destroy) value for others. This principle emphasises the importance of these dependencies with employees, suppliers, customers, investors, the government/regulators, the community, and the environment; and
- **culture of compliance** - creating a culture of compliance in pursuit of continuous improvement – by maintaining best practice systems, robust policies, employee training, and monitoring.

Our Strategic Priorities

- Continuous improvement in operational performance and efficiency
- Monetise omnichannel to consolidate New Zealand leadership position in gaming
- Reliable and consistent free cash flow generation and capital distribution
- Protect and enhance social licence to operate
- Successful completion and integration of major capital projects
- Highest standards of corporate governance and compliance frameworks

SkyCity remains focused on continuing to navigate through the ongoing uncertainty of the current operating environment whilst ensuring financial resilience and the ability to manage the balance sheet to set the business up for success over the medium term to grow earnings and shareholder value.

SkyCity's capital allocation framework supports the Group's strategic objectives by ensuring the structure for prioritising the key sources and uses of capital is relevant for the operating environment and investor expectations, and is aligned with the key financial settings of the Group.

Online Casino Strategy

We believe that a significant omnichannel opportunity exists for SkyCity if the New Zealand online market becomes regulated given the sizable addressable market which already exists in New Zealand (which continues to grow absent regulation) and the unique opportunity SkyCity has to offer an integrated offline and online experience to customers.

We continue to explore strategic opportunities, including an online operation in Ontario, Canada, with international iGaming company Gaming Innovation Group Inc, who operates the SkyCity Online Casino on behalf of SkyCity Malta Limited (an independently operated subsidiary of the SkyCity Entertainment Group).

Major Projects

The New Zealand International Convention Centre and Horizon Hotel project remains complex post the significant fire in October 2019, but the reinstatement and building works are progressing and we now expect the Horizon Hotel and New Zealand International Convention Centre to be delivered in 2024 and 2025 respectively.

SkyCity continues to remain comfortable with its contractual position in relation to the project and is actively considering steps to recover further compensation for costs and losses due to the fire and project delays. SkyCity's expected total project costs remain unchanged (around $750 million), of which around $130 million is still to be spent (as at 30 June 2023) net of recoveries and reinstatement costs which are funded via insurance responding on the project.

We remain confident that, when completed, the project will deliver world-class tourism infrastructure for Auckland and New Zealand and will be a significant driver of demand for our broader Auckland precinct.

Diversity Snapshot

SkyCity employs a diverse range of people at all skill levels and aims to create an environment where people are at the centre, are motivated to work hard, progress in their careers and are empowered to grow and achieve.

The following graphic shows the make up of SkyCity's workforce as at 30 June 2023 and, where relevant, as a comparison against our workforce as at 30 June 2022:

4,559 **staff**

(full-time, part-time and casual)

FY22 - 3,923

70% of our workforce are 42 years old and under

(full-time, part-time and casual)

FY22 - 64%

36 years

average age of our workforce

FY22 - 37 years

80 years

age of our oldest staff member

FY22 - 80 years

6%

identify as being a member of the LGBTTI+ community

FY22 - 6%

41%

of leadership roles held by women

FY22 - 49%

0.5%

gender diverse

FY22 - 0.3%

48.5%

women

FY22 - 49.3%

51%

men

FY22 - 50.4%

1%

identify as having a disability

FY22 - 1%

60 languages

spoken and/or written by staff

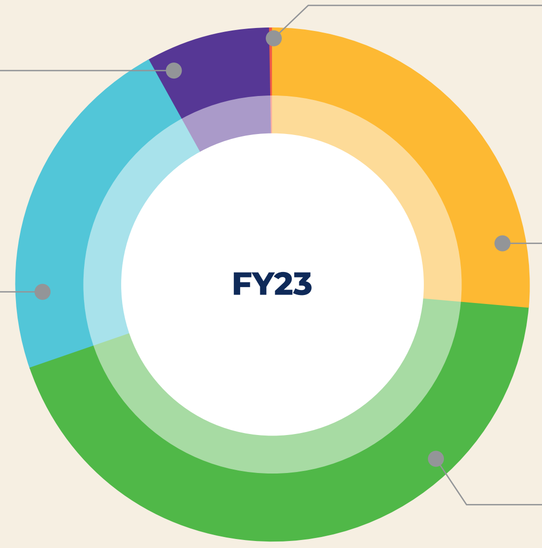
FY22 - 60

Top 3 non-English languages

1. Mandarin 2. Tagalog (Philippines)
3. Hindi and Cantonese

FY22 - 1. Mandarin 2. Tagalog 3. Hindi

AGE BREAKDOWN



7.8%
Baby Boomers
(59–77 years)
FY22 - 9.4%

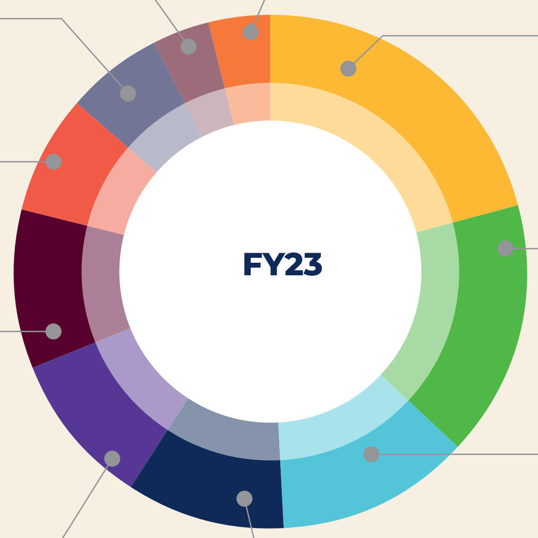
22.3%
Generation X
(43–58 years)
FY22 - 26.0%

0.1%
Veterans
(78+ years)
FY22 - 0.1%

26.6%
Generation Z
(<27 years)
FY22 - 19.9%

43.2%
Millennials
(27–42 years)
FY22 - 44.6%

TOP 10 ETHNICITIES STAFF IDENTIFY WITH



3%
Samoan
FY22 - 4%

5%
Other South East Asian
FY22 - 4%

6%
Māori
FY22 - 5%

8%
Other Asian
FY22 - 7%

8%
Filipino
FY22 - 7%

3%
European
FY22 - 3%

17%
Chinese
FY22 - 15%

13%
New Zealander
FY22 - 13%

10%
Australian
FY22 - 14%

8%
Indian
FY22 - 7%

Given as a percentage of those staff members who provided details about their ethnicity and those who elected "prefer not to say".

SkyCity Adelaide Pty Limited (the operator of the SkyCity Adelaide casino) has submitted its annual report to the Australian Workplace Gender Equality Agency in accordance with the Workplace Gender Equality Act 2012 (Cth) which outlines its policies, strategies, and actions on gender equality, its workplace profile (including workforce composition, and salaries and remuneration), and its workforce management statistics (including employee appointments, promotions, resignations, and parental leave). A copy of the public report is available to shareholders on request.

About **SkyCity**

SkyCity is New Zealand's largest tourism, leisure and entertainment company and is listed on the New Zealand and Australian stock exchanges.

SkyCity operates integrated entertainment complexes in New Zealand (Auckland, Hamilton and Queenstown) and in Adelaide, South Australia – each featuring casino gaming facilities and premium restaurants and bars, which appeal to both domestic and international visitors alike.

SkyCity also offers premium hotel accommodation in Auckland and Adelaide.

In addition to its land-based casino operations, the SkyCity Online Casino (based out of Malta) offers New Zealanders an online gaming experience.

5^ **properties** across New Zealand and Australia

3 hotels **1 online casino**

$1,530 million* in net assets

$1,761 million* in property assets

$1.7 billion** total market capitalisation

Over **15,000 shareholders****

NZX and **ASX listed*****

* As at 30 June 2023.

** As at 1 August 2023.

*** SkyCity has a 'Foreign Exempt Listing' status on the ASX.

^ Includes the SkyCity Wharf Casino in Queenstown which has remained closed since March 2020 at the commencement of the first COVID-19 lockdown in New Zealand.

Our History at a Glance

1990s

1994
Construction of the SkyCity Auckland complex commences

1996
SkyCity opens its flagship SkyCity Auckland complex with Harrah's Entertainment (now Caesars Entertainment), the largest casino entertainment operator in the United States, as the operator

SkyCity lists on the New Zealand stock exchange

1997
Sky Tower opens in Auckland

1998
Harrah's management contract ends and SkyCity becomes a New Zealand-managed operation

1999
SkyCity lists on the Australian stock exchange

2000s

2000
SkyCity Queenstown opens

SkyCity acquires SkyCity Adelaide

2002
SkyCity Hamilton opens

2004
SkyCity acquires SkyCity Darwin

2005
SkyCity acquires full ownership of SkyCity Hamilton

2010s

2012
SkyCity acquires full ownership of SkyCity Queenstown

2013
SkyCity acquires SkyCity Wharf in Queenstown

2016
The first sod was turned on the New Zealand International Convention Centre/Horizon Hotel site

2018
Construction commences on the SkyCity Adelaide expansion project

2019
SkyCity sells SkyCity Darwin

SkyCity Online Casino launches offshore

SkyCity sells long term concession (licence to operate) over SkyCity Auckland car parks to Macquarie Principal Finance Group

A significant fire breaks out at the New Zealand International Convention Centre (under construction)

2020s

2020
SkyCity Adelaide expansion project officially opens

2021
SkyCity Auckland celebrates its 25th anniversary

2022
SkyCity completes a €25 million equity investment in Gaming Innovation Group Inc and becomes its largest independent shareholder (at around 11%)

Sky Tower celebrates its 25th anniversary

IMAGE: Award-winning Indian restaurant, Cassia, by Chef Sid Sahrawat, opened its doors in the vibrant Federal Street dining precinct in May 2023.

Auckland

PROPERTY	SKYCITY AUCKLAND, NEW ZEALAND
Property Manager	Callum Mallett, Chief Operating Officer New Zealand
Opened	1996
Casino Venue Licence	Runs until 2048*
Facilities	· Casino · Hotels · Conventions · Food and beverage · Entertainment and attractions · Day spa · Car parking · Sky Tower · Theatre · Telecommunications and broadcasting facilities · Office/retail space
Licensed Gaming Product	· 1,877 electronic gaming machines ** · 150 table games ** · 240 automated table games ***
Workforce	~ 2,900 staff
FY23 Revenue	$511.2 million^ (reported) $568.9 million (normalised)

Notes:

* *The casino venue licence can be renewed for a further period of 15 years pursuant to sections 134–138 of the New Zealand Gambling Act 2003.*

** *This allowance may be alternatively utilised to enable automated table game terminals.*

*** *This allowance may be alternatively utilised to enable table games.*

^ *Excludes New Zealand International Convention Centre fire income and liquidated damages received.*

SkyCity Auckland is the flagship property of the SkyCity Entertainment Group, featuring a casino, two award-winning hotels – The Grand by SkyCity and SkyCity Hotel, bars and restaurants, a 700-seat theatre and the iconic Sky Tower. Located in the heart of Auckland's CBD, the SkyCity Auckland precinct occupies ~295,000sqm of gross floor area across the majority of three city blocks (~3.5 hectares).

The SkyCity Auckland casino features the latest electronic gaming machines and automated table games, an array of table games, and luxurious VIP gaming facilities. EIGHT is an exclusive area reserved for VIP table game players and PLATINUM and VIP BLACK are exclusive areas reserved for VIP gaming machine players.

Federal Street, the gateway to the SkyCity Auckland precinct, features some of Auckland City's best eateries, including award-winning restaurants Masu by Nic Watt, The Sugar Club, Huami, Depot, Federal Delicatessen and Cassia - with an impressive accolade of awards between them.

SkyCity is currently investing around $750 million within the SkyCity Auckland precinct to develop the New Zealand International Convention Centre, an adjacent laneway, over 1,250 additional car parking spaces, and Horizon Hotel – a new 300-room, 5-star hotel. This development was originally expected to be completed in 2019 – however, due to delays by the contractor and the significant fire that broke out at the New Zealand International Convention Centre (under construction) in October 2019, Horizon Hotel is now expected to be completed during 2024 and the New Zealand International Convention Centre and adjacent laneway are expected to be completed in 2025. When open, the New Zealand International Convention Centre will be New Zealand's largest convention centre enabling New Zealand to attract major international conferences as well as having capability for sporting events, theatre and musical performances. The centre is designed to be a welcoming, open building complemented by a fresh new streetscape for local, national and international visitors to enjoy.

IMAGE: Award-winning chef Michael Meredith will open a new Pacific inspired restaurant, Metita, at SkyCity Auckland in October 2023.

IMAGE: Sky Bar, New Zealand's highest bar, opened at the top of the Sky Tower in June 2023 in partnership with Moët & Chandon.

FY23 PERFORMANCE

The Auckland business delivered normalised revenue of $568.9 million, and normalised EBITDA of $252.6 million (up 150% from the previous comparable period). This result reflects a full year of operations uninterrupted by the impact of site closures with earnings back to a level in excess of those achieved pre COVID-19.

Strong revenue growth across gaming was driven by a robust mass-market electronic gaming machines performance – this is the core of our customer base and is proving resilient in the face of variable VIP play. Electronic gaming machines revenue in the second half of FY23 was down slightly on the first half as the pent-up demand and constraints seen in the first half of the year were released and due to adverse weather events in Auckland. Table games performance recovered through the year with a stronger second half due to increased operating hours once more staff were available. Food and beverage performance was supported by increased opening hours and unconstrained resourcing while other non-gaming revenue received a boost from the increase in tourism, which was particularly evident in Sky Tower visitation.

The Auckland hospitality offering was revamped with the opening of Cassia and Sky Bar, and a new Michael Meredith restaurant is due to open in the first half of FY24.

Adelaide

PROPERTY	SKYCITY ADELAIDE, AUSTRALIA
Property Manager	David Christian, Chief Operating Officer Australia
Opened	2000
Casino Venue Licence	Runs until 2085*
Facilities	• Casino • Hotel • Conventions • Food and beverage • Entertainment • Car parking • Wellness centre
Licensed Gaming Product	• 1,080 electronic gaming machines (allowance for 1,500) • 116 table games (allowance for 200)** • 138 automated table games (allowance for 300)
Workforce	~ 1,400 staff
FY23 Revenue	A$220.8 million (reported) A$236.2 million (normalised)

* *The Approved Licensing Agreement between the Minister for Business Services and Consumers and SkyCity Adelaide Pty Limited provides SkyCity Adelaide with exclusive rights to provide casino gaming (except for interactive gambling) in South Australia until 30 June 2035.*

** *This allowance may be alternatively utilised to enable automated table game terminals.*

Located in and around the historic Railway Station building on the banks of the River Torrens, SkyCity Adelaide is South Australia's only casino destination on the Festival Plaza forecourt adjacent to the Adelaide Festival Centre and Adelaide Convention Centre and near the Adelaide Oval.

Following completion of a significant expansion development in late 2020, SkyCity Adelaide is now a world-class integrated entertainment hub featuring a 120-room luxury hotel – Eos by SkyCity, a wellness centre with a day spa, pool, sauna and gym, VIP gaming facilities, a function and conference facility for up to 650 guests, bars and restaurants.

The SkyCity Adelaide precinct is home to award-winning eateries, Madame Hanoi, Sean's Kitchen, The Guardsman, iTL, the immersive rooftop destination Sôl Rooftop, and The District at SkyCity - Australia's first fully functional microbrewery within a casino (operated in partnership with Pirate Life).

Eos by SkyCity is Adelaide's most luxurious hotel. Since opening in December 2020, Eos by SkyCity has won a number of prestigious awards, including being named as the Best New Tourism Business at the South Australian Tourism Awards, Best Deluxe Hotel in South Australia at the Australian Hotels Association SA Awards for Excellence and Best New Hotel at the Hotel Management Awards for Hotel and Accommodation Excellence.

FY23 PERFORMANCE

The Adelaide property also benefited from a full uninterrupted year of operations with normalised revenue of A$236.2 million (up 28% from the previous comparable period) and normalised EBITDA of A$34.9 million (up 70%).

The electronic gaming machines business is the largest contributor in Adelaide and had a positive year – outperforming the market and ending the year with 11% market share.

Table games revenue was also up year on year albeit lower than pre COVID-19 levels due to lower levels of visitation.

Both Eos by SkyCity and the food and beverage outlets were positively impacted by some notable events throughout the second half of year – the AFL Gather Round and LIV Golf bringing significant visitors from other states, which supported VIP play. This highlights the potential of our Adelaide business when there are major activations in the city centre.

Improvement in EBITDA margin was constrained by some significant cost pressures - large labour cost increases, food and beverage input costs and higher electricity prices due to instability in the national network. SkyCity remains focused on offsetting these inflationary pressures by driving price increases wherever possible.

Of note was the legal and compliance costs of A$8 million incurred in FY23 relating to SkyCity Adelaide's response to the AUSTRAC and CBS matters and implementing the Adelaide AML/CFT Enhancement Programme.

Hamilton

PROPERTY	SKYCITY HAMILTON, NEW ZEALAND
Property Manager	Michelle Baillie, General Manager Hamilton
Opened	2002 Increased ownership from 70% to 100% in 2005
Casino Venue Licence	Runs until 2027*
Facilities	· Casino · Food and beverage · Entertainment · Conventions · Car parking · Tenpin bowling
Licensed Gaming Product	· 339 electronic gaming machines** · 23 table games**
Workforce	~ 300 staff
FY23 Revenue	$66.3 million (reported) $74.9 million (normalised)

* *The casino venue licence can be renewed for a further period of 15 years pursuant to sections 134–138 of the New Zealand Gambling Act 2003.*

** *This allowance may be alternatively utilised to enable automated table game terminals.*

Situated within Hamilton's historic Chief Post Office, a venue designed to maximise its superb riverside location on the banks of the Waikato River, SkyCity Hamilton features a casino, bars and restaurants, a conference centre and Hamilton's only tenpin bowling alley – Bowl and Social.

The SkyCity Hamilton precinct is home to some of Hamilton's favourite eating and drinking destinations right in the heart of Hamilton's CBD, including The Local Taphouse and Eat Burger.

Over the last financial year, SkyCity has continued to invest in its core casino and hospitality businesses with a range of improvements across the SkyCity Hamilton property, including the opening of a new Chinese restaurant (tenancy), Shanghai Restaurant, in May 2023. Product and layout optimisation within the casino remains a key focus to ensure SkyCity Hamilton maintains its market leader position and to manage high demand for electronic gaming machines (which continue to remain capacity constrained at peak times).

SkyCity Hamilton is a proud member and supporter of the local community, and celebrated 20 years of entertaining in the Waikato region in September 2022.

FY23 PERFORMANCE

The Hamilton business achieved normalised EBITDA of $35.2 million. This was a record result driven by very strong gaming machine performance, reflecting the sentiment of the local economy which is more domestic focused with less reliance on tourism. There was strong growth on the prior comparable period due to COVID-19 restrictions and closures in that period, with SkyCity Hamilton closed for 65 days and operating under various restrictions for an additional 122 days.

The first half of FY23 was particularly strong with increased gaming visitation and premium play across all categories and strong non-gaming contribution, including higher patronage at Bowl and Social offset by changes in outlet operating hours due to lower staffing levels. The second half of FY23 was quieter, reflecting changes in the economic environment with lower visitation and spend compared to the first half.

SkyCity Hamilton is working to ensure it provides a broad entertainment proposition by refreshing and expanding its food and beverage offering. This will lead to some upfront costs along with the impact of staff numbers returning to more normal levels. However, it is expected that this will also support the maintenance of industry leading EBITDA margins which are now back to pre COVID-19 levels.

Queenstown

PROPERTY	SKYCITY QUEENSTOWN AND SKYCITY WHARF, NEW ZEALAND
Property Manager	Jono Browne, General Manager Queenstown
Opened	Opened Queenstown in 2000 and increased ownership from 60% to 100% in 2012 Acquired Wharf in 2013
Casino Venue Licence	Runs until 2025* for Queenstown Runs until 2024* for Wharf
Facilities	· Casino, including VIP gaming facilities · Food and beverage · Entertainment · Conventions
Licensed Gaming Product	· 86 electronic gaming machines (Queenstown)** · 12 table games (Queenstown)** · 74 electronic gaming machines (Wharf)** · 6 table games (Wharf)**
Workforce	~ 50 staff
FY23 Revenue	$10.9 million (reported) $12.3 million (normalised)

** The casino venue licence can be renewed for a further period of 15 years pursuant to sections 134–138 of the New Zealand Gambling Act 2003.*
*** This allowance may be alternatively utilised to enable automated table game terminals.*

SkyCity's two Queenstown casinos, SkyCity Queenstown and SkyCity Wharf, are located in central Queenstown, surrounded by the majestic Southern Alps.

Whilst the larger SkyCity Queenstown property reopened on 14 May 2020 after the first COVID-19 lockdown in New Zealand, the smaller SkyCity Wharf property has remained closed since 23 March 2020. The SkyCity Wharf property is unlikely to be reopened.

FY23 PERFORMANCE

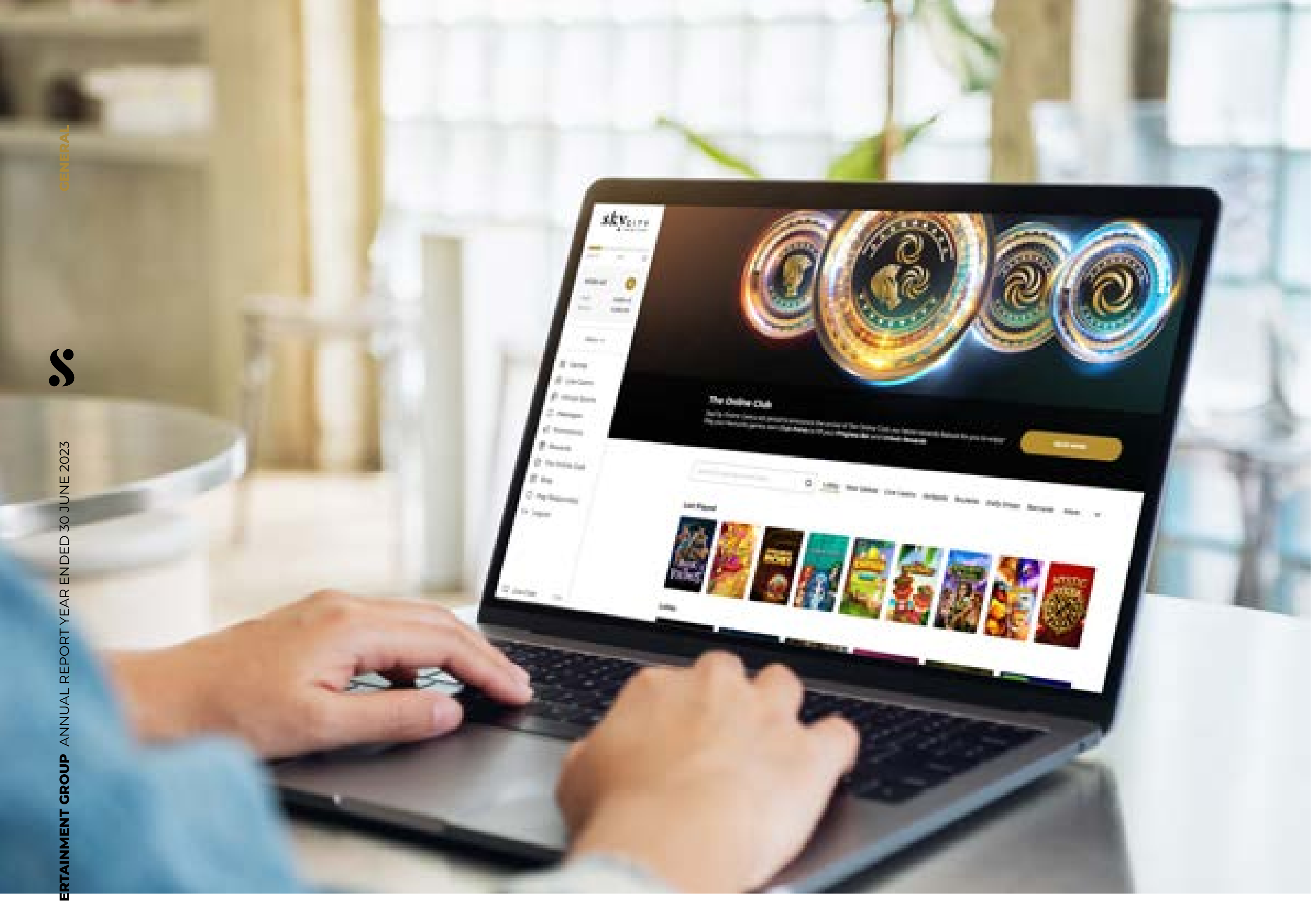
SkyCity Queenstown benefited from a full year of uninterrupted operations in FY23, increasing its normalised revenues by 21% to $12.3 million. Normalised EBITDA of $4.1 million was 36% higher than the previous comparable period and represented a record year.

The Queenstown business has been hampered by the availability of staff predominantly due to the lack of accommodation in the region, which in turn has impacted table games opening hours. SkyCity has worked actively to find suitable accommodation for its staff.

Having consolidated to one site, SkyCity Queenstown will benefit as more international tourism returns to the Southern Lakes region and grow above pre COVID-19 levels.

SkyCity has commenced the renewal process in respect of the SkyCity Queenstown casino venue licence, which currently runs until December 2025.

SkyCity continues to pursue a sale of the development land at 633 Frankton Road in Queenstown.



Online

BUSINESS	**SKYCITY ONLINE CASINO, MALTA**
Manager	Steve Salmon, Managing Director SkyCity Malta
Launched	2019
Facilities	Online casino
FY23 Revenue	$15.3 million (reported) $15.3 million (normalised)

The SkyCity Online Casino provides New Zealanders with an offshore online casino platform, featuring over 2,450 online games, ever increasing personalisation, a mobile first user experience and continually enhanced player safety features and tools.

The SkyCity Online Casino is operated out of Malta by international iGaming company Gaming Innovation Group Inc (**GiG**) on behalf of SkyCity Malta Limited, an independently operated subsidiary of the SkyCity Entertainment Group, and managed by a Managing Director based in Europe. GiG provides a full-suite online casino solution, including a technical platform, gaming content, managed services and front-end development.

In April 2022, SkyCity expanded its strategic partnership with GiG and subscribed for €25 million (around $40 million) of new equity in GiG to help fund GiG's purchase of Sportnco Gaming SAS, a European-based business-to-business online sports and player account management provider. As at 1 August 2023, SkyCity holds a 10% shareholding in GiG and has a representative director on the GiG Board.

The online gaming market continues to grow globally with numerous international jurisdictions regulating online gaming (or intending to do so) to address the transition from physical to online entertainment. The New Zealand online gaming market continues to grow significantly with recent estimates indicating a market between $400 and $500 million in gross gaming revenue per annum. This market is expected to continue to grow with offshore operators targeting unregulated markets, like New Zealand, as they find themselves squeezed out of the increasing number of jurisdictions adopting regulatory models.

New Zealand is now one of the last OECD countries to not yet regulate online gambling and is increasingly being aggressively targeted by offshore operators.

Following a public consultation which commenced during 2019, the Department of Internal Affairs (the New Zealand gambling regulator) continues to develop a policy framework for potential regulation. SkyCity remains supportive of regulation of the New Zealand online gaming market, which would enable SkyCity to pursue the omnichannel opportunity and address a fast-growing category which is highly complementary to our land-based activities whilst offering customers a varied gaming experience (both physical and digital). SkyCity remains supportive of future regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits in New Zealand, and continues to prepare for a regulated industry to deliver on the omnichannel opportunity for the Group.

FY23 PERFORMANCE

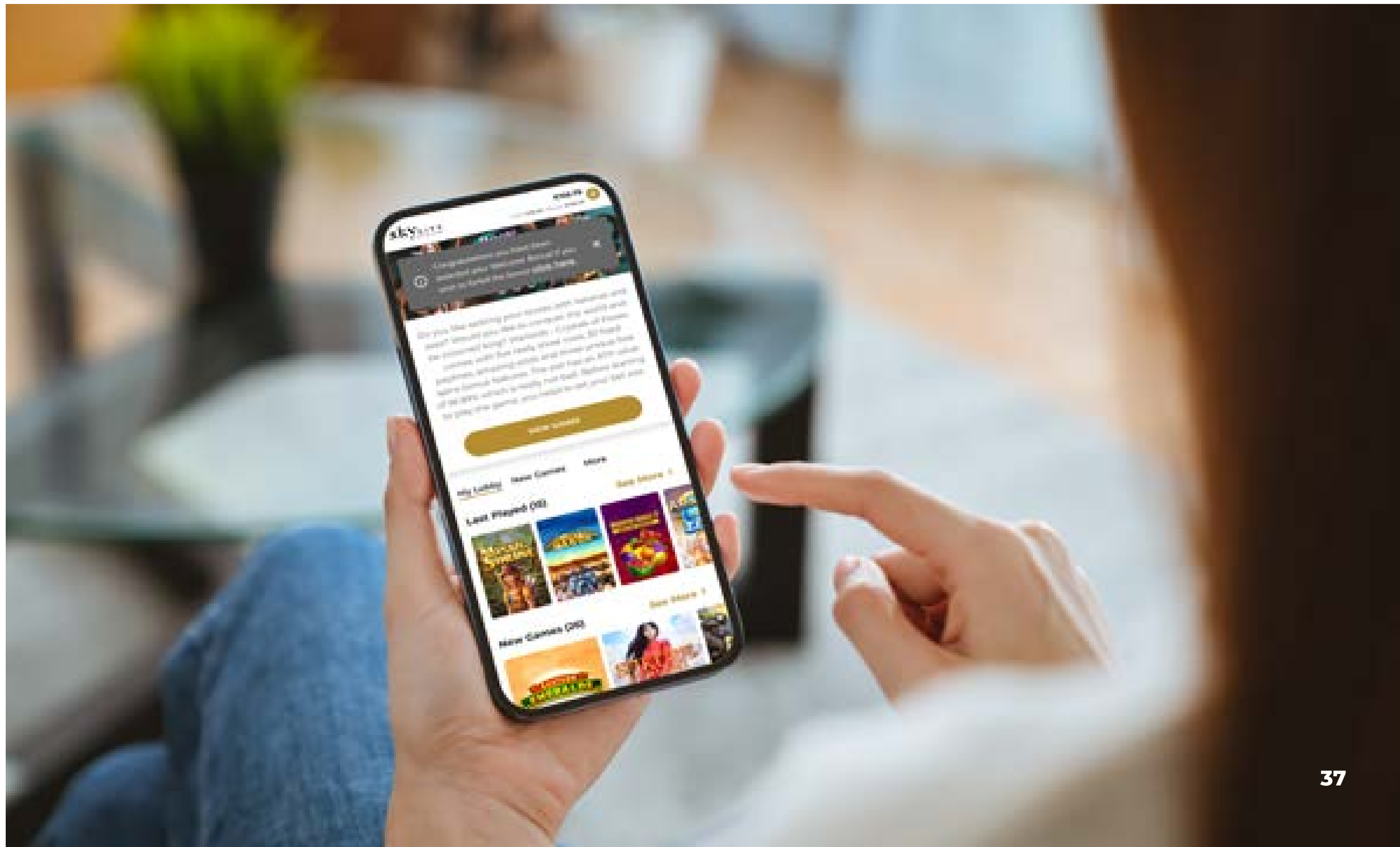
The SkyCity Online Casino business generated $15.3 million of normalised revenue, down 9% from the prior comparable period. Normalised EBITDA of $10.7 million was 17% lower due to lower revenue and increased costs.

Online earnings declined as the New Zealand online market has been aggressively targeted by offshore operators who are not adhering to local marketing restrictions. The SkyCity Online Casino's market share has also declined.

SkyCity's 10% equity stake in GIG has increased in value by 20% (as at 30 June 2023) since the shares were issued to SkyCity in April 2022. SkyCity continues to enjoy the strategic benefits of being associated with GiG.

The SkyCity Online Casino offering continues to be enhanced with new content, with bingo to be launched in the year ahead. The investment in the business is reflected in a lower margin in FY23.

SkyCity continues to explore an online opportunity in Ontario, Canada. This would provide some valuable insights into operating in a regulated market and enable SkyCity to potentially leverage the resources and capability in its New Zealand operations in a regulated New Zealand market.



Risk Management

SkyCity operates in a dynamic, highly regulated and challenging environment with risks and opportunities.

The SkyCity Board is ultimately responsible for the governance of the Group's risk management, which includes approval and oversight of the Group's risk management framework and risk appetite, and ensuring that organisational culture supports effective risk management. Recognising the importance of the governance of risk management, the SkyCity Board established a Risk and Compliance Committee in August 2022 whose primary objective is to assist the SkyCity Board in fulfilling its responsibilities relating to risk management and compliance, including in respect of the Group's key compliance obligations, casino licensing, host responsibility, anti-money laundering, and health and safety matters.

In light of the heightened regulatory focus on the casino industry over recent years, SkyCity has taken further significant steps to enhance its risk management and compliance frameworks over the past financial year, including:

- continuing to drive improvement and uplift in the Group's approach to host responsibility and anti-money laundering;
- committing further additional resources to, and investment in, SkyCity's anti-money laundering and host responsibility functions;
- formally adopting a three lines of defence model to identify and manage key risks and to provide assurance over SkyCity's controls in managing those risks;
- the appointment of a Chief Risk Officer, Carolyn Kidd (an experienced risk executive with an extensive career in the financial services sector), from 1 April 2023 who is responsible for SkyCity's risk management effectiveness and SkyCity's risk, anti-money laundering and counter-terrorism financing, and host responsibility functions; and
- commencement of a programme of work to enhance and further mature SkyCity's risk management framework and approach.

The SkyCity Board and management recognise that a positive culture is fundamental to effective risk management and instils and promotes a culture which values the principles of honesty, fairness, cooperation, diversity and inclusion, and accountability – as reflected in the SkyCity Group's Code of Conduct (available in the Governance section of the company's website at www.skycityentertainmentgroup.com).

SkyCity maintains a risk management framework for the identification, assessment, monitoring and management of risk to the Group's business:

- SkyCity will progressively embed the three lines of defence approach to risk management with defined roles and responsibilities across end-to-end risk management and assurance;
- the Group Risk function evaluates and reports on risks and collates, assesses and monitors the risks the Group faces by way of a Top Risk Profile, which is updated regularly. The Top Risk Profile is a current view of the most significant emerging or potential risks facing the Group, as well as a summary of how those risks are being mitigated or prepared for, and is a critical input to strategic planning, insurance renewal, investment and resource prioritisation, assurance planning, and ongoing business improvements;
- Management monitors the Group's culture for indications on the risk culture and to identify any potential areas for improvement; and
- Management reports to the SkyCity Board and the Risk and Compliance Committee on the effectiveness of the Group's management of its material business risks at least annually.

Our Material Risks

SkyCity's ability to create and preserve value for its shareholders requires the successful execution of its business strategy, while maintaining a sound culture and practices to operate within risk appetite. Risks influencing its ability to do this, including SkyCity's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined in the following table. Some risks are affected by factors external to, and beyond the control of, SkyCity.

Given the nature of SkyCity's operations, SkyCity does not have a material exposure to environmental risks in its usual day-to-day operations. SkyCity nonetheless recognises the criticality of climate related risks to its operations. Further details on these risks and SkyCity's approach to climate change risk management and reporting are outlined on pages 90-101 of this annual report.

MATERIAL EXPOSURE	RISK MANAGEMENT
Highly Regulated Industry	
SkyCity operates in the casino industry, which is highly regulated. The regulatory framework in which the business operates is not only complex but also subject to change from time to time, which may impact the environment in which SkyCity operates and increase the costs and complexities of operating its business. Potential examples include changes to gaming legislation and regulations, licence conditions and gaming taxes and levies. Such changes may be introduced for a variety of reasons, including in response to the behaviour of others operating in the industry or increased government and regulatory conservatism in relation to the casino industry in New Zealand and Australia. Over the past financial year, there has also been continued focus on regulatory oversight of land-based casino operators in New Zealand and Australia, particularly in respect of anti-money laundering and host responsibility obligations – see below for more details. In the case of any alleged wrongdoing, a regulator may initiate action against SkyCity, including a formal warning or, where the matter relates to SkyCity's casino operations, an application to suspend and/or cancel the relevant casino licence under the New Zealand Gambling Act 2003, South Australian Casino Act 1997 and/or South Australian Gambling Administration Act 2019 as applicable.	Regulatory risk is mitigated by close monitoring of the evolving regulatory landscape, including maintaining frequent and transparent engagement with the governments and regulators in each jurisdiction in which SkyCity operates and with industry stakeholders to ensure that expectations are met and high standards of compliance are maintained. Targeted initiatives are undertaken as and when required based on the likelihood of the risk occurring and the impact it would have on SkyCity's business. SkyCity supports a robust compliance culture and practices to ensure maintenance of licence conditions and adherence to applicable legislation and regulations.
AML/CFT Compliance and Host Responsibility	
SkyCity operates in an industry that presents high money-laundering risks. As a reporting entity under applicable anti-money laundering and countering financing of terrorism (**AML/CFT**) legislation, SkyCity is required to detect, deter, manage and mitigate money laundering and the financing of terrorism risks. SkyCity is also required to provide its gambling offerings in a responsible manner in accordance with its Host Responsibility Programmes, relevant responsible gambling and advertising codes and legislation, and regulatory and community expectations. A failure to comply with SkyCity's AML/CFT or host responsibility obligations could expose SkyCity to significant penalties and remediation costs and have an adverse impact on SkyCity's operational and financial performance and reputation. SkyCity Adelaide Pty Limited (**SkyCity Adelaide**), the operator of the SkyCity Adelaide casino, is currently the subject of civil penalty proceedings filed in the Federal Court of Australia by AUSTRAC on 7 December 2022 for alleged serious and systemic non-compliance with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Should the proceedings result in a determination of non-compliance, SkyCity Adelaide could face significant penalties. SkyCity Adelaide is also the subject of an independent review by Consumer and Business Services (**CBS**), the South Australian gaming regulator. In July 2022, CBS announced that it had appointed the Honourable Brian Martin AO KC to undertake an independent review of SkyCity Adelaide in accordance with Part 3 of the Casino Act 1997 (SA) in light of interstate inquiries into various casino operations. The review was placed on hold in February 2023 pending the conclusion of the AUSTRAC civil penalty proceedings. Whilst the independent review remains on hold and at CBS' direction, an independent expert will be appointed to review SkyCity Adelaide's AML/CFT and host responsibility enhancement programmes and, if required, make amendments to those programmes, monitor the implementation of those programmes by SkyCity Adelaide and SkyCity Adelaide's compliance with its AML/CFT and gambling harm minimisation obligations, and report to the Commissioner in relation to the above matters.	In respect of SkyCity's land-based casinos, an AML/CFT Programme is in place in New Zealand and in Adelaide that includes procedures to detect, deter, manage and mitigate the risks of money laundering and the financing of terrorism. A Host Responsibility Programme is also in place at each of these casinos to prevent and minimise harm from problem gambling. In addition, specialist Financial Crime and Host Responsibility teams are located within the business. The SkyCity Online Casino is operated from Malta in partnership with international iGaming company Gaming Innovation Group Inc (**GiG**). GiG has in place an AML/CFT Policy that includes procedures to detect, deter, manage and mitigate money laundering and the financing of terrorism risks. Through rigid processes and industry leading software, GiG ensures that it adheres to relevant AML/CFT and host responsibility regulation and best practice. In addition to periodic regulator audits, internal and external assurance activities and audits are conducted on a regular basis to assess the effectiveness of SkyCity's AML/CFT and host responsibility controls and processes. SkyCity continues to invest in and enhance the Group's AML/CFT and host responsibility risk management capabilities, including through uplift programmes, aligned resourcing and dedicated IT systems development and new technologies. See pages 68-81 of this annual report for further details on the Group's approach to AML/CFT and host responsibility.
Liquidity and Solvency Risk	
SkyCity's ability to achieve its business objectives is dependent on it being able to effectively manage its liquidity and solvency throughout a period of no and/or significantly diminished revenue and earnings. There is significant complexity related to managing those matters, including as a consequence of a number of matters being outside of SkyCity's control. Such unexpected matters could result in SkyCity's financial position and future performance being adversely impacted. SkyCity's ability to demonstrate fiscal resilience during these times is critical to maintaining long term investor and regulatory confidence.	SkyCity manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities. SkyCity also maintains close and transparent relationships with its lenders (including banks and United States Private Placement noteholders). Given the cautious economic outlook and the ongoing regulatory focus, SkyCity continues to adopt a conservative approach to capital management.
Loss of Casino Licence	
SkyCity's Auckland property contributes a significant portion of SkyCity's EBITDA. This concentration of earnings means that the performance of SkyCity is heavily dependent upon the Auckland property. A significant disruption to SkyCity's Auckland operations, which may arise through the suspension, cancellation or expiry of the Auckland casino licence, would have a significant negative impact on SkyCity. The suspension, cancellation or expiry of any of SkyCity's other casino licences would also have a negative impact on SkyCity. Where appropriate, a regulator may take action to suspend and/or cancel the relevant casino licence under the New Zealand Gambling Act 2003, South Australian Casino Act 1997 and/or South Australian Gambling Administration Act 2019 as applicable.	SkyCity has mitigated this risk by securing an extension to the Auckland casino licence to 30 June 2048 and an extension to the Adelaide casino licence to 30 June 2085. Extensions to the Hamilton and Queenstown casino licences can be sought in accordance with the renewal provisions in the Gambling Act 2003 (New Zealand). In addition, SkyCity mitigates this risk by maintaining a robust compliance culture and practices to ensure compliance with licence conditions and gaming legislation and regulations, and maintaining engagement with the governments and regulators, in each jurisdiction in which SkyCity operates.
Economic and Business Volatility	
The general economic conditions in the markets that SkyCity operates in, in addition to volatility in certain parts of the business, can significantly influence the financial performance of the company.	To mitigate these risks, SkyCity continually monitors its external environment, including the geo-political and economic landscape, and has a robust liquidity management framework. SkyCity also continually reviews the optimal mix for its business activities to ensure it has a balanced portfolio reflecting its risk appetite.
Development and Project Risk (including Return from Major Projects)	
SkyCity has a significant project underway in Auckland comprising the New Zealand International Convention Centre and Horizon Hotel development. Potential project risks include project delays, supply chain constraints and project cost overruns. Horizon Hotel is expected to be completed during 2024 and the New Zealand International Convention Centre and adjacent laneway are expected to be completed in 2025. It is possible that adequate returns are not generated from the financial capital invested in capital projects.	SkyCity seeks to mitigate project risks by continually monitoring progress by contractors against contractual obligations, and maintaining robust project management. SkyCity has established strong governance and oversight frameworks for both current and future major growth projects. SkyCity also ensures robust governance over capital allocation and shareholder returns. SkyCity markets and promotes its precincts and offerings to maximise the level of customer patronage required to deliver the expected returns on investment.

MATERIAL EXPOSURE	RISK MANAGEMENT
Technology and Data Security Risk	
Technology is critical to SkyCity's business for facilitating/enabling its operations, mitigating cyber threats and ensuring compliance with regulatory and licence requirements. SkyCity's operations are dependent on a number of key systems. There is a risk that the security of critical systems may be compromised and/or information is accessed without authorisation, deleted or corrupted, which could impact SkyCity's ability to operate critical systems and result in costs to resolve or repair, potential downtime of operations, potential breaches of privacy and/or reputational impacts. SkyCity also holds confidential customer and commercially sensitive data. A leak or the unauthorised use of confidential customer and commercially sensitive data may have an adverse impact on SkyCity's operational and financial performance and reputation.	To mitigate technology risk, SkyCity has invested in a significant programme over recent years to improve technology systems, infrastructure, capability and data management, and to improve cyber-resilience. SkyCity continues to invest in these areas as required and to keep abreast of the latest risks. SkyCity has a dedicated ICT security function that conducts regular exercises to assess system resilience and identify any security vulnerabilities that could be exploited. Simulated phishing emails are also regularly sent within the organisation to raise security awareness amongst employees. Across the business, SkyCity has a range of measures in place to manage cyber risk, including policies and procedures, cybersecurity capabilities, continuous threat monitoring and event-detection capabilities. In particular: • to ensure staff have the requisite knowledge and skills to combat cyber threats, staff are required to complete cybersecurity training; • a Data Breach Response team has been established, and a framework is in place, to respond to data breach incidents; and • over the last financial year, a cyber preparedness simulation exercise has uplifted internal capability and preparedness. SkyCity has a range of measures in place across its business to mitigate against a leak or unauthorised use of confidential customer and commercially sensitive data, including policies and procedures, event-detection capabilities, confidentiality provisions in employee and contractor agreements, and privacy training and awareness. In relation to the SkyCity Online Casino, GiG implements strict vulnerability management processes for its products, services and infrastructure, including: • GiG's information security processes are tested against international standards (ISO 27001:2013 audit); • penetration testing is conducted to identify any vulnerabilities; • security engineers are consulted at the design phase of a product to minimise any vulnerabilities within the design of a product; • the security posture of each supplier is assessed to minimise supply chain attacks; and • a specialist team monitors GiG's systems on a 24/7 basis to identify any malicious activity that could lead to a breach.

MATERIAL EXPOSURE	RISK MANAGEMENT
Health and Safety Risk	
SkyCity has Health and Safety Risk Registers in place that identify risks into two key categories – high consequence/low frequency (being critical risks) and low consequence/high frequency risks. SkyCity's critical risks include working at heights, confined spaces, electrical, violence, moving plant, fire and explosion. Due to the hospitality and retail focus of SkyCity's business, a high percentage of the company's health and safety risk falls into the low consequence/high frequency category, which includes risks such as slips and trips and cuts from manual task related injuries.	Following the completion of a Group-wide independent health and safety review in the last financial year, SkyCity is currently developing and implementing a revised health and safety critical risk framework, which focuses on substantially higher risk activities (critical risks) associated with hospitality, facilities and maintenance, projects, logistics, events, and gaming management. Ongoing safety assurance activities seek to assess the effectiveness of controls and, where appropriate, strengthen critical risk controls ensuring SkyCity keeps its people and visitors safe. SkyCity also has harm prevention programmes in place which are aimed at reducing minor injuries and promoting wellness amongst SkyCity's employees and contractors. SkyCity's New Zealand properties are tertiary accredited under the Accident Compensation Corporation Accredited Employers Programme and its Adelaide site is a registered self-insured employer. The company undertakes assurance activities to maintain certifications and continually improve its health and safety performance.
Customer and Innovation Risk	
SkyCity recognises that it is important to consider evolving customer demographics and preferences in both its gaming and non-gaming operations, including new offerings, technologies and innovation.	To ensure SkyCity remains relevant to its customers, key strategic projects are currently being progressed, with a focus on emerging industry trends and opportunities for leveraging new technology and demographic changes. Master planning also continues to be progressed for each of the SkyCity sites to explore opportunities for new food and beverage, gaming and entertainment offerings.
Business Continuity	
As with any large, distributed business, SkyCity must be prepared for a wide range of events that have the potential to cause significant disruption and/or temporary closure of one or more of its sites.	To mitigate this risk, SkyCity maintains a comprehensive business continuity framework, which supports preparedness and response to a wide range of critical events, including natural disasters, fire, emergency incidents and pandemics. The business continuity framework is subject to ongoing monitoring to ensure management readiness and capability (including undertaking simulated crisis response drills on a regular basis to test management readiness and capability) and improvement to enhance resilience. Business disruption risk is also mitigated through the Group's insurance cover.

Our Board

JULIAN COOK

Chair

Chair of the People and Culture Committee

Member of the Audit Committee

Member of the Risk and Compliance Committee

Chair of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021 and Chair of the SkyCity Board in January 2022

Appointed a director of SkyCity Adelaide in October 2022

Resides in New Zealand

Julian Cook was Chief Executive Officer of Summerset Group Holdings Limited from 2014 to March 2021 and, prior to becoming Chief Executive Officer, Summerset's Chief Financial Officer where he oversaw the company's transition to become a publicly listed company on the New Zealand and Australian stock exchanges.

Prior to joining Summerset in 2010, Mr Cook was an Associate Director at Macquarie Group where he gained significant experience in the energy, industrial services, tourism and aged care sectors over a 12-year career.

Julian is currently a director of WEL Networks Limited, Winton Land Limited and Deakin TopCo Pty Limited and holds a Master of Finance from Victoria University and a Master of Science from the University of Waikato.

CHAD BARTON

Director

Chair of the Audit Committee

Member of the People and Culture Committee

Member of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021

Resides in Australia

Chad Barton has extensive experience across finance, capital markets, mergers, acquisitions and property development. He is currently the Chief Operating Officer and Chief Financial Officer of Nuix Limited, an ASX-listed global software company, and was the Chief Financial Officer of ASX-listed companies The Star Entertainment Group Limited from 2014 to 2019 and Salmat Limited from 2009 to 2014. Prior to this, he was Chief Financial Officer of the Australia and New Zealand business of Electronic Data Systems from 2006 to 2009.

Chad, as founding Chairperson, established the former Women in Gaming & Hospitality Australasia to achieve gender equity and support the development and success of women in the gaming industry.

He is a member of the Australian Institute of Company Directors and Chartered Accountants ANZ and holds a Bachelor of Business from the University of Technology in Sydney.

SUE SUCKLING

Director*

Member of the Risk and Compliance Committee

Member of the Governance and Nominations Committee

Appointed a director of SkyCity in May 2011

Resides in New Zealand

Sue Suckling is an independent director and consultant with over 25 years in commercial corporate governance. She is recognised for her leadership in the technology innovation space and her deep governance experience.

Sue is currently the Chair of the Insurance & Financial Services Ombudsman Scheme Commission, Jacobsen Holdings Limited, 5th Element Limited, Rubix Limited, Jade Software Corporation Limited, Taska Prosthetics Limited and Boulcott Hospital. Previous governance roles include chairing NIWA, the New Zealand Qualifications Authority and AgriQuality Limited, and as a director of Restaurant Brands Limited, Westpac Investments Limited and the New Zealand Dairy Board. She holds an OBE for her contribution to New Zealand business.

Sue is a Chartered Fellow of the New Zealand Institute of Directors and a Companion of the Royal Society of New Zealand.

KATE HUGHES

Director

Chair of the Risk and Compliance Committee

Member of the Audit Committee

Member of the Governance and Nominations Committee

Appointed a director of SkyCity in September 2022

Resides in Australia

Kate Hughes is an experienced non-executive director, holding board and committee roles across a diverse portfolio, including the Victorian Department of Health, SuniTAFE and Lower Murray Water. She also holds committee roles with two Commonwealth regulators, Comcare Authority and the Australian Prudential Regulation Authority.

Prior to embarking on a governance career, Kate held executive roles in risk management, governance and compliance across various sectors, including financial services, agribusiness, fast moving consumer goods, telecommunications, and tertiary education. Her private sector experience is complemented by regulatory experience at the Australian Securities and Investments Commission and NSW Treasury.

Kate holds tertiary qualifications in commerce, applied finance, and occupational health and safety and is a graduate of the Australian Institute of Company Directors.

Sue announced her intention to retire from the SkyCity Board in August 2022. Sue will remain a non-executive director on the SkyCity Board until Donna Cooper's appointment to the SkyCity Board is formalised.

GLENN DAVIS
Director

Member of the Risk and Compliance Committee

Member of the Governance and Nominations Committee

Appointed a director of SkyCity in September 2022

Appointed a director of SkyCity Adelaide and Chair of the SkyCity Adelaide Board in September 2022

Resides in Australia

Glenn Davis has practised as a solicitor in corporate and risk throughout Australia for over 35 years with expertise and experience in the execution of large transactions, risk management and in corporate activity regulated by the Australian Corporations Act and the ASX.

Glenn has extensive board experience across the public, private, family and government sectors. He is currently the Chair of ASX-listed companies Beach Energy Limited and iTech Minerals Limited. He is also chair of a number of large private companies with broad board experience over many years in the manufacturing, resources, retail, property, seafood and primary production industries.

Glenn holds tertiary qualifications in law and economics and is a fellow of the Australian Institute of Company Directors.

DAVID ATTENBOROUGH
Director

Member of the Audit Committee

Member of the People and Culture Committee

Member of the Governance and Nominations Committee

Appointed a director of SkyCity in March 2023

Resides in Australia

David Attenborough has strong gaming experience with over 12 years' experience at ASX-listed Tabcorp Holdings Limited as Chief Executive Officer and Managing Director. Prior to joining Tabcorp, he was Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure in South Africa and previously held senior roles with a variety of casino and racing organisations.

David is currently a director of Host-Plus Pty Limited, an Australian-based superannuation fund.

David holds an MBA from Henley Business School and a Bachelor of Science (Honours) from the University of Exeter and is a graduate of the Australian Institute of Company Directors.

DONNA COOPER
Director-Elect

Appointment remains subject to obtaining regulatory approvals

Resides in New Zealand

Donna Cooper has over 25 years' experience in the financial services industry, most recently as Chief Executive Officer of TSB Bank Limited. Prior to this, she was Chief Executive Officer of The Warehouse Financial Services Group and Managing Director and General Manager New Zealand of Baycorp (NZ) Limited. She has also held a number of senior executive roles with American Express International over a 10-year period in New Zealand, Australia, India and the United Kingdom.

Donna is currently a member of the New Zealand Institute of Directors and a member of the Global Women's Leadership Network. She was previously, up until 28 July 2023, the Chair of the NZ Bankers' Association's Domestic Banks Group and a member of the NZ Bankers' Association's Governing Council.

Donna holds a Master of Arts in International Business from the Rennes School of Business, France, and a Bachelor of Business from the Auckland University of Technology.

Our Senior Leadership Team

MICHAEL AHEARNE
Chief Executive Officer

Michael was appointed Chief Executive Officer in November 2020 after initially joining SkyCity in December 2017 as Group Chief Operating Officer. In 2019 he oversaw the establishment of the SkyCity Online Casino after leading SkyCity's online gaming strategy. Michael's priority and focus as Chief Executive Officer has been the post COVID-19 recovery of the Group along with the transformational uplift of the host responsibility, anti-money laundering and counter-terrorism financing, and risk and compliance capabilities across the business.

Michael's extensive global experience in the gaming industry spans over 20 years across multiple sectors, including land-based and online casinos, as well as retail and online sports betting. Prior to joining SkyCity, Michael held a number of senior executive roles at Paddy Power Betfair (now Flutter), as well as Aristocrat and Tabcorp.

Michael is a qualified accountant and holds a Master of Business Administration from the University of Technology, Sydney.

JULIE AMEY
Chief Financial Officer

Julie joined SkyCity as Chief Financial Officer in May 2021 and is responsible for the financial management of SkyCity, including reporting, capital markets, treasury, and corporate development. She also oversees SkyCity's investor relations and internal assurance functions and helps to drive the strategic direction of the SkyCity Group.

Julie joined SkyCity from Shell Australia where she held the role of Vice President Finance Integrated Gas. She has also held a number of senior finance roles with the Shell Group around the world since 2001, including as Vice President Finance Qatar Shell, Chief Financial Officer for Shell & Turcas A.S. Turkey and Business Finance Manager and Financial Controller for Upstream Middle East in the United Arab Emirates. Prior to joining Shell, she held finance roles at Fletcher Challenge Energy, BBC Worldwide Publishing and Deloitte & Touche.

Julie is a chartered accountant and holds a Bachelor of Management Studies from the University of Waikato.

CALLUM MALLETT
Chief Operating Officer New Zealand

Callum was appointed Chief Operating Officer New Zealand in February 2021 and has operating responsibility for SkyCity's New Zealand businesses, including the day-to-day operations of SkyCity Auckland. He also oversees SkyCity's information and communications technology function.

Callum has significant gaming and hospitality experience having held a number of senior roles at SkyCity since joining in 2006, including as General Manager SkyCity Darwin, General Manager SkyCity Auckland Hotels, Convention Centre and Sky Tower, and Executive General Manager of Hospitality for SkyCity Auckland. Prior to joining SkyCity, Callum held numerous senior leadership roles across the hospitality, retail and financial investment sectors.

Callum holds a Bachelor of Commerce from Victoria University of Wellington, and has completed studies with Cornell University, The London Business School and the University of Nevada.

DAVID CHRISTIAN

Chief Operating Officer Australia

David was appointed Chief Operating Officer Australia in February 2021 and is responsible for SkyCity's Adelaide business and overseeing the Australian interstate gaming business.

David has more than 30 years' experience in hospitality, hotel and casino management, including working in several Australian States and Singapore. He has held a number of senior roles during his career with SkyCity since joining in 2005, including General Manager SkyCity Adelaide (where he was responsible for overseeing the construction and opening of the A$330 million Adelaide expansion development), General Manager SkyCity Darwin, General Manager SkyCity Auckland and General Manager SkyCity Hamilton.

David holds a Master of Business Administration from Deakin University, Victoria, and a Diploma of Hospitality Management from Drysdale House, Tasmania.

JO WONG

General Counsel and Company Secretary

Jo joined SkyCity as Senior Legal Counsel in January 2009 and was appointed as General Counsel and Company Secretary in September 2016. She is responsible for SkyCity's legal, company secretarial, and regulatory affairs functions and is designated as SkyCity's Chief Privacy Officer.

Jo has 25 years' experience in both private practice and in-house legal roles. Before joining SkyCity in 2009, she held General Counsel and Group Corporate Counsel roles in the New Zealand financial services industry and was a Senior Solicitor at Russell McVeagh, one of the leading law firms in New Zealand.

Jo was a finalist in the In-House Lawyer of the Year category in the 2019 and 2020 New Zealand Law Awards and was recognised in New Zealand Lawyer's 2019 and 2020 In-House Leaders lists as one of the leading lawyers across New Zealand. Jo is a graduate of the 2017 Global Women Breakthrough Leaders Programme, is a member of New Zealand Asian Leaders and holds a Bachelor of Laws and a Bachelor of Arts from Victoria University of Wellington.

CAROLYN KIDD

Chief Risk Officer

Carolyn joined SkyCity as Chief Risk Officer in April 2023 and is responsible for SkyCity's risk management effectiveness and the risk, anti-money laundering and counter-terrorism financing, and host responsibility functions.

Carolyn is an experienced risk executive with an extensive career in the banking and finance industry across Australia and New Zealand. Prior to joining SkyCity, she held a number of senior risk roles, including Chief Risk Officer at Westpac New Zealand, Chief Risk Officer at Bankwest (Commonwealth Bank of Australia), Chief Risk Officer at Sovereign Assurance, and Chief Credit Officer, Acting Chief Risk Officer and Head of Credit Risk Management at ASB Bank Limited.

Carolyn is currently a director and Senior Fellow of the Financial Services Institute of Australasia and holds a Bachelor of Arts from the University of Auckland and a Diploma of Banking from Massey University.

SIMON JAMIESON

Group General Manager - NZICC Development and Tourism

Simon oversees the development of SkyCity's New Zealand International Convention Centre and Horizon Hotel project in Auckland. He also oversees SkyCity's health and safety function and SkyCity's development projects in New Zealand.

Simon has held a number of senior roles across the business since joining SkyCity in September 2007, including General Manager SkyCity Adelaide, General Manager Hotels SkyCity Auckland and Acting General Manager SkyCity Auckland.

With more than 35 years' experience in large-scale hospitality businesses, Simon brings a wealth of commercial, property, project and tourism experience to the SkyCity business. Simon has governance experience on industry boards and Local Government owned entities and trusts.

NIRUPA GEORGE

Chief Corporate Affairs Officer

Nirupa joined SkyCity as Chief Corporate Affairs Officer in June 2021 and is responsible for leading SkyCity's corporate affairs activities, including government, community and industry stakeholder relations and SkyCity's public policy and advocacy.

Before joining SkyCity, Nirupa was Chief of Staff to the Mayor of Auckland (Phil Goff) and was responsible for running the Mayor's office and executing his political priorities. Prior to this, she ran Mayor Goff's successful mayoral campaign in 2016 and worked in Parliament as a Political and Media Advisor. Early in her career, Nirupa was a Senior Solicitor specialising in refugee and humanitarian law.

Nirupa is currently the vice-Chair of Amnesty International Aotearoa New Zealand and Chair of its Membership and Stakeholders Committee, and a member of the Heart of the City Auckland's Executive Committee (representing SkyCity). She holds a Bachelor of Laws and Bachelor of Health Science from the University of Auckland.

STEVE SALMON

Managing Director SkyCity Malta

Steve joined SkyCity in February 2019 in the newly created role of SkyCity Online Director and was appointed Managing Director SkyCity Malta in February 2021. Based in the United Kingdom, Steve is responsible for launching, developing and leading SkyCity's online gaming strategy, including overseeing the operations of the SkyCity Online Casino.

Steve has extensive global senior leadership experience in the online gaming industry with a successful record of achievement driving growth and profitability within established listed corporate entities and entrepreneurial start-up consumer brands. Steve has led across all industry verticals (including sports betting, social gaming, business-to-business and business-to-customer), been a driver of thinking in the omnichannel space, and pioneered many of the industry's key innovations.

Steve qualified as a member of the Chartered Institute of Management Accountants and has a post graduate qualification from the Cranfield School of Management.

GREG WHEELER
Chief Information Officer

Greg joined SkyCity in 2017 and was appointed Chief Information Officer in March 2023. He is responsible for all aspects of SkyCity's technology strategy, including the development and execution of digital transformation initiatives, and for leveraging emerging technologies to transform business processes, drive operational efficiency and enhance the customer experience.

Greg has over 25 years' experience in New Zealand, throughout Europe, the United Kingdom and North America. Prior to joining SkyCity, Greg held senior technology leadership positions across a range of sectors, including banking, insurance, local government, and telecommunications. He has worked in a venture incubator and experimented with commercialising concepts through technology start up to bring new products to market.

Greg holds a Bachelor of Science (Hons) from Leeds Beckett University, United Kingdom, and a New Zealand Certificate of Engineering from the Central Institute of Technology.

SHAUN PHILP
Chief People and Culture Officer

Shaun joined SkyCity as Chief People and Culture Officer in August 2023 and is responsible for leading the development and implementation of best practice people and culture strategy across the SkyCity Group.

Shaun is a senior human resources executive with expertise in supporting leadership and culture transformation, innovation and business execution strategies across the telecommunications, financial services, and infrastructure sectors. Prior to joining SkyCity, Shaun held senior leadership roles across Australia and New Zealand, including Chief People Officer at Chorus New Zealand Limited and Executive General Manager Human Resources at AMP New Zealand.

Shaun has a Bachelor of Commerce from the University of Auckland and is a graduate of executive management programmes at the Harvard Business School and the London Business School.


IMAGE: SkyCity Auckland

Board and Senior Leadership Team Structure

SkyCity is committed to maintaining the highest standards of corporate behaviour and responsibility and has adopted governance policies and procedures reflecting this. Our corporate governance framework ensures Board accountability to shareholders and provides for an appropriate delegation of responsibilities to the Chief Executive Officer and Senior Leadership Team.

The SkyCity Board has responsibility for the affairs and activities of the company, which in practice is achieved through delegation to the Chief Executive Officer and Senior Leadership Team who are charged with the day-to-day leadership and management of the company. Further information on SkyCity's corporate governance framework is set out on pages 102-113 of this annual report. SkyCity's constitution and relevant charters and policies are available in the Governance section of the company's website at www.skycityentertainmentgroup.com.

SkyCity Board

Standing Board Committees

- Governance and Nominations Committee
- Audit Committee
- People and Culture Committee
- Risk and Compliance Committee

Chief Executive Officer
Michael Ahearne

Senior Leadership Team

Chief Financial Officer	Julie Amey
Chief Operating Officer New Zealand	Callum Mallett
Chief Operating Officer Australia	David Christian
General Counsel and Company Secretary	Jo Wong
Chief Risk Officer	Carolyn Kidd
Group General Manager - NZICC Development and Tourism	Simon Jamieson
Chief Corporate Affairs Officer	Nirupa George
Managing Director SkyCity Malta	Steve Salmon
Chief Information Officer	Greg Wheeler
Chief People and Culture Officer	Shaun Philp

Our **Workforce**

As a major employer with over 4,500 staff, we know that taking care of our people is the key to creating a great and safe place to work.

We aim to create an environment where our people are at the centre of what we do, ensuring that our staff can work safely, are motivated, can progress in their careers, and have the tools and knowledge they need to look after both themselves and our customers.

We are committed to providing our employees with sustainable career paths at SkyCity and want our staff to grow their careers with us.

78%

of our staff participated in **SkyCity's biennial employee engagement survey (MyVoice)** in May 2023, including 84% of all permanent employees (full and part-time)

89% **feel their manager will act** if they identify a risk or safety issue

78% overall engagement score of **favourable achieved**

88% **feel safe** when they are **at work**

82% **proud to work for SkyCity**

79% would recommend **SkyCity as a great place to work**

Health, Safety and Wellbeing

The SkyCity Group Health, Safety and Wellbeing Strategy (FY22 – FY25) focuses on a number of key themes to continue SkyCity's improvement journey, including effective risk management, strong leadership and better engagement, resources to support improvement, and healthier people.

Over the last financial year, these strategic goals have been successfully delivered through a FY23 Health, Safety and Wellbeing Roadmap with the introduction of:

- a critical risk framework for identifying and managing our most critical health and safety risks;
- a Group-wide wellness programme (an exercise challenge) for improving employee wellbeing;
- a leadership safety observation and training programme; and
- an employee consultation and participation framework which included the introduction of around 100 trained Health and Safety Ambassadors across our properties.

SkyCity has programmes in place to promote healthy behaviours and personal responsibility for mental and physical health.

As part of SkyCity's wellness programme, all SkyCity employees are invited to receive a free flu vaccination each year. As healthcare can be expensive and sometimes difficult to access, SkyCity also offers its permanent, full-time employees across its New Zealand sites health insurance via healthcare provider Southern Cross Healthcare – by fully subsidising the RegularCare plan, which provides shared cover for surgical treatment, recovery, support, imaging and diagnostic tests and day-to-day treatment. Employees are also able to add their family members to the insurance plan at an additional cost.

A range of services are also in place to assist employees who may need a helping hand. SkyCity offers confidential help and advice (for both work related issues and situations outside of work) for employees at its Auckland and Hamilton sites through the 'Connect' employee advocacy team. A Group-wide Employee Assistance Programme (delivered via EAP Services) also offers supportive and confidential assistance to SkyCity employees with support available 24 hours a day, seven days a week from trained professional counsellors. SkyCity also provides emergency financial assistance for employees suffering financial hardship, including budgeting advice and last resort financial help through a 'SMILE' loan to New Zealand-based staff who qualify for support.

SkyCity also offers a range of meal options across its land-based casinos for staff during working hours – at no cost to employees in Adelaide while on shift and at heavily subsidised costs in New Zealand.

Leveraging its bulk buying power, SkyCity opened an in-house 'convenience store' within its Auckland staff café during the last financial year which offers basic household items, such as bread, milk, butter and eggs, to employees at cost prices.

FY23 Health and Safety Scorecard

INDICATOR	TARGET	FY23 PERFORMANCE
Safety Success Indicator 1	Zero fatalities or life altering injuries	✓ **Achieved** – no fatalities or life altering injuries
Safety Success Indicator 2	Total Recordable Incident Frequency Rate (**TRIFR**) target of 24.3 across the Group (Adelaide and New Zealand)	✓ **Achieved** – TRIFR of 11.3 recorded
Safety Success Indicator 3	Complete and record 600 health and safety observations across the Group (Adelaide and New Zealand)	✓ **Achieved** – 1,835 health and safety observations completed by staff

In FY23, our Auckland employees purchased

244,075
buffet meals (starting from $1.20 per meal)

9,419
cartons of eggs

6,805
loaves of bread

9,474
two-litre bottles of milk

Developing **Meaningful Career Pathways**

Our vision is to be a centre of expertise that delivers high value learning and development opportunities for staff which contribute to the achievement of our business priorities.

In addition to our core, enterprise-wide online e-learning training programme for our employees (including host responsibility, AML/CFT, privacy and cyber security modules), we have a number of tailored development programmes in place across our sites to achieve our goal of being a great place to work where our people are empowered to grow and to achieve. The SkyCity Strategic Talent Management Programme is designed to identify, develop and retain individuals who have potential for future leadership roles or are able to fulfil business critical roles – leveraging and growing existing high potential talent through clarity on career pathways, delivering impactful and relevant development solutions and reducing the need to recruit leadership roles externally.

To ensure our programmes remain effective and relevant, we regularly review the effectiveness of the programmes, in terms of both interest and sustained impact, and make refinements as required. New programmes are also trialled and introduced where appropriate. We regularly seek advice from staff on how to remove barriers to participation (such as release time) and introduce better incentives for participation.

Future chefs

SkyCity is New Zealand's largest and most diverse hospitality employer with around 300 chefs working across over 20 kitchens in its restaurants and production kitchens – the perfect environment for a future chef to learn from the best chefs in the industry across a broad range of cuisines, techniques and styles.

11 trainees joined the SkyCity Chef Apprenticeship Programme at SkyCity Auckland in March 2023 – a two-year programme for future chefs to hone their culinary skills and gain a recognised qualification.

Project Nikau is SkyCity's award-winning youth employment programme in New Zealand with a focus on developing work-ready skills (see page 88 of this annual report for further details):

73 rangatahi (young people)

joined the Project Nikau programme during the last financial year

99 recruits

have enrolled in the Project Nikau programme since it was launched in June 2019

Diversity and Inclusion

We value and respect the contributions, ideas and experiences of people from all backgrounds and are committed to an inclusive workplace that enhances and promotes workplace diversity across the business. We are committed to providing opportunities and initiatives that assist all to reach their potential, and regularly benchmark and report on our diversity position, policy and objectives.

We have a strong representation of minority groups at SkyCity who are often underrepresented at leadership levels in the workforce. Encouraging diversity of thought in our workforce, and in leadership roles in particular, allows us to strategically reflect our diverse customer base and draw people with different backgrounds to our business. We believe this diversity of thought offers an opportunity to enhance SkyCity's competitive advantage and provide long term sustainable business success.

Diversity and Inclusion Policy

SkyCity's Diversity and Inclusion Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) provides a framework for the company's current and future diversity and inclusion initiatives. Each year, the SkyCity Board sets measurable objectives to promote diversity and inclusion. At the end of each financial year, these objectives are reviewed along with the company's progress in achieving them.

The measurable objectives set by the Board for the financial year ending 30 June 2024 are to:

- continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles;
- achieve and maintain gender balance in SkyCity's executive leadership team (gender balance is defined as having 40% female representation, 40% male representation and 20% any gender);
- maintain a gender balance across the SkyCity employee population and at each tier of the organisation hierarchy;
- continue to review gender and ethnic pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality;
- continue to advance SkyCity's indigenous pathway strategy;
- leverage and grow diverse talent pools to develop a more ethnically diverse leadership population;
- maintain certification with specialist organisations who represent minority groups within the SkyCity workforce (for example Gender Tick) to reiterate our commitment to, and support of, these minority groups' interests;
- build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate awareness, education and capability development solutions are delivered;
- continue to work with advisors and experts to provide informed perspectives and guidance to the Chief Executive Officer and Inclusion Council on diversity and inclusion matters; and
- continue to provide support and education to employees and managers to promote mental health awareness and wellbeing.

SkyCity performed well against the measurable objectives set by the Board to promote diversity and inclusion for the financial year ended 30 June 2023.

OBJECTIVE	PROGRESS MADE
Continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles	Recruitment briefs for the Board and senior executive recruitment processes during the past financial year explicitly specified that SkyCity required female candidates to be identified whenever possible.
Achieve and maintain gender balance in SkyCity's executive leadership team (gender balance is defined as having 40% female representation, 40% male representation and 20% any gender)	During the past financial year, there were three new appointments to the executive leadership team and two resignations, resulting in 45% female representation and 55% male representation in the executive leadership team as at 30 June 2023.
Maintain a gender balance across the SkyCity employee population and at each tier of the organisation hierarchy	Gender balance has been maintained across the organisation with 48.5% of employees being female, 51% being male and 0.5% being gender diverse as at 30 June 2023. Within the top four levels of the organisation hierarchy, 48% of employees were female and 52% of employees were male as at 30 June 2023, demonstrating an equal gender representation in our talent pipeline.
Continue to review gender and ethnic pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality	SkyCity continues to monitor and report on remuneration outcomes by gender and ethnicity to ensure pay equality. SkyCity also conducted gender pay equality analysis for like for like positions, and positions with similar degrees of know-how, problem solving and accountability. This analysis identified that there are no indications of gender bias across similar positions. While our analysis has identified no evidence of a gender driven pay gap for like for like positions, we remain focused on addressing the overall gender pay gap by increasing the representation of women in senior roles (attracting higher remuneration) across the business through a gender balanced talent pipeline. SkyCity's overall New Zealand gender pay gap decreased to 4.4% (at 30 June 2023) from 6.8% (at 30 June 2022). SkyCity's overall Australian gender pay gap has remained at 3.5% (at 30 June 2023).
Leverage and grow diverse talent pools to develop a more ethnically diverse leadership population	Several initiatives were delivered during the past financial year with the objective of developing a more ethnically diverse leadership population. SkyCity: · commenced a programme of works with Hybridges, a cultural intelligence consultancy, to address barriers to Pasifika success; · continued as a major partner of TupuToa in New Zealand, hosting three interns within the corporate business; · continued its partnership with Career Trackers in Adelaide, hosting an Indigenous intern within the corporate business; and · initiated a new partnership with Te Tari Consultants to begin a pilot programme of te reo Māori learning. Intentional and targeted learning and development programmes have resulted in a positive shift in female 'Developing Top Talent' in leadership pipelines.
Maintain certification with specialist organisations who represent minority groups within the SkyCity workforce (for example Rainbow Tick and Gender Tick) to reiterate our commitment to, and support of, these minority groups' interests	SkyCity achieved 'Gender Tick Advanced' status for the first time for its New Zealand site and has expanded its support of rainbow inclusion and diversity by committing to the higher 'Gold Level' Pride Pledge in New Zealand. Our Adelaide site maintained its Pride in Diversity membership.
Build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate learning and development solutions are delivered	SkyCity launched several bespoke enterprise leadership initiatives, including flagship development programmes for rising leaders and senior leaders that take a holistic, sustainable and culturally diverse approach to leadership development. Rainbow Awareness training was delivered to our Security teams and an updated Rainbow e-Learning was delivered by our partner organisations. An English as a second language (**ESOL**) sub-committee was established to support development plans to address barriers for ESOL team members. The SkyCity Inclusion Council continued to encourage employee-led initiatives and provide strong executive visibility and sponsorship across the New Zealand properties. With the addition of a new youth focused Employee Resource Group 'Elevate', there are now six core groups represented in New Zealand - Winning Women, NZ Asian Leaders, SkyCity Pride, Pasifika Village and Te Roopū Māori o SkyCity. SkyCity Adelaide's Inclusion Council, which replicates the model already established in New Zealand, is still in its formative stages, with core groups represented being Women's Voice, LGBTTIQA+, Life Stages, Aboriginal, and Disability/Ability.
Continue to work with advisors and experts to provide informed perspectives and guidance to the Chief Executive Officer and Inclusion Council on diversity and inclusion matters	Several specialists were engaged to provide perspectives and guidance to both management and the SkyCity Inclusion Council Employee Resource Groups with a focus on building cultural understanding and competence. SkyCity's relationship with mana whenua Ngāti Whātua Ōrākei in Auckland continues to mature. An ESOL sub-committee, reporting into the Inclusion Council, was established to provide a governance lens for development programmes specifically for ESOL team members.
Continue to provide support and education to employees and managers to promote mental health awareness and wellbeing	A SkyCity Wellbeing Alliance Group has been formed, comprising employees from across the Group, to reframe SkyCity's wellbeing strategy. The purpose of this group is to ensure a healthy working environment and deliver a united front for supporting and creating a healthy working environment for the betterment of our people's wellbeing and wellness at work. SkyCity introduced a Menopause Toolkit on International Women's Day 2023. The toolkit provides education on the menopausal transition and information regarding support for female SkyCity employees who are impacted by menopausal symptoms. To encourage men to discuss their mental health, a mental health workshop was held at SkyCity Auckland in collaboration with 'Soften up, bro' and Te Roopū Māori o SkyCity during Mental Health Awareness week. A psychological safety programme, comprising workshops and coaching sessions, was delivered at SkyCity Adelaide in partnership with Diversity Inclusion Australia. Preventing burnout coaching was rolled out to targeted individuals across the Group, focusing on equipping employees with coping mechanisms and better ways of working.

Employee Resource Groups

An Inclusion Council, comprising representatives of various Employee Resource Groups, supports the embedding of an authentic and inclusive culture at the SkyCity Auckland and SkyCity Adelaide properties. The leaders of the Employee Resource Groups bring together their respective communities and work together to drive initiatives that impact the groups they represent.

There are currently six core Employee Resource Groups across SkyCity's New Zealand properties - Winning Women, NZ Asian Leaders, SkyCity Pride, Pasifika Village, Te Roopū Māori o SkyCity and Elevate (representing SkyCity's young talent) - and five core Employee Resource Groups at SkyCity Adelaide – Women's Voice, LGBTTIQA+, Disability/Ability, Aboriginal and Life Stages.

Supporting Our Rainbow Community

In New Zealand, SkyCity was one of the first signatories to commit to the Pride Pledge when it first launched in June 2018. The Pride Pledge is a values-based commitment that organisations and individuals can take to demonstrate their dedication to the safety, visibility and inclusion of the rainbow members of their community and workforce. Over the last financial year, SkyCity has expanded its support of rainbow inclusion and diversity by committing to the higher 'Gold Level' Pride Pledge – reflecting SkyCity's growth and development in LGBTTQIP+ initiatives.

Our Adelaide site has been a member of Pride in Diversity since 2018. Pride in Diversity is Australia's first and only national not-for-profit employer support program for all aspects of LGBTQ workplace inclusion, providing training and consulting services to assist organisations with all aspects of LGBTQ workplace inclusion.

SkyCity Queenstown is also a Platinum Naming Sponsor for the annual Queenstown Winter Pride Festival and SkyCity Auckland has been the sponsor of the Community and Advocacy category of the New Zealand Rainbow Excellence Awards since the Awards commenced in 2018.

Gender Tick

SkyCity was awarded the Gender Tick in 2019 in recognition of its commitment to providing a fair workplace for all employees and this status has been reconfirmed each year since – most recently in April 2023 (achieving accreditation at the 'Advanced' level).

Created in 2018, Gender Tick is a New Zealand-based accreditation for businesses to demonstrate their commitment to gender equality in the workplace. The programme assesses organisations across five key indicators, including gender inclusive culture, flexibility and leave, women in leadership, gender pay equality and ensuring a safe workplace.

Pay Equality

SkyCity continues to monitor and report on remuneration outcomes by gender to ensure pay equality. In the last financial year, SkyCity again conducted gender pay equality analysis for like positions (being positions with similar degrees of know-how, problem solving and accountability). This analysis identified that there are no indications of gender bias across similar positions.

We remain focused on increasing the representation of women in senior roles across the business through a gender balanced talent pipeline. These initiatives, in addition to a strategy deployed over the past five years to lift the hourly wage rate of SkyCity's lowest paid staff, have contributed to a meaningful reduction to SkyCity's gender pay gap in New Zealand.

Research has shown that organisations which integrate pay transparency practices into remuneration principles are better able to recognise and address gender pay gaps (the difference between the median amount women and men are paid within an organisation) and gender pay equity (ensuring women and men are paid the same for work of equal value). Over recent years, SkyCity has taken a leading position in New Zealand and Australia in relation to pay transparency through the publication of our gender and ethnic pay gaps, as well as the measurable actions SkyCity is taking to reduce underrepresentation and areas of disparity which may lead to gender and ethnic pay gaps.

Gender Pay Gap

The following table illustrates the SkyCity gender pay gap as at 30 June 2023 and as a comparison against the prior periods and the respective national gender pay gaps:

	NEW ZEALAND		AUSTRALIA	
	SkyCity Gender Pay Gap* (as at 30 June)	**National Gender Pay Gap**	**SkyCity Gender Pay Gap*** (as at 30 June)	**National Gender Pay Gap**
2023	**4.4%**	**9.2% (August 2022)**	**3.5%**	**13.3%% (November 2022)**
2022	6.8%	9.1% (August 2021)	3.5%	13.8% (November 2021)
2021	6.9%	9.5% (August 2020)	6.1%	13.4% (November 2020)
2020	7.5%	9.3% (August 2019)	1.5%	13.9% (November 2019)
2019	8.2%	9.2% (August 2018)	1.5%	14.1% (November 2018)

** The percentage difference between the median hourly rate for women compared to the median hourly rate for men as at 30 June in the relevant year (including permanent and temporary employees).*

Ethnic Pay Gap

The following table illustrates SkyCity's ethnic pay gap as at 30 June 2023 and, by way of comparison, as at 30 June 2022:

NEW ZEALAND

	SkyCity Ethnic Pay Gap as compared to Pakeha Men (as at 30 June 2023)	**SkyCity Ethnic Pay Gap as compared to Pakeha Men** (as at 30 June 2022)
Pakeha Women	2.9%	6.8%
Māori Women	10.3%	14.0%
Pacific Women	7.9%	13.8%
Asian Women	6.0%	10.9%

AUSTRALIA

	SkyCity Ethnic Pay Gap as compared to European Men (as at 30 June 2023)	**SkyCity Ethnic Pay Gap as compared to European Men** (as at 30 June 2022)
European Women	0%	0%
Asian Women	13.2%	13.4%

Gender Composition

The gender composition of SkyCity's directors, officers, senior executives and total workforce as at 30 June 2023 and, comparatively as at 30 June 2022, is set out below:

2023	FEMALE		MALE		
	Number	%	Number	%	Total
Directors	2	33%	4	67%	6
Officers	4	40%	6	60%	10
Senior Executives	5	45%	6	55%	11
Total Workforce	**2,207**	**49%**	**2,325**	**51%**	**4,532**

2022	FEMALE		MALE		
	Number	%	Number	%	Total
Directors	3	60%	2	40%	5
Officers	4	44%	5	56%	9
Senior Executives	5	56%	4	44%	9
Total Workforce	**1,933**	**49%**	**1,977**	**51%**	**3,923**

In the above tables:

- *'officers' are the Chief Executive Officer and those directly reporting to the Chief Executive Officer, other than the Executive Assistant;*
- *'senior executives' are, with the exception of the Chief Executive Officer, those who hold a strategic position (as determined by the People and Culture Committee from time to time); and*
- *the 'total workforce' number does not include those who identify as gender diverse and those who elected not to identify as being female, male or gender diverse.*

No directors or officers self-identified as gender diverse as at 30 June 2022 or 30 June 2023.

SkyCity is a signatory to the 40:40 Vision - an investor-led initiative to achieve gender balance across the executive leadership teams of all ASX200 companies by 2030 - 40% women, 40% men and 20% any gender.

Our Staff Numbers

Worked Full-Time Equivalent (FTE)* by Site

	NUMBER OF EMPLOYEES		%	
Site	FY23	FY22	FY23	FY22
Adelaide	**925**	843	**28%**	29%
Auckland	**2,165**	1,830	**64%**	63%
Hamilton	**229**	204	**7%**	7%
Queenstown	**44**	41	**1%**	1%
Total	**3,363**	**2,918**	**100%**	**100%**

**The FTE calculation is based on actual hours worked by staff, not contracted hours. This definition provides a more accurate assessment of full-time equivalent staff.*

Total Headcount for Group

	NUMBER OF EMPLOYEES		%	
Site	FY23	FY22	FY23	FY22
Adelaide	**1,375**	1,297	**30%**	33%
Auckland	**2,829**	2,309	**62%**	59%
Hamilton	**302**	268	**7%**	7%
Queenstown	**53**	49	**1%**	1%
Group Total	**4,559**	**3,923**	**100%**	**100%**

Employment Contract Type for Group

	NUMBER OF EMPLOYEES		%	
Contract Type	FY23	FY22	FY23	FY22
Permanent	**4,076**	3,496	**89%**	89%
Temporary	**483**	427	**11%**	11%
Group Total	**4,559**	**3,923**	**100%**	**100%**

Employment Contract Type by Gender for Group

	FEMALE		GENDER DIVERSE		MALE		GROUP TOTAL	
Contract Type	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Permanent	**90%**	89%	**82%**	80%	**89%**	89%	**89%**	89%
Temporary	**10%**	11%	**18%**	20%	**11%**	11%	**11%**	11%

Employment Type by Gender for Group

	FEMALE		GENDER DIVERSE		MALE		GROUP TOTAL	
Contract Type	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Full-Time	**52%**	50%	**50%**	30%	**60%**	61%	**56%**	56%
On Demand	**18%**	22%	**36%**	60%	**16%**	18%	**17%**	20%
Part -Time	**30%**	28%	**14%**	10%	**24%**	21%	**27%**	24%

Employment Contract Type by Site

	ADELAIDE		AUCKLAND		HAMILTON		QUEENSTOWN	
Contract Type	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Permanent	**70%**	68%	**97%**	100%	**100%**	100%	**94%**	100%
Temporary*	**30%**	32%	**3%**	0%	**0%**	0%	**6%**	0%

**Adelaide defines casual employees as temporary whereas the New Zealand sites define employees with a fixed end date as temporary.*

Employees in Collective Agreements by Site

	ADELAIDE		AUCKLAND		HAMILTON		QUEENSTOWN		GROUP TOTAL	
	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23	FY22
Yes	**77%**	77%	**23%**	21%	**2%**	3%	**0%**	0%	**38%**	38%
No	**23%**	23%	**77%**	79%	**98%**	97%	**100%**	100%	**62%**	62%

**Group total percentages are weighted proportionately based on site worked FTE.*

Sustainability

At SkyCity, we recognise that sustainability is critical to all levels of our business and operations.

IMAGE: SkyCity Adelaide precinct

Part of being a responsible business is understanding the impacts arising from our operations. The aim of this understanding is to enable positive impacts to be fostered and negative impacts to be, at the very least, mitigated and ideally abated. This is particularly true when there is potential for harm to either people or the environment.

SkyCity is committed to maintaining the highest levels of sustainability objectives and practices. Our sustainability initiatives are focused on doing good for our customers, our employees, our communities, our suppliers, our environment and our shareholders. Our objective is to ensure that our strategic decisions strengthen the communities we operate in and provide environments and opportunities for our customers, suppliers and staff to enjoy, to be entertained and to be safe.

Our Sustainability Framework and Strategy

In 2016, after engaging with both internal and external stakeholders on which sustainability issues were most relevant to SkyCity's business, we adopted our first set of sustainability goals, priority actions and targets and developed a materiality matrix to identify a set of priority impact areas and issues for the business. This framework was subsequently refined in 2018 to incorporate global trends and local market conditions in our approach to, and assessment of, risks and opportunities, culminating in a refreshed set of sustainability pillars.

Given the considerable external and internal change in relation to sustainability practices, perspectives and operating context, we commenced a review of SkyCity's sustainability framework and strategy in early 2022 - the purpose of which was to understand the drivers for sustainability for SkyCity into the early-mid 2020s, adopt a fit-for-purpose framework for driving sustainability decisions in the business, and gain confidence that SkyCity's sustainability activity was aligned to organisational purpose and strategy and reflective of the operating context. Following the review, we adopted a new integrated business strategy from 1 July 2022 that integrates environmental, social, and governance considerations into our current business strategy – as further detailed in the Group Strategy section of this annual report.

In mid-2022, SkyCity also developed and adopted a new three-year sustainability implementation plan for FY23 – FY25 which reflects the priority sustainability activity underpinning our new integrated business strategy. The areas identified as priority issues are those considered highly material for SkyCity's business and for our stakeholders. We continue to focus on embedding our sustainability framework and strategy into all levels of the organisation and in the way SkyCity operates.

What Matters Most

We undertake a materiality assessment on a regular basis to prioritise the issues that are most important to our business and key stakeholders in the short, medium, and long term. The materiality assessment determines issues critical to SkyCity's financial performance and its broad set of stakeholders, including investors, employees, customers, wider society and the environment.

In May 2023, we conducted a materiality assessment with key stakeholders with the assistance of an independent consultant. Stakeholders were asked to identify and score SkyCity's most material topics from a shortlist of potentially material issues identified by the SkyCity Senior Leadership Team and expert advice using the International <IR> Framework's definition of materiality. The shortlist was derived from a longer list of relevant matters identified via desktop research, a scan of media and industry best practices, insights from the SkyCity Senior Leadership Team and Board, the review of SkyCity's sustainability framework and strategy in early 2022, and a review of SkyCity's most recent materiality assessment process in 2020.

Our Material Issues

Taking into account feedback from all stakeholders, the material issues were grouped into three priority categories as summarised in the table below. These priority categories will inform how we develop our integrated business strategy, our sustainability activity, and our reporting going forward:

CATEGORY DESCRIPTION	MATERIAL TOPICS
Imperative to value creation in the short, medium, and long term for SkyCity (alternatively, they present a serious risk to value creation if they are not managed well and can cause the immediate erosion of value)	Hosting responsibly Financial crime prevention Sustainable business performance Destinations and experiences Employee health and safety
Essential to value creation in the short-medium term for SkyCity (alternatively, they present a risk to value creation if they are not managed well in the short to medium term)	Operational excellence and business continuity Engaged, inclusive, and capable workforce Governance, ethics, and transparency
Contribute to value creation in important ways over a slightly longer time horizon (alternatively, they present some risk to value creation if they are not managed well)	Community investment Iwi and indigenous peoples Climate change Sustainable value chain

Our Priority Areas

The following pages outline our priorities, focus areas, activities and targets for each of the pillars in our FY23 – FY25 sustainability implementation plan – 'Customers', 'Community', and 'Environment', and summarise the activities undertaken and achievements against our priorities for the financial year ended 30 June 2023.

IMAGE: SkyCity Auckland

SkyCity Sustainability Implementation Plan FY23 – FY25

PRIORITIES	CUSTOMERS	COMMUNITY	ENVIRONMENT
Implementation Principles **(a) Stakeholder value creation** **(b) Commitment to responsibility** **(c) Culture of compliance**	(a) Creating vibrant experiences for SkyCity customers and exceeding their expectations (b) Ensuring customer experiences are provided safely and responsibly (c) Commitment to continuous improvement and having the systems and processes necessary to deliver vibrant experiences, responsibly	(a) Building and operating vibrant destinations in the places where we operate. Contributing back to local communities (b) Exceeding the expectations of a responsible business in the communities in the places where we operate (c) Commitment to continuous improvement and having the systems and processes necessary to deliver vibrant experiences, responsibly	(a) Respecting, protecting, and enhancing the environment in the places where we operate (b) Responsible use of natural resources and a commitment to minimise our impact and, where possible, enhancing the environment in the places where we operate (c) Dedicated focus on complying with all relevant environmental regulations, including climate-related risk disclosures
Focus Areas	• Host responsibility • Prevention of financial crime • Creating vibrant customer experiences, delivered responsibly by our people	• Supporting our communities through our Community Trusts • Investing in collaborative partnerships in our local communities where we operate • Providing employment and development opportunities for young people in our communities • Build SkyCity's confidence and capability to engage authentically with mana whenua and the indigenous peoples of South Australia	• Climate change mitigation, adaptation and transition for our business • Transitioning to a circular economy for our business • Building a sustainability culture and engaging employees on climate change and sustainability • Supporting the environmental performance of our supply chain
Activities	• Host responsibility programme • Financial crime programme • Employee retention, training and development • Customer experience programme	• SkyCity youth employment and development programme (Project Nikau) • In collaboration with the SkyCity Community Trusts, youth development, employment and career path programmes • Community based partnerships that deliver on the SkyCity purpose and make an impact	• Mitigation: measure emissions, set targets according to science and reduce emissions • Adaptation: assess climate change risks and respond • Transition: employee and supply chain engagement on climate change • Reduction of waste and diversion from landfill, including in partnership with the value chain • Environmental performance of our supply chain
Our Targets	• Compliant host responsibility programme as evidenced by internal/external audit processes and mystery shopper exercises • Compliant prevention of financial crime programme as evidenced by delivery of the Group AML Enhancement Programme • High levels of employee engagement as evidenced by maintaining or improving survey scores • 100% of eligible employees have completed mandatory training requirements (host responsibility and AML/financial crime) • Retain employees by growing access to career paths within SkyCity, targeting 40%+ of roles filled internally each year • Support vibrant and responsible customer experiences by targeting year on year growth in the number of employees accessing voluntary learning and development opportunities • Customer satisfaction score improvement year on year	• 300 Project Nikau recruits by 2025 • Project Nikau retention rate equivalent to, or better than, SkyCity Group retention rate • Commitments (in line with Community Trust Deeds) met, and impact of these commitments measured • SkyCity Adelaide employee population reflects South Australia with 1.49% of employees identifying as Aboriginal or Torres Strait Islander	• Recalibrate climate change action plan by end of FY23 • Climate risk assessment and reporting (**TCFD**) completed for FY24 • Emissions reduction of 25% by 2025 (38% reduction in Scope 1 and 2 by 2030 and 73% by 2050) • 100% of contracted suppliers engaged to discuss measuring emissions and setting science aligned targets by end of FY23 • 5% reduction year on year in waste to landfill • 10% reduction year on year in single-use plastic products • Employees' knowledge of, and engagement on, sustainability enhanced • By FY25, SkyCity's EcoVadis score is at or above the benchmark score of 55

Our Customers

We are committed to ensuring that we provide entertaining and profitable, yet safe and responsible, experiences and environments.

We take our responsibilities to minimise risk and harm from problem gambling and to detect and deter money laundering and terrorism financing very seriously.

PRIORITY

- Providing our customers vibrant experiences, responsibly

IMPLEMENTATION PRINCIPLES

- Ensuring customer experiences are provided safely and responsibly
- Commitment to continuous improvement and having the systems and processes necessary to deliver vibrant experiences, responsibly
- Creating vibrant experiences for SkyCity customers and exceeding their expectations

FOCUS AREAS

- Host responsibility
- Prevention of financial crime
- Creating vibrant customer experiences, delivered responsibly by our people

ACTIVITIES

- Host responsibility programme
- Financial crime programme
- Employee retention, training and development
- Customer experience programme

KEY STAKEHOLDERS

- Customers
- Department of Internal Affairs
- Gambling Commission
- Office of Liquor and Gambling Commissioner
- Consumer and Business Services
- Government Ministers, agencies and officials, including the Ministry of Health
- Treatment service providers and public health providers, including Asian Family Services, Problem Gambling Foundation, Salvation Army, Raukura Hauora o Tainui and Hāpai Te Hauora in New Zealand and Relationships Australia, Overseas Chinese Association, PEACE Multicultural Services and OARS SA in South Australia
- Australasian Gaming Council
- AUSTRAC
- Police
- Local councils

FY23 – FY25 TARGETS	FY23 PERFORMANCE AGAINST TARGETS
• Compliant prevention of financial crime programme as evidenced by delivery of the Group AML Enhancement Programme	• Continued to roll out comprehensive AML/CFT enhancement programmes in Adelaide and New Zealand. • AUSTRAC filed civil penalty proceedings against SkyCity Adelaide Pty Limited, the operator of the SkyCity Adelaide casino, in the Federal Court of Australia on 7 December 2022 alleging serious and systemic non-compliance with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006. The proceedings remain in progress at the date of this annual report.
• Compliant host responsibility programme as evidenced by internal/external audit processes and mystery shopper exercises	• The Department of Internal Affairs conducted audits of the SkyCity Auckland and SkyCity Hamilton cage and cashiering procedures (focusing on the security of funds, surveillance and monitoring of cash and chip handling procedures, and host responsibility training for cashiering staff) and found that SkyCity has processes in place that follow the requirements of the Minimum Operating Standards and the Gambling Act 2003 in all areas assessed. There were no adverse findings.
• High levels of employee engagement as evidenced by maintaining or improving survey scores	• An overall engagement score of 78% was achieved in SkyCity's biennial engagement survey (MyVoice) in May 2023, indicating a good level of employee engagement. While direct comparisons to the 2021 engagement score of 85% cannot be made due to a change in methodology, significant increases in the key driver areas suggest that employee engagement has improved.
• 100% of eligible employees have completed mandatory training requirements (host responsibility and anti-money laundering/financial crime)	• As at 30 June 2023, all eligible employees across the Group had either completed their mandatory training or had been assigned relevant compliance training with appropriate due dates.
• Retain employees by growing access to career paths within SkyCity, targeting 40%+ of roles filled internally each year	• ~25% of roles across the Group were filled internally in FY23. New capability established within the internal recruitment team (with a focus on internal careers and mobility) will assist to drive internal recruitment going forward.
• Support vibrant and responsible customer experiences by targeting year on year growth in the number of employees accessing voluntary learning and development opportunities	• Voluntary learning and development opportunities are promoted via a fortnightly staff newsletter. All people leaders can also access courses at any time from an online content library in the company's Learning Management System.
• Customer satisfaction score - improvement year on year	• High satisfaction scores maintained against industry standards with: › improved GRI scores for Eos by SkyCity and SkyCity Hotel; and › The Grand by SkyCity and SkyCity Hotel maintaining their #1 rating against the comp set. • Improved overall year on year scores across food and beverage outlets (SevenRooms data).

FY23 KEY CHALLENGES

- The continued focus on land-based casino operators in New Zealand and Australia (particularly in respect of AML/CFT and host responsibility obligations) and on SkyCity's 'social licence' to operate.
- SkyCity has continued to explore opportunities to enhance its AML/CFT and host responsibility technology and processes.
- Maintaining best practice AML/CFT and host responsibility programmes as practices and regulator expectations continue to evolve.

FY24 FOCUS AREAS

- Ongoing recruitment, retention and development of our people in a tight labour market.
- Continuing to enhance our AML/CFT processes, practices and technology to reflect best practice and meet stakeholder expectations, including the delivery of the Adelaide AML Enhancement Programme (see pages 78-81 of this annual report for further details).

This section largely focuses on SkyCity's approach to host responsibility and AML/CFT across its land-based casinos as, due to constraints in the New Zealand Gambling Act 2003, SkyCity's online gaming business, the SkyCity Online Casino, is operated from Malta in partnership with international iGaming company Gaming Innovation Group Inc (**GiG**). GiG provides SkyCity with a full-suite online casino solution, which includes a technical platform, gaming content, managed services, front-end development and best-in-class host responsibility and AML/CFT procedures. GiG has tailored the host responsibility tools available from its offshore platform to align wherever possible with SkyCity's land-based practices and, in some cases, has developed new processes specifically applicable to the New Zealand market such as the casino age restriction and contact information for support services. Through rigid processes and industry leading software, GiG also ensures that international AML/CFT regulation and best practice is strictly adhered to.

Further details of the SkyCity Online Casino's host responsibility practices are available at www.skycityentertainmentgroup.com/our-commitment/responsible-gambling.

Creating Vibrant Precincts and Experiences

As New Zealand's largest tourism, leisure and entertainment company, we are focused on creating vibrant experiences for our customers, delivered responsibly, and exceeding our customers' expectations.

To ensure our existing precincts remain relevant to customer demand and we maximise the opportunities that our existing precincts present, we continue to explore opportunities for new food and beverage, gaming and entertainment offerings across our precincts. Ongoing refurbishment and investment in new gaming product, product management and changes to floor layout also remain key focuses for the business. Over the last financial year, three new food and beverage offerings opened across the New Zealand properties – Cassia and Sky Bar in Auckland and Shanghai Restaurant (a restaurant tenancy) in Hamilton. Award-winning chef Michael Meredith will open a new Pacific inspired restaurant, Metita, at SkyCity Auckland in October 2023.

Following the completion of the A$330 million expansion of the SkyCity Adelaide property in December 2020, we remain focused on completing and delivering the New Zealand International Convention Centre in Auckland and the adjacent infrastructure (a total investment of around $750 million for SkyCity), including a laneway, over 1,250 additional car parking spaces and the Horizon Hotel – a new 300-room, 5-star hotel. Horizon Hotel is expected to be completed during 2024 and the New Zealand International Convention Centre and adjacent laneway are expected to be completed in 2025. When open, the New Zealand International Convention Centre will be New Zealand's largest convention centre enabling New Zealand to attract major international conferences as well as having capability for sporting events, theatre and musical performances.

The SkyCity Auckland property, SkyCity's largest and busiest property, spans the majority of three blocks in the Auckland CBD (~3.5 hectares) with ~295,000sqm of gross floor area. Significant long term option value remains embedded in the Auckland precinct (including 968sqm of land able to be further developed). In addition, the City Rail Link, a new 3.45 kilometre twin-tunnel underground rail system being constructed by the New Zealand Government and Auckland Council below the Auckland CBD, will provide greater connectivity to the SkyCity Auckland precinct when completed in 2026 with the new Te Waihorotiu Station near Wellesley and Victoria Streets expected to be New Zealand's busiest train station. Entrances to Te Waihorotiu Station, a 300 metre long underground mid-town station, will be located on Victoria and Wellesley Streets – conveniently located adjacent to the SkyCity Auckland precinct.

SkyCity is also cognisant of the strategic need to remain abreast of developments in the online and digital space and, where appropriate, to ensure that we take up opportunities that will ensure we continue to offer a relevant form of entertainment. In response to this, we continue to consider evolving customer demographics and preferences in both our gaming and non-gaming operations, including new offerings, technologies and innovation. In recent years, we have made good progress in ICT investment and our digital capability and continue to focus on initiatives to enhance the customer experience, centred around web and mobile, customer relationship management and data analytics.

We also continue to explore online gaming opportunities to complement the SkyCity Online Casino - an offshore online casino (based in Malta) launched in August 2019 that provides New Zealanders an online casino experience. The SkyCity Online Casino has grown rapidly since its launch in August 2019 despite legislative constraints, with significant growth in its customer base over the period – with over 174,000 customer registrations as at 1 August 2023. While ultimately a regulated online gaming market in New Zealand remains the preferred solution for SkyCity, the launch of the SkyCity Online Casino was an important step on the journey of pursuing opportunities to grow and diversify earnings, addressing a fast growing industry which is highly complementary to our land-based activities and offering customers a multi-channel gaming experience.

IMAGE: Eos by SkyCity, Adelaide

Host Responsibility

IMAGE: SkyCity Auckland casino

Gambling can be a fun and enjoyable entertainment activity. However, it can also have harmful effects on some individuals, their families and their communities. Our challenge is therefore to ensure that our business provides entertaining and profitable, yet safe and responsible, experiences and environments.

Commitment to Host Responsibility

At SkyCity, we place great importance on host responsibility throughout every part of the organisation. All SkyCity Board members and staff receive training in problem gambling awareness.

The Board's Risk and Compliance Committee is responsible for overseeing and monitoring the company's host responsibility and responsible gambling programme and initiatives and monitoring licensing and regulatory compliance, and assists the SkyCity Board in fulfilling its responsibilities relating to risk management and compliance.

A senior management-led Host Responsibility Governance Group meets regularly to discuss and review host responsibility matters that have arisen or may arise in the future across the SkyCity Group.

The key objectives of the Governance Group are to:

- provide collective guidance to SkyCity management on host responsibility matters of interest;
- discuss any relevant topics and to receive advice, support and ongoing learnings in a confidential environment;
- expose senior management personnel to host responsibility topics that may have bearing or impact on SkyCity's regulatory environments, customers, their site/jurisdiction of operation or its employees; and
- develop initiatives that will collectively benefit SkyCity customers and shareholders by way of discussion, provision or endorsement of responsible gambling and/or harm prevention components.

A dedicated team of experienced host responsibility specialists is employed at each of SkyCity's land-based casinos and, through our partnership with GiG, an experienced harm minimisation team is in place for the SkyCity Online Casino.

Over the last financial year, we also established a new team of Responsible Gambling Hosts in Auckland and Hamilton who provide additional and dedicated host responsibility coverage in gaming areas. Working collaboratively with our Gaming Machines, Table Games, Security and Surveillance teams, the Responsible Gambling Hosts are responsible for:

- proactively monitoring the main gaming floor for customers who remain within the casino or play for extended periods and approaching and interacting with customers as required;
- assisting with the actioning of continuous play system alerts;
- assisting with the actioning of continuous presence system alerts; and
- acting as a visible point of contact for customers that would like to know more about SkyCity's host responsibility practices.

A robust Host Responsibility Programme is in place at each of our physical sites, and within the SkyCity Online Casino, to prevent and minimise harm from problem gambling.

An outline of SkyCity's commitment to host responsibility and detailed individual site-related information, including the Host Responsibility Programme for each site and the SkyCity Online Casino, are available at www.skycityentertainmentgroup.com/our-commitment/responsible-gambling.

Best Practice Host Responsibility

We are immensely proud of the culture of care we have developed within our casinos and continue to focus on ways to ensure that this culture of care is maintained and that we have the highest standard of host responsibility best practice.

Over the past financial year, we implemented additional host responsibility measures to improve our ability to prevent and minimise harm from problem gambling, including:

- adapting and enhancing our facial recognition technology at the SkyCity Auckland and SkyCity Hamilton properties to monitor continuous play periods. The alerts generated by this system are actioned by a team of Responsible Gambling Hosts;
- updating the predictive algorithm at the SkyCity Auckland property to include the latest customer survey data specific to that property (see page 74 of this annual report for further details of the predictive algorithm);
- proactively working with the Department of Internal Affairs and Ministry of Health on the review of SkyCity's New Zealand Host Responsibility Programmes;

- opening a new resource room at the SkyCity Auckland property – the purpose of which is to provide patrons with a quiet break area away from the gaming floor where information is available on gaming rules, counselling services and responsible gambling tools; and
- trialling the use of facial recognition technology to monitor repeat withdrawals and multiple declined transactions at certain ATMs located at the SkyCity Auckland property for indicators of problem gambling. We are progressing the rollout of this technology at the SkyCity Auckland and SkyCity Hamilton properties initially.

In a dynamic casino environment, maintaining effectiveness, relevancy and consistency in harm minimisation best practice is an ongoing challenge. In response to that challenge, SkyCity continues to explore available technology solutions, seek expert advice, consult stakeholder groups and source a range of research material.

Assurance and Audit

As part of SkyCity's assurance activities, an independent audit is carried out every two years at each land-based casino to monitor compliance with SkyCity's relevant Host Responsibility Programme.

SkyCity also has an internal independent assurance programme in place to monitor and improve compliance with SkyCity's land-based harm minimisation framework and undertakes internal mystery shopping training exercises across its land-based casinos to test the robustness of its host responsibility practices.

Each SkyCity Host Responsibility Programme is also subject to audit by the relevant gambling regulator.

Embracing Technology

Since 2014, SkyCity has operated a predictive algorithm risk model created by Focal Research at SkyCity Auckland, which analyses loyalty data as a tool to identify players who may be at risk from gambling harm. The algorithm was upgraded in May 2019 and again in June 2020 with the addition of Focal Research's 'ALeRT BETTOR Protection System' software to enhance and improve SkyCity's ability to identify potential at-risk gamblers. The ALeRT BETTOR Protection System software uses routinely stored customer data to create complex models for identifying and managing high-risk play (the algorithm) that otherwise may not be outwardly visible to operators or customers.

The algorithm (including the ALeRT BETTOR Protection System software) was rolled out and implemented at the SkyCity Hamilton casino in 2020. Discussions with the South Australian regulator are ongoing regarding the use of this technology at the SkyCity Adelaide casino.

Since 2019, SkyCity has operated a full facial recognition technology solution across all its land-based casinos using cameras positioned at all entry points to the gambling areas to assist in identifying customers excluded from re-entering its casinos. An automated alert is triggered notifying SkyCity personnel when an individual matching an image from SkyCity's database of excluded patrons re-enters a SkyCity gambling area. Prior to the introduction of this technology, staff recall was the primary mechanism for identifying excluded persons returning to the casino in breach of their exclusion orders.

This technology was subsequently enhanced with the assistance of additional cameras installed within the casino to assist SkyCity in identifying customers who remain within the casino for extended periods (an automated alert is triggered notifying SkyCity personnel when an individual is identified within the casino for an extended period) – with the enhanced technology being implemented at the SkyCity Hamilton casino in 2020 and at the SkyCity Auckland casino in 2021. Subject to obtaining regulatory approval, we also intend to implement this technology at the SkyCity Adelaide casino.

The introduction of facial recognition technology and other technological solutions significantly bolsters and assists SkyCity's ongoing efforts to detect and prevent excluded customers from re-entering its casinos and to detect continuous presence and play. Further trials are also currently underway to assess additional facial recognition technological solutions that may enhance SkyCity's host responsibility practices. However, despite our best efforts and host responsibility measures and initiatives, there is no guarantee that facial recognition technology will be effective in each and every case and some individuals may nonetheless find ways to elude staff.

Consistency of Responsible Gaming Culture and Practice

The alignment of excellent host responsibility and harm minimisation practice and culture across the SkyCity Group remains challenging due to differences from site to site, such as size, scale and staffing structure. There are also market and customer differences that impact our approach to staff training and programme design, in addition to unique cultural distinctions to consider. Furthermore, our sites across New Zealand and in South Australia each have different regulatory environments in which to operate.

These differences mean that while SkyCity's Host Responsibility Programmes have similarities, they are often carried out quite differently. However, problem gambling is an addiction and the possibility of harm from this type of behaviour manifests itself in the same way regardless of jurisdiction or location. That is why SkyCity endeavours to lead in this area and employ best practice prevention methods across the business.

A key strategic focus across the SkyCity Group for minimising gambling harm is prevention. Robust prevention initiatives can be developed and implemented across the Group with few or no regulatory or local procedural constraints. By adopting a prevention approach, we can increase our ability to identify and respond early to new or emerging concerns that may lead to problem gambling related issues for our customers.

We are committed to carrying out regular reviews of each of our Host Responsibility Programmes to ensure alignment of our practices across our sites where possible.

Customer Experience and Engagement

SkyCity promotes a range of tools to support responsible gambling. Exclusion is an important host responsibility offering for those that may be vulnerable to problem gambling. Our casinos offer extensive information to customers about exclusion options and referral details to problem gambling support services, including gambling helplines and face-to-face counselling organisations.

In New Zealand, customers can choose to exclude themselves from all SkyCity casinos in New Zealand for a period of up to two years. In some cases, SkyCity itself makes the decision to exclude a customer as a means to prevent risk of harm occurring, or as a means to stop further harm through a customer's gambling at SkyCity's casinos. In Adelaide, customers can also choose to exclude themselves from the SkyCity Adelaide casino and, in some cases, SkyCity itself or the Liquor and Gambling Commissioner makes the decision to exclude a customer – all exclusions are referred to Consumer and Business Services (the South Australian Gaming regulator).

In 2022, a dedicated team of Responsible Gambling Hosts in Auckland and Hamilton was introduced. Their focus is to proactively monitor and interact with uncarded players, action long play alerts for carded and uncarded players, action long stay alerts, and act as a source of host responsibility information for all customers.

With the size of our customer base and premises, it can be a challenge to identify individuals immediately and, despite our best efforts and measures (including new technologies), some individuals may nonetheless find ways to elude staff and re-enter a SkyCity casino.

Community Knowledge

Given that a material issue to our internal and external stakeholders is responsible gambling, we aim to foster good relationships with problem gambling stakeholders. As part of this approach, we provide tours of our facilities and literature to treatment providers to assist them in understanding our gaming environments and Host Responsibility Programmes. We also partner with local experts and support agencies to ensure we have up-to-date resources in place for harm minimisation and prevention.

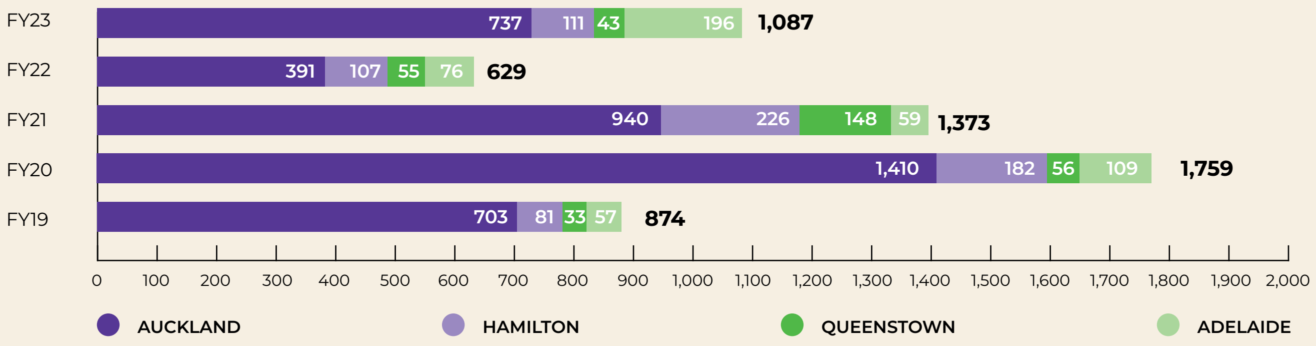
The objective is to improve information sharing and collaboration between stakeholders in order to advance SkyCity's harm minimisation approach. This collaborative approach ensures that knowledge about problem gambling is shared between SkyCity and the relevant stakeholders, who will work together to minimise harm.

During the past financial year, we continued to engage with community stakeholders, both at their request and through more formal bi-monthly Host Responsibility Community Liaison Group meetings in Auckland attended by treatment service providers, public health providers and Government agencies. We also invite treatment service providers to attend our internal host responsibility training programmes wherever possible.

During the past financial year, the inaugural quarterly meeting of the Harm Minimisation Community Stakeholder Committee was hosted at SkyCity Adelaide, including representatives from South Australian problem gaming organisations.

Excluded Persons Identified at SkyCity Properties

The following graph summarises the number of excluded persons identified returning to each of the SkyCity properties in breach of an exclusion order over the 2019–2023 financial years:

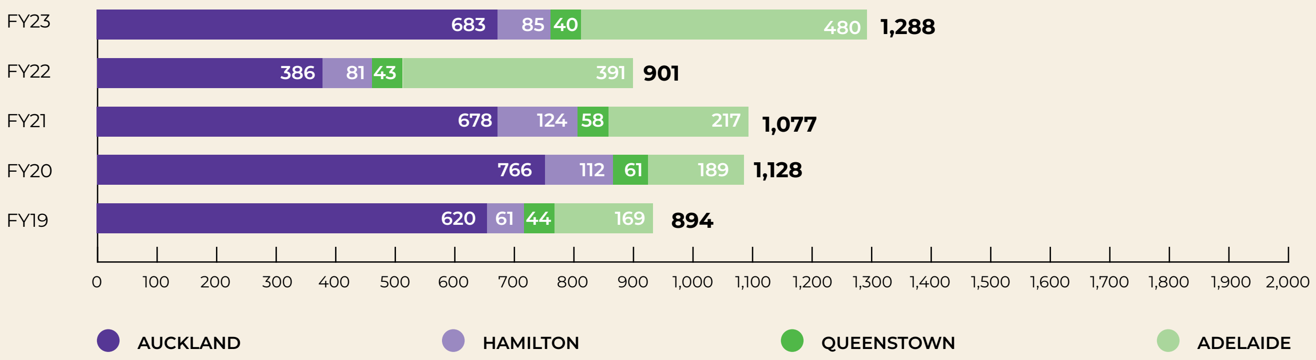


During FY20, a facial recognition technology solution was implemented across SkyCity's land-based casinos to assist in identifying excluded customers. The reduction in the number of exclusion-related breaches from FY20 to FY22 is likely due to changes in excluded patron behaviour following the introduction of this technology and COVID-19 closures/restrictions.

The increase in the number of exclusion-related breaches from FY22 to FY23 is likely due to the business returning to normal operations following the lifting of COVID-19 restrictions.

Exclusions at SkyCity Properties

The following graph summarises the number of exclusion orders issued by each of the SkyCity properties over the 2019–2023 financial years:

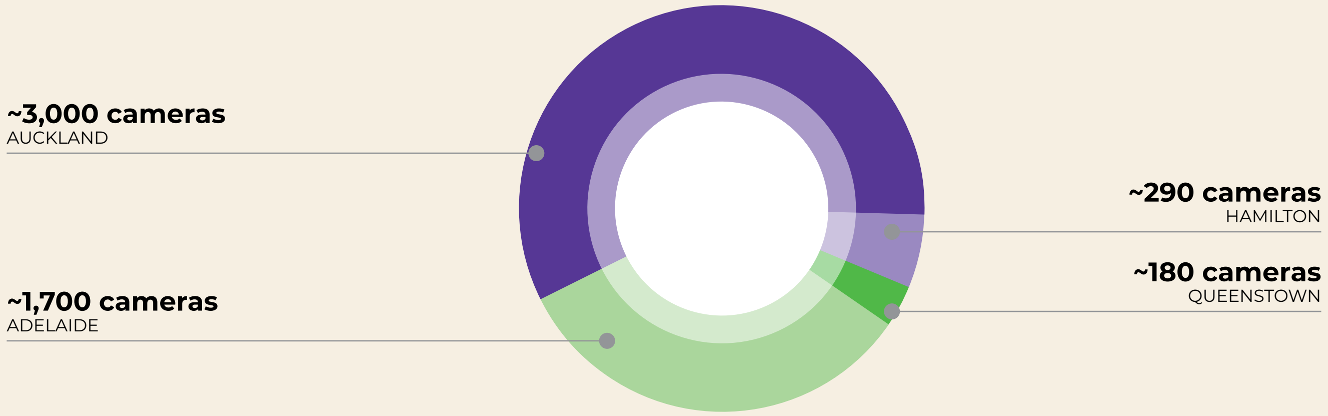


The number of exclusion orders issued in FY22 was likely impacted by COVID-19 closures/restrictions.

The increase in the number of exclusion orders issued from FY22 to FY23 is likely due to the business returning to normal operations following the lifting of COVID-19 restrictions.

CCTV Cameras

A network of CCTV cameras, including facial recognition cameras, is in place across our land-based casinos to support SkyCity's operations.



Harm Minimisation Framework

Senior Management Governance & Oversight

- A Host Responsibility Governance Group meets regularly to discuss host responsibility matters

Board Governance & Oversight

- SkyCity Board and Risk and Compliance Committee governance and oversight of performance of harm minimisation framework

Host Responsibility Programmes

- Site-specific programmes outlining SkyCity's host responsibility obligations (approved by the regulator)

Host Responsibility Roles & Duties

- Roles and activities focused on customer care and host responsibility monitoring

Software and Algorithms to Monitor Gaming Machine Play

- Blended software for analysis and insight into player behaviour and spend/visitation traits, including real time monitoring of continuous use of gaming machines

Independent Assurance

- An independent audit is carried out every two years at each land-based casino to monitor compliance with its Host Responsibility Programme
- Internal independent assurance programme (internal audit and continuous improvement)
- Mystery shopping programme

iTrak Monitoring & Reporting

- A record management tool for host responsibility incidents and assessments, including reports for ongoing oversight

Learning & Development Framework

- A suite of host responsibility modules for staff, including online courses, in-person courses, and annual refresher courses

Facial Recognition Technology

- Use of facial recognition and alert technology to detect excluded patrons

Communications & Brand

- An internal brand communications campaign to promote awareness of host responsibility

Reports to the Regulator

- Annual reporting to the regulator on the effectiveness of SkyCity's Host Responsibility Programmes

Stakeholder Engagement

- Regular engagement with community gaming organisations and academics

Financial Crime

At SkyCity, we take our anti-money laundering and countering financing of terrorism (**AML/CFT**) obligations very seriously and are committed to ensuring that we provide entertaining and profitable, yet safe and responsible, experiences and environments.

The New Zealand and Australian AML/CFT legislation places obligations on certain organisations (including financial institutions and casinos) to detect and deter money laundering and terrorism financing and take appropriate measures to guard against money laundering and terrorism financing. As a casino operator and reporting entity for the purposes of the AML/CFT legislation in New Zealand and Australia, SkyCity has the following measures in place across its land-based casinos:

- an assessment of the money laundering and financing of terrorism risks that SkyCity could face in the course of running its business;
- AML/CFT Programmes in New Zealand and Australia that include procedures to detect, deter, manage and mitigate money laundering and the financing of terrorism;
- an AML Compliance Officer appointed in each of New Zealand and Australia to administer and maintain the AML/CFT Programmes;
- customer due diligence processes, including customer identification and verification of identity;
- suspicious activity reporting, threshold transaction reporting, auditing and annual reporting of systems and processes. For example, SkyCity reports any suspicious activity that may be related to illegal activity, and cash transactions over $10,000, to the New Zealand Police and AUSTRAC (as applicable); and
- regular internal and external audits and reviews of AML/CFT compliance.

Over the past financial year, there has been continued media and regulator focus on the casino industry in Australia. Consequently, there are heightened expectations on SkyCity around its AML/CFT obligations, including monitoring cash and third-party transactions, and undertaking enhanced due diligence checks on higher risk customers.

Commitment to Tackling Financial Crime

The SkyCity Board's Risk and Compliance Committee discusses, as a standing agenda item at each scheduled meeting, matters relating to the Group's AML/CFT obligations and other key compliance obligations.

Within the business, a specialist Financial Crime team in New Zealand oversees SkyCity's compliance with AML/CFT requirements in New Zealand and a specialist Financial Crime team in Adelaide oversees SkyCity's compliance with AML/CFT requirements in Australia. SkyCity senior managers and employees engaged in AML/CFT related duties also receive training on AML/CFT matters.

SkyCity's online gaming site, the SkyCity Online Casino, is operated from Malta in partnership with international iGaming company Gaming Innovation Group Inc (**GiG**). GiG has in place an AML/CFT Policy that includes procedures to detect, deter, manage and mitigate money laundering and the financing of terrorism, customer due diligence processes (including customer identification and verification of identity), and suspicious activity reporting, auditing and annual reporting systems and processes. A Money Laundering Reporting Officer within GiG administers and maintains the AML/CFT Policy.

We continue to explore available technology solutions and seek expert advice where required to deliver best practice AML/CFT standards at SkyCity.

Assurance and Audit

As part of SkyCity's assurance activities, an independent review is conducted on a regular basis of SkyCity's New Zealand and Australian AML/CFT Programmes to assess the effectiveness of these Programmes.

An internal assurance function is responsible for monitoring the outcomes of the independent reviews and ensuring that any issues are appropriately addressed.

AUSTRAC Civil Proceedings against SkyCity Adelaide

In June 2021, SkyCity was informed by AUSTRAC's Regulatory Operations Team that it had identified potential serious and systemic non-compliance by SkyCity Adelaide Pty Limited (**SkyCity Adelaide**) with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**Act**) and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (**Rules**). The matter was referred to AUSTRAC's Enforcement Team which initiated a formal enforcement investigation into SkyCity Adelaide's compliance with the Act and Rules. The concerns relating to SkyCity Adelaide's compliance with its AML/CFT obligations were identified in the course of a compliance assessment which AUSTRAC commenced in September 2019 focusing on SkyCity Adelaide's management of customers identified as high risk and politically exposed persons.

Following the investigation, on 7 December 2022, AUSTRAC commenced civil penalty proceedings in the Federal Court of Australia (**Court**) against SkyCity Adelaide for alleged serious and systemic non-compliance with the Act and Rules. AUSTRAC's allegations are extensive and include that SkyCity Adelaide:

- failed to appropriately assess the money laundering and terrorism financing risks it faced, including the likelihood and impact of those risks, and to identify and respond to changes in risk over time;
- did not include in its AML/CFT Programmes appropriate risk based systems and controls to mitigate and manage the risks to which SkyCity Adelaide was reasonably exposed;

- failed to establish an appropriate framework for Board and senior management oversight of the AML/CFT Programmes;
- did not have a transaction monitoring programme to monitor transactions and identify suspicious activity that was appropriately risk based or appropriate to the nature, size and complexity of SkyCity Adelaide;
- did not have an appropriate enhanced customer due diligence programme to carry out additional checks on higher risk customers;
- did not have appropriate systems and controls designed to ensure that reports required under Part 3 of the Act were given to AUSTRAC, namely suspicious matter reports, threshold transaction reports and international funds transfer instructions;
- did not have an appropriate enhanced customer due diligence programme that applied to customers who posed a higher money laundering or terrorism finance risk;
- did not include appropriate risk-based systems and controls in its Part B AML/CFT Programmes to enable SkyCity Adelaide to appropriately verify and collect know your customer (**KYC**) information, or consider whether additional KYC information was required to be collected or verified from a customer; and
- did not conduct appropriate ongoing customer due diligence on a range of customers who presented higher money laundering risks.

AUSTRAC alleges that SkyCity Adelaide contravened section 81 of the Act (which relates to the requirement to adopt and maintain an AML/CFT Programme) on an innumerable number of occasions on and from 7 December 2016 and section 36 of the Act (which relates to the requirement to undertake customer due diligence) on 124 occasions in the period on and from 7 December 2016.

The proceedings remain in progress at the date of this annual report. SkyCity will continue to cooperate with AUSTRAC in relation to the proceedings.

The SkyCity Board and management team took the concerns raised by AUSTRAC in June 2021 very seriously and took immediate steps to investigate and seek to address AUSTRAC's concerns. Those steps included establishing a Steering Committee to oversee SkyCity Adelaide's engagement with AUSTRAC throughout the investigation process and its response to addressing the concerns raised by AUSTRAC and engaging an independent expert to conduct a comprehensive review of SkyCity Adelaide's AML/CFT Programme and broader AML function to assist SkyCity where appropriate to enhance and improve the AML/CFT Programme and AML function. These reviews have not been limited to matters specifically raised by AUSTRAC - they have also been directed to identifying areas where SkyCity Adelaide's AML/CFT Programme and AML function could be enhanced or uplifted more generally.

Uplift Programmes

In November 2021, we developed a comprehensive AML Enhancement Programme for SkyCity Adelaide in response to the concerns raised by AUSTRAC and taking into account the independent expert's recommendations and the findings of SkyCity's own internal review of the SkyCity Adelaide AML/CFT Programme and wider AML function. The AML Enhancement Programme encompasses the ongoing process of 'business as usual' continuous improvement and is designed to lift the maturity of the SkyCity Adelaide AML/CFT Programme and broader AML function across certain key areas over a two-year period. As part of the AML Enhancement Programme, we have significantly enhanced and invested in our internal AML resourcing and capability, processes and systems.

We have also developed and been implementing an AML uplift programme in New Zealand with enhancements made to our business processes and transactional monitoring capabilities and a focus on strengthening our ongoing customer due diligence activity. This activity has taken into account the concerns raised by AUSTRAC with respect to SkyCity Adelaide and relevant international reports that have identified specific issues relating to the casino sector and leveraged some of the uplift activity underway at SkyCity Adelaide.

In June 2023, the New Zealand Government introduced changes to regulations in the New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009 following a Ministry of Justice-led review of that Act between July 2021 and 30 June 2022. The new regulations come into force in three stages from 31 July 2023 to 1 June 2025. These changes, together with our ongoing enhancement activities, will require continued investment in capability and technology enhancements to further strengthen our AML/CFT controls.

AML/CFT Control Framework

AML
ANTI-MONEY LAUNDERING

Senior Management Governance & Oversight

- An AML Senior Management Group meets to discuss AML/CFT issues relevant to the Group
- An Adelaide AML Senior Management Committee oversees AML/CFT issues specific to the Adelaide operations
- A management steering committee oversees the implementation of the Adelaide AML Enhancement Programme

Board Governance & Oversight

- SkyCity Board and Risk and Compliance Committee oversight of AML/CFT compliance

AML Programmes

- AML Programmes established in New Zealand and Adelaide outlining SkyCity's AML/CFT processes and procedures for customer screening, transaction monitoring, regulatory reporting, customer due diligence and enhanced due diligence (subject to regular internal and external review)

Learning & Development

- AML/CFT training programmes for staff

External Advisors

- Assisted by experienced external AML/CFT advisors

Independent Assurance

- An independent review is carried out every 2–3 years in New Zealand and Adelaide to monitor compliance with the AML/CFT Programmes

AML/CFT Roles & Duties

- A specialist Financial Crime team (including designated AML Compliance Officers) within the business oversees the Group's ongoing day-to-day compliance with AML/CFT requirements

AML/CFT Risk Assessment

- Each AML/CFT Programme contains a risk assessment identifying the money laundering and terrorism financing risks that SkyCity may reasonably expect to face in the course of its business

IT Systems

- Internal IT systems (Bally and iTrak) used for AML/CFT record keeping
- An external specialist AML/CFT system (Jade ThirdEye) used to facilitate customer screening and reporting

Our **Community**

Our aim is to create value in our business and in the communities in which we operate.

PRIORITY

- Positively contributing to vibrant communities in the places where we operate

IMPLEMENTATION PRINCIPLES

- Building and operating vibrant destinations in the places where we operate. Contributing back to local communities
- Exceeding the expectations of a responsible business in the communities in the places where we operate
- Commitment to continuous improvement and having the systems and processes necessary to deliver vibrant experiences, responsibly

FOCUS AREAS

- Supporting our communities through our Community Trusts
- Investing in collaborative partnerships in our local communities where we operate
- Providing employment and development opportunities for young people in our communities
- Build SkyCity's confidence and capability to engage authentically with mana whenua and the indigenous peoples of South Australia

ACTIVITIES

- SkyCity youth employment and development programme (Project Nikau)
- In collaboration with the SkyCity Community Trusts, youth development, employment and career path programmes
- Community based partnerships that deliver on the SkyCity purpose and make an impact

KEY STAKEHOLDERS

- Community groups
- Sponsorship partners, including Leukaemia & Blood Cancer New Zealand and Variety – The Children's Charity
- Community partnerships
- Recipients of SkyCity Community Trust grants
- Philanthropy New Zealand
- Mana Whenua
- Ministry of Social Development
- TupuToa
- First Foundation
- Indigenous Growth Limited

We understand that to do this we need to engage meaningfully with our communities, listen to their critical needs and expectations, and respond through developing meaningful community partnerships and by taking action to address key issues in our operations.

FY23 – FY25 TARGETS	FY23 PERFORMANCE AGAINST TARGETS
300 Project Nikau recruits by 2025	In progress – 73 rangatahi (young people) onboarded during FY23 and 90 rangatahi anticipated to be onboarded in FY24.
Project Nikau retention rate equivalent to, or better than, SkyCity Group retention rate	Achieved - the Project Nikau retention rate* was equivalent to the retention rate for SkyCity employees with the same demographics (age, ethnicity, employment type and department).
Commitments (in line with Community Trust Deeds) met, and impact of these commitments measured	Achieved – grants approved for 122 community organisations totalling $5.3 million. All grant recipients are required to report back on outcomes, impacts and benefits.
SkyCity Adelaide employee population reflects South Australia with 1.49% of employees identifying as Aboriginal or Torres Strait Islander	In progress – as at 30 June 2023, 0.51% of Adelaide employees identify as Aboriginal or Torres Strait Islander.

FY23 KEY CHALLENGES

- There were challenges in sourcing work-ready rangatahi and sourcing sufficient and the “right fit” SkyCity employment opportunities for the rangatahi during the first year that the Project Nikau programme was piloted as an academy model.
- Bedding in new funding strategies for each of the SkyCity Community Trusts, which required messaging to charities who might not be eligible to apply for future funding.
- Meeting new service performance reporting obligations for the SkyCity Community Trusts (as registered charities).

FY24 FOCUS AREAS

- Embed the Project Nikau programme into SkyCity’s recruitment and employment placement strategy and continue to focus on sourcing rangatahi for SkyCity’s future workforce.
- Ensure the SkyCity Community Trusts are effectively governed and continue to approve funding in a responsible way in accordance with the Trusts’ funding strategies.

** Calculated based on the number of hires and terminations during FY23.*

Investing in our Local Economies and Communities

SkyCity is a cornerstone of each of the communities in which it operates. We understand that our scope for influence and change is huge, and SkyCity invests in and works to develop our communities in a variety of ways.

Engaging with our stakeholders helps us to understand community attitudes toward SkyCity, the communities’ expectations of us, and how stakeholders believe SkyCity should create value. SkyCity engages with stakeholders in a variety of ways, both formal and informal, in each of the communities in which it operates. These actions range from legally required engagement with regulators to less formal feedback mechanisms such as social media, customer surveys and public perception monitoring.

Whilst it is easy for organisations to talk about inputs and outputs, such as how much money or ‘in-kind’ contributions are given to charity, the number of charities receiving support, or how many hours staff spend on volunteering for community projects, it is a more challenging exercise to determine the outcomes and impacts of those activities. We want to ensure that there is genuine and measurable social impact from our SkyCity Community Trusts and other charitable giving. We therefore continue to review and assess our community investments and partnerships in a more holistic and strategic way, to ensure that they are aligned to our unique business assets and are ultimately delivering both social and business value.

We are proud to have partnered with great organisations in our local communities over the last financial year:

ASB Classic Tennis
Basketball NZ
Auckland Storm
New Zealand Breakers
International Comedy Festival
Northern Mystics
Supercars
Variety
Leukaemia & Blood Cancer New Zealand
Women’s Rugby World Cup
Bee The Change
Adelaide Festival Centre
Breakthrough Mental Health Research Foundation
Little Heroes Foundation
SkyCity Hamilton Waikato Cup
Chiefs Manawa
Balloons over Waikato

LEUKAEMIA & BLOOD CANCER NEW ZEALAND

Each year, SkyCity supports fundraising efforts for Leukaemia & Blood Cancer New Zealand (the national charity dedicated to supporting patients and their families living with blood cancers and related blood conditions) via the annual Firefighter Sky Tower Stair Challenge and Step Up Challenge. Through both of these events, SkyCity has helped Leukaemia & Blood Cancer New Zealand raise $1.7 million over the last financial year and in excess of $16.6 million over the partnership period.

In the Firefighter Sky Tower Stair Challenge, firefighters from communities across New Zealand join forces to raise money, with each participant climbing the 1,103 steps of the Sky Tower wearing 25 kilograms of gear. A record $1.5 million was raised through this event over the last financial year, bringing the total raised to over $13.8 million during the 19-year partnership with SkyCity.

In the Step Up Challenge, teams, organisations and individuals come together to climb the Sky Tower. $260,000 was raised over the last financial year though this event, with over $2.8 million raised over the 9-year partnership with SkyCity.

VARIETY – THE CHILDREN’S CHARITY

SkyCity supports Variety – The Children’s Charity (a charity focused on improving the wellbeing of children and young people) through the delivery of Variety Bingo in Auckland.

Working with Variety – The Children’s Charity, SkyCity has helped to raise more than $150,000 over the last financial year and in excess of $4.9 million over the 23-year partnership.

BEE THE CHANGE

SkyCity Queenstown has partnered with local organisation Bee the Change to help facilitate thriving bee colonies in and around the Queenstown region through beehive sponsorship. Bee the Change places branded hives in high profile strategic locations in the region enabling environmental education and pollination initiatives for local communities.

The honey produced and harvested through SkyCity Queenstown’s sponsorship has been gifted to SkyCity customers and staff and used in the Wild Thyme Bar & Kitchen at SkyCity Queenstown.

Sourcing Locally

SkyCity is committed to sourcing and procuring locally made and supplied products from Australasian owned and operated businesses as a preference wherever possible.

SkyCity is able to categorise items in some detail, including location of the supplier, which enables SkyCity to modify procurement practices where required to support the intention outlined in SkyCity’s Group Procurement Framework. The framework drives greater rigour in the onboarding of new suppliers and has an emphasis on supplier consolidation and ethical sourcing with SkyCity choosing the best mix of suppliers to meet its business requirements.

Our primary focus is procuring from businesses operating in the same countries in which SkyCity operates, thus supporting local economies even where, in some instances, goods are imported.

Our secondary focus is procuring local products and produce from businesses that are geographically close to our businesses.

In the financial year ended 30 June 2023, SkyCity spent approximately $281 million on operational goods and services, the bulk of which was spent with local suppliers – with over $47 million on food and beverage items across New Zealand and Australia. We continue to work with our food and beverage suppliers to gain more understanding as to where our products are being sourced to ensure a local focus where practical.

SkyCity engages local contractors wherever possible for its construction projects who, in turn, procure local products, materials and subcontractors where feasible.

Many of the gaming products and equipment required by SkyCity for its casino operations are not able to be manufactured or sourced locally - in sourcing these items internationally, SkyCity's focus is on procuring such items from ethical suppliers.

TOP 100 SUPPLIERS PER SITE (AS AT 30 JUNE 2023)	SAME COUNTRY	LOCALLY BASED	MAJORITY LOCALLY OWNED
Auckland	88%	72%	60%
Adelaide	93%	72%	71%
Hamilton	95%	26%	76%
Queenstown	96%	36%	65%

CATEGORIES	DEFINITION
SUPPLIERS	
Same country	Products procured from businesses in the same country
Locally based	Products procured from businesses in the same region as the relevant SkyCity property (for example, the Waikato region for SkyCity Hamilton)
Majority locally owned	Products procured from businesses with greater than 50% local ownership
PRODUCTS	
Locally manufactured	Products manufactured locally, but from imported products
Locally produced and/or manufactured	Entire product is manufactured from locally sourced products

Building Communities by Developing People and Developing Deeper Connections

During the 2018 financial year, after engaging with employees from across the SkyCity Group and community representatives (including the youth development, family support and financial capability sectors), SkyCity developed a new community development and investment strategy centred around a thematic approach of "Building Communities by Developing People". This approach recognises that SkyCity can provide employment opportunities for unskilled, unemployed youth at risk of poor employment outcomes within each of the communities within which it operates – we can provide employment, training and a career path as well as the ongoing support and mentoring rangatahi often need as they take their first steps into sustainable employment.

During the 2019 financial year, SkyCity finalised the operational strategy across the SkyCity Group to deliver this new strategy with the launch of Project Nikau, a youth employment programme with a focus on developing work-ready skills. SkyCity worked in collaboration with Te Puni Kōkiri, the Ministry of Social Development and a community-based provider to design a work ready programme – with the first cohort of 15 cadets joining the SkyCity Auckland pilot programme in June 2019. The programme was modified due to COVID-19 and fully resumed in August 2022 with 7 rangatahi (young people) joining the programme during FY22 and 73 joining in FY23. To date, 99 rangatahi have enrolled in Project Nikau.

SkyCity has designed and implemented wraparound youth mentoring support for each cohort and has designed individualised learning and development plans for each cadet. SkyCity was awarded the Diversity and Inclusion Leadership award in the 2020 Deloitte Top 200 Awards in December 2020 and the Diversity and Inclusion Award at the 2021 NZ HR Awards in May 2021 for Project Nikau.

In addition, through collaboration with the SkyCity Auckland Community Trust, greater social impact has been achieved in the areas of youth advancement and development through the Trust's prioritisation of initiatives that support youth development, wellbeing and employability.

SkyCity also continues to be a major partner of TupuToa and the TupuToa Internship Programme, an employment pathway that provides professional opportunities for Māori and Pacific tertiary students in corporate, government and community organisations. In the last financial year, we provided a 12-week corporate pathway placement at SkyCity for three TupuToa interns.

Investing in our Communities

Established to provide funds for community and charitable purposes, the SkyCity Community Trusts are one of the vehicles SkyCity uses to 'put something back' into the New Zealand communities in which the company operates. The SkyCity Auckland Community Trust, SkyCity Hamilton Community Trust, SkyCity Queenstown Casino Community Trust and SkyCity Wharf Casino Community Trust aim to help local and regional organisations carry out community assistance and development work, focusing on supporting families to thrive and communities to prosper, with a specific focus on youth development.

SkyCity contributed a total of $4.5 million to the SkyCity Community Trusts for distribution to community groups and organisations in the Auckland, Waikato and Queenstown Lakes regions for the financial year ended 30 June 2023, with a record $5.3 million in grants being approved by the SkyCity Community Trusts to 122 community organisations over the period.

Since establishing the first SkyCity Auckland Community Trust in 1996, SkyCity has awarded more than 5,100 grants totalling over $71.5 million to various community groups and organisations in New Zealand, large and small, through the four SkyCity Community Trusts.

SkyCity Community Trust Recipients in FY23

SkyCity Auckland Community Trust Recipients

Affirming Works Limited
Auckland Sexual Abuse Help Foundation Charitable Trust
Auckland Young Women's Christian Association (YWCA) Incorporated
Birkdale Beach Haven Community Project Incorporated
Blue Light Ventures Incorporated
Brainwave Trust Aotearoa
CAPS Northland Inc (trading as Jigsaw North Manaaki Whanau Services)
Coast Youth Community Trust Incorporated
Dayspring Trust
Family Success Matters
Far North Safer Community Council Society Incorporated
Fiji Girmit Foundation
First Foundation
Glass Ceiling Arts Collective Limited
Great Potentials Foundation
Grief Support and Education Charitable Trust
Habitat for Humanity Northern Region
Hāpai Tūhono - Charitable Trust
I Love Avondale
InZone Education Foundation
Island Base Trust
Kidz Need Dadz Charitable Trust NZ
Kindness Collective Foundation
Kindred Family Services
Know Your Status Community Trust
Love Somebody Charitable Trust
Many Streams of Our Community Trust (trading as I am Māngere)
Massey Community Trust
Migrant Action Trust
Mountains to Sea Conservation Trust
MPHS Community Trust
National Youth Theatre Trust
New Settlers Family and Community Trust
New Zealand Islamic Cultural Trust
Ngaa Hau E Whaa Marae O Pukekohe
Nurturing Families (formally known as Mummys in Need)
NZ Ethnic Women Incorporated
One Double Five Whare Āwhina
Oturei Marae
Outwest Youth Community Trust
Penina Health Trust
PHAB Association (Auckland) Incorporated
Pillars Ka Pou Whakahou
Project Employ Limited
Pro-Pare Athlete Management Trust
Rainbow Youth Incorporated
Rape Prevention Education Whakatu Mauri Trust
Recreate NZ
Refugees As Survivors New Zealand Trust
Sau E Siva
Student Volunteer Army
Sunday Blessings
Te Ara Poutama AEC Charitable Trust
Te Ara Rangatahi Charitable Trust
Te Karanga Charitable Trust
Te Kowhai Print Trust
Te Matarau Education Trust
Te Pou Theatre Trust
Te Tiriti O Waitangi Marae Charitable Trust
Te Whāngai Trust
The Cause Collective
The Crescendo Trust of Aotearoa
The Friendship House Trust
The Raukatauri Music Therapy Trust
The Rising Foundation Trust
The TYLA Trust
The UMMA Trust
Toi Ngāpuhi Limited
Vahefonua Tonga Methodist Mission Charitable Trust
Waikowhai Community Trust
Waitakere Indian Association
West Auckland Youth Development Trust
What Hope Community Trust
YES Disability Resource Centre Services Trust
Youth Arts New Zealand
Youth in Transition Charitable Trust
Zeal Education Trust

SkyCity Hamilton Community Trust Recipients

Arts For Health Community Trust
Big Buddy Mentoring Trust
Community Link Trust
Diversity Counselling New Zealand
Dress for Success Hamilton Trust
Friendship House (Huntly) Community Charitable Trust
Graeme Dingle Foundation Waikato
Hamilton Christian Nightshelter Trust
Hamilton Combined Christian Foodbank Trust
Hamilton Methodist Social Services Trust (trading as Methodist City Action)
Hospice Waikato Trust
Kids in Need Waikato
Loving Arms Charitable Trust
Male Support Services Waikato
McKenzie Centre Trust
Mental Health Solutions Limited (Here to help u)
Rainbow Hub Waikato
Rakau Humarie Trust
Refugee Orientation Centre Trust
Shama Ethnic Women's Trust
South East Kirikiriroa Community Association Incorporated
St Vincent De Paul Hamilton
Te Po ki te Ao Marama Tihei Mauriora
Te Tamawai Trust
Te Whakaruruhau 2013 Incorporated
The Serve
The Te Kauwhata & Districts Information & Support Centre Inc
Thrive Ōtorohanga Youth Trust
Waikato Environment Centre Trust
Waikato Ethnic Family services Trust
Waikato Family Centre Trust
Waikato Refugee Forum Incorporated
Young Women's Christian Association of Hamilton Incorporated
Youthline Auckland Charitable Trust
Zeal Education Trust

SkyCity Queenstown Community Trust Recipients

Alpine Community Development Trust operating as Community Networks/LINK
Head Light Trust
Kahu Youth Trust
Kiwi Kit Community Trust
Miharo Murihiku Trust
Mint Charitable Trust
Queenstown Harvest Community Gardens
RockFormation Charitable Trust
Whakatipu Youth Trust

Our **Environment**

PRIORITY

- Protecting and enhancing the environment in the places where we operate

IMPLEMENTATION PRINCIPLES

- Respecting, protecting, and enhancing the environment in the places where we operate
- Responsible use of natural resources and a commitment to minimise our impact and, where possible, enhancing the environment in the places where we operate
- Dedicated focus on complying with all relevant environmental regulations, including climate-related risk disclosures

FOCUS AREAS

- Climate change mitigation, adaptation and transition for our business
- Transitioning to a circular economy for our business
- Building a sustainability culture and engaging employees on climate change and sustainability
- Supporting the environmental performance of our supply chain

ACTIVITIES

- Mitigation: measure emissions, set targets according to science and reduce emissions
- Adaptation: assess climate change risks and respond
- Transition: employee and supply chain engagement on climate change
- Reduction of waste and diversion from landfill, including in partnership with the value chain
- Environmental performance of our supply chain

KEY STAKEHOLDERS

- Toitū Envirocare
- Climate Leaders Coalition
- Energy Efficiency and Conservation Authority
- REMONDIS (formerly SUEZ-ResourceCo)
- Beca
- Sustainable Business Council

We are committed to growing in a sustainable manner with a commitment to protecting and enhancing the environment in the places where we operate.

FY23 – FY25 TARGETS	FY23 PERFORMANCE AGAINST TARGETS
Recalibrate climate change action plan by end of FY23	Achieved
Climate risk assessment and reporting (**TCFD**) completed for FY24	In progress – a Climate Change Working Group has been established to oversee SkyCity's TCFD reporting requirements and outputs.
Emissions reduction of 25% by 2025 (38% reduction in Scope 1 and 2 by 2030 and 73% by 2050)	In progress
100% of contracted suppliers engaged to discuss measuring emissions and setting science aligned targets by end of FY23	Not achieved – however all key contracts renegotiated during FY23 involved emission measurements awareness.
5% reduction year on year in waste to landfill	Not achieved due to business closures in FY22 distorting waste volumes.
10% reduction year on year in single-use plastic products	Not achieved due to business closures in FY22 distorting volumes – however, SkyCity has achieved a 19% reduction over the last two years.
Employees' knowledge of, and engagement on, sustainability enhanced	Achieved - a new staff bike/scooter park (including charging stations and change facilities) was opened at the Auckland property to encourage sustainable travel options to work, and staff have been encouraged to reduce electronic waste to landfill with the provision of e-waste bins across our properties.
By FY25, SkyCity's EcoVadis score is at or above the benchmark score of 55	In progress

FY23 KEY CHALLENGES

- New Zealand waste management tender to divert more waste from landfill.
- Contracting of key suppliers to assist SkyCity with its sustainability implementation targets.
- Managing the balance between commercial and sustainable procurement outcomes.

FY24 FOCUS AREAS

- Develop a Scope 3 reductions initiative and continue to build awareness, capability, and capacity within our employees, customers, and communities to drive reductions in their Scope 3 emissions.
- Undertake a climate risk deep dive (including development of mitigations).
- Continued focus on reducing carbon emissions across the Group by 25% by 2025 (63% reduction in Scope 1 and 2 by 2030 and 90-95% by 2050).
- Continued focus on waste diversion from landfills - partnering with businesses to help repurpose and recycle waste.
- Preparation for TCFD reporting (commencing in FY24).

Working within the limits of the natural environment will allow current and future generations to benefit from its resources to ensure continual economic and social prosperity, which we believe results in business continuity and positive impacts on staff and stakeholder wellbeing.

Reducing Waste

Composting

Food that cannot be donated from the SkyCity Auckland kitchens is collected and commercially composted offsite to be used on New Zealand soils to aid the horticulture industry.

During the past financial year, through the efforts of our kitchen teams, SkyCity Auckland sent over 202 tonnes of food waste to be commercially composted - bringing the total amount collected and composted since the programme began in April 2017 to over 1,300 tonnes.

SkyCity's focus on reducing food wastage has resulted in a reduction of food waste being composted each year since the programme began.

Eliminate Waste to Landfill

The goals of SkyCity's Zero Waste Strategy are to eliminate waste sent to landfill and improve the efficiency of resource use through reduction and recycling – in particular, by removing or reducing plastic packaging. Since 2015, SkyCity has reduced its waste sent to landfill by 8.8%, in part due to the mandated property closures during FY20-22 (in response to the COVID-19 pandemic).

SkyCity continues to transition from traditional plastic to commercially compostable food and beverage packaging, such as takeaway coffee cups and lids, straws, plates, containers and cutlery (where appropriate alternatives exist).

In October 2022, SkyCity Hamilton partnered with Kaipaki Milk and installed milk taps and refillable milk pails in three of its five food and beverage outlets. Reusable glass milk bottles are used throughout the rest of the site. This initiative has significantly reduced the use of plastics at the SkyCity Hamilton site – with 6,390 two-litre milk bottles being saved from production between October 2022 and June 2023.

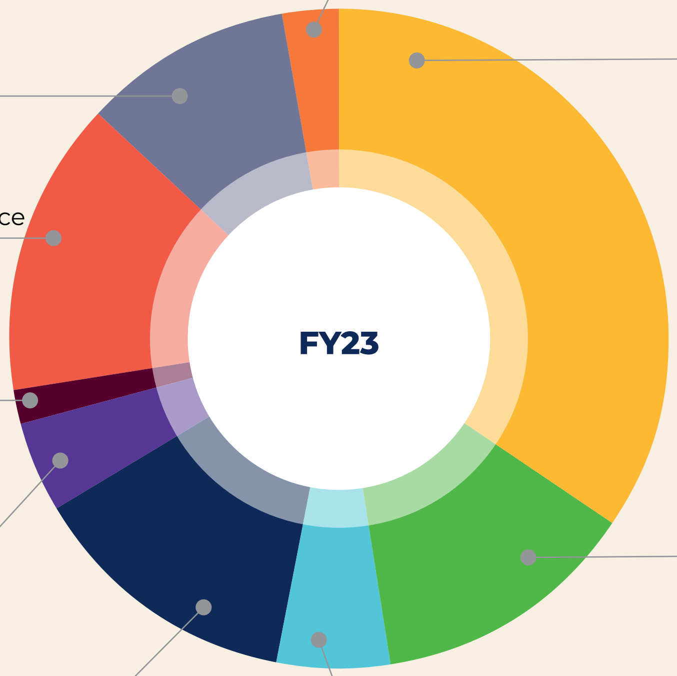
In Adelaide, SkyCity partners with REMONDIS to assist in achieving zero waste to landfill. REMONDIS offers recycling and commercial food composting solutions with the remaining dry general waste being diverted to a facility that processes commercial, industrial and construction waste into Processed Engineered Fuel (**PEF**) which is then used as a fuel source by Adelaide Brighton Cement instead of using traditional fossil fuels. PEF is used to power cement kilns, reducing carbon emissions by 30%.

Ethical and Sustainable Sourcing Practices

We leverage our relationships with other organisations to promote positive outcomes in areas of impact such as anti-corruption, fair competition and promoting social and environmental responsibility in our supply chain.

As a major purchaser of goods and services (we spent over $56 million with a vast array of suppliers of goods and services in the financial year ended 30 June 2023), SkyCity has a significant opportunity to use its purchasing power to drive sustainability. Our approach is to focus on the areas in which we can have the biggest impact in terms of minimising our carbon footprint and with respect to key vendors at high ongoing expenditure levels. These areas include food, beverage, property and marketing portfolios in particular.

SkyCity has around 570 key ongoing significant suppliers across the Group, with a substantial number of these being in the food and beverage sector. Of the total spend of over $56 million in the financial year ended 30 June 2023 relating to operational goods and services (a breakdown of which is shown in the chart below), over $48 million was spent on food, beverage and retail procurement:



Ethical Sourcing Code

Our Ethical Sourcing Code outlines SkyCity's alignment with the ten principles of the United Nations Global Compact, which are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

All new vendors are made aware of the Code at the time of onboarding and we request that our suppliers acknowledge SkyCity's commitment to the principles of the Ethical Sourcing Code. Through distribution of our Ethical Sourcing Code, we aim to encourage our suppliers to improve their practices and to assist them in doing so.

Supply Chain Transparency and Traceability

Since September 2017, we have engaged an external provider, EcoVadis, to audit and rate our key suppliers in New Zealand against an industry-tailored set of environmental, social and governance criteria (where suppliers are invited to complete a questionnaire and provide supporting evidence). This process was expanded to include SkyCity's key Adelaide suppliers during the 2022 financial year as the expanded SkyCity Adelaide property (including the new hotel and additional food and beverage facilities) has a comparable procurement footprint to SkyCity's New Zealand business.

As at 30 June 2023, 76 of our key active New Zealand and Adelaide suppliers, representing over $44 million (16%) of our total annual procurement spend, had completed the EcoVadis assessment/audit process. Of SkyCity's $48 million food, beverage and retail procurement spend across the Group in the last financial year, $27 million (56%) was captured under the EcoVadis process.

We continue to focus on obtaining a clearer picture of our suppliers' supply chains to ensure they align with our Ethical Sourcing Code and new suppliers are asked about their supply practices prior to becoming an approved supplier of the company. However, the scope and geographic spread of our supply chain, together with the wide variety of suppliers we engage with, creates challenges for embedding the Ethical Sourcing Code and ensuring our suppliers are doing more than acknowledging their commitments. Our suppliers are very diverse, ranging from small, localised family businesses to global multinationals. In some cases, our suppliers are very small operators and they have few resources to provide detailed information about their policies and sustainability and governance approaches. In other cases, we have had long-standing agreements with suppliers, but have not engaged them before on sustainability issues. As we manage these issues more closely, we will have the opportunity to deepen our engagement with our suppliers on the Ethical Sourcing Code. A key way that we will do that into the future is to undertake supplier sustainability assessments and audits and ensure that our procurement teams continue to have strong relationships with the businesses we procure from.

Modern Slavery

In Australia, the Modern Slavery Act 2018 (Cth) requires reporting entities to disclose the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls. SkyCity's annual modern slavery statements are published on the Australian Government's Online Register for Modern Slavery Statements at www.modernslaveryregister.gov.au/statements/299/ and are also available in the Governance section of the company's website at www.skycityentertainmentgroup.com.

SkyCity is fully supportive of the Australian Modern Slavery Act and its intention to eliminate modern slavery in all its forms, including trafficking in persons, slavery, servitude, forced marriage and forced labour. SkyCity has zero tolerance towards modern slavery and is committed to implementing and enforcing effective systems and controls to seek to ensure that modern slavery is not taking place anywhere in our business or supply chains.

SkyCity notes the ongoing consultation and legislative proposals in New Zealand relating to modern slavery and worker exploitation, forced labour, people trafficking and slavery. SkyCity is tracking the progress of this proposed legislation closely, and will work to ensure that SkyCity is fully compliant with its requirements once it is enacted and in force (including by reviewing and updating our detailed modern slavery roadmap).

SkyCity operates primarily in New Zealand and Australia with limited supply chains and, as such, we believe that our exposure to the risks of modern slavery is low. However, we still recognise that there is scope for modern slavery to occur and our modern slavery statement sets out the steps we have taken to minimise this risk.

SkyCity has several policies, practices and procedures in place to assist in conducting supply chain due diligence which, in turn, enables SkyCity to take significant measures to mitigate the risks of modern slavery. SkyCity always aims to obtain a clear picture of a potential suppliers' supply chain to ensure that it will align with SkyCity's high expectations around ethical procurement practices – all new suppliers are asked about their supply practices prior to becoming an approved supplier. Over the past financial year, SkyCity has engaged Moody's Analytics to enable proactive monitoring of our main suppliers and better due diligence on prospective new suppliers.

Climate Change and Emissions

Although SkyCity is not, through its usual day-to-day operations, a major emitter of greenhouse gases, we recognise the role that we need to play in reducing our impacts. We are committed to progressing initiatives to reduce emissions and taking action to combat climate change.

As part of SkyCity's commitment to climate action, we have measured, audited and verified SkyCity's carbon footprint for FY15–FY22 through the Certified Emissions Measurement and Reduction Scheme programme operated by Toitū Envirocare, a government-owned environmental certifications body in New Zealand.

Climate Change Strategy

SkyCity was among the first major New Zealand companies to go carbon neutral by offsetting its carbon footprint and was certified carbonzero by Toitū Envirocare in New Zealand in October 2019. The SkyCity Adelaide property also became carbon neutral, alongside SkyCity's New Zealand sites, in September 2020. The emissions generated by the SkyCity Group during the year ended 30 June 2022 were offset by the purchase of $220,325 in carbon credits through Toitū Envirocare in August 2022. SkyCity's carbon credit investments have been used to fund international renewable energy infrastructure and assist with other energy efficiency initiatives.

In June 2023, SkyCity determined to move away from the practice of offsetting its carbon footprint through the purchase of carbon credits – refocusing its strategy instead on reducing its carbon emissions across its own footprint in line with the position advocated by the Science-Based Targets initiative (SBTi) who has encouraged companies to progress real emissions reductions instead of purchasing carbon offsets.

TOITŪ
CARBON REDUCE
ISO 14064-1
ORGANISATION

Toitū Envirocare helps organisations to accurately measure their greenhouse gas emissions, and put in place strategies to manage and reduce impacts.

SkyCity (including its Auckland, Hamilton, Queenstown and Adelaide properties) was certified by Toitū Envirocare as a carbonreduce organisation on 1 August 2023. Being carbonreduce certified means that SkyCity is measuring its emissions to ISO 14064-1:2018 and Toitū requirements and managing and reducing its emissions against Toitū requirements.

To maintain carbonreduce certification, organisations are independently verified by Toitū Envirocare annually in accordance with ISO 14064-1 or ISO 14067.

QUALMARK GOLD
LIGHT FOOTPRINT
SAFE & SOUND
WARM WELCOME

In 2019, the external lights on the Sky Tower were switched to LED, supporting SkyCity's climate change commitment to reduce carbon emissions. Following the upgrade, the number of external lights on the Sky Tower doubled with 60 LED lights at the top of the Sky Tower and 96 LED lights at the base – truly lighting up Auckland's skyline.

In January 2023, the Sky Tower was awarded a Qualmark Gold Award. A Gold Award recognises the best sustainable tourism businesses in New Zealand and identifies businesses leading the way in making the New Zealand tourism industry a world class sustainable visitor destination.

The key tenants of SkyCity's new emissions reduction strategy are summarised below:

- **Scope 1 emissions** (direct emissions from sources owned or controlled by SkyCity) - to drive reductions in Scope 1 emissions, SkyCity will focus on future infrastructure investments and introduce a carbon cost to investment decisions. The primary focus is on energy efficiency, phasing out gas, shifting to less harmful refrigerants, and focusing on the end-of-life processes for assets;
- **Scope 2 emissions** (indirect emissions from electricity purchased by SkyCity) – in the long term, SkyCity will benefit from the New Zealand and South Australian Governments' commitment to 100% renewable electricity generation by 2030 - however, in the meantime, SkyCity will investigate the purchase of renewable energy credits through its partner electricity providers; and
- **Scope 3 emissions** (indirect emissions from sources not owned or controlled by SkyCity but resulting from SkyCity's activities) – SkyCity will continue to build awareness, capability, and capacity within its employees, customers, and communities to drive reductions in SkyCity's Scope 3 emissions and its stakeholders' emissions.

The focus will be on activities that:

- reduce environmental impacts;
- may relate to impacting lifestyle choices outside of the work environment, benefit the wider community and contribute to SkyCity's social licence; and
- build sustainability capability and awareness for all staff and other stakeholders.

Whilst SkyCity's new emissions reduction strategy covers a reduction in Scope 1, 2 and 3 emissions, the majority of SkyCity's reduction initiatives will focus on reducing SkyCity's Scope 1 and 2 emissions. Many of the reduction initiatives are currently being implemented across SkyCity, but further improvements can be made.

SkyCity will continue to conduct an annual audit of its carbon footprint to measure and track its progress to its science-based targets.

Climate Change Governance and Risks

The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 was passed into legislation in October 2021 in New Zealand and requires certain organisations (including SkyCity) to make climate-related disclosures from financial years commencing on or after 1 January 2023, in accordance with climate standards published by the External Reporting Board based on the recommendations of the Task Force on Climate-related Financial Disclosures (**TCFD**). SkyCity is progressing towards TCFD-compliant reporting and aims to progress with detailed scenario analysis as part of its ongoing journey towards TCFD-compliant reporting.

SkyCity is a signatory to the Climate Leaders Coalition, a group representing a variety of businesses from different industries which contribute to nearly half of New Zealand's emissions. The Climate Leaders Coalition recognises the role that business can play in bringing about change and demonstrates the significant leadership direction being taken by businesses on the issue of climate change. In June 2022, members of the Climate Leaders Coalition launched a new Statement of Ambition to accelerate business action on climate change. SkyCity, as a member of the Climate Leaders Coalition, has committed to:

- measure its emissions, have them independently verified, and report them publicly;
- adopt short and long term gross absolute science aligned targets for Scope 1, 2, and 3 emissions to support the delivery of substantial reductions needed to limit future warming to 1.5 degrees Celsius;
- assess climate change risks and opportunities (including in the value chain), set objectives and/or target(s) to reduce these risks and maximise opportunities, and publicly disclose them;
- proactively enable its employees, board members, customers, and suppliers to reduce their emissions and climate change risks;
- embed plans within its businesses to accelerate climate action across mitigation, adaptation, and transition, and incorporate te ao Māori perspectives; and
- prepare for the next frontier of climate action, including considering the assessment of nature-based risks and long-term climate positive targets.

SkyCity has currently committed to reduce absolute Scope 1 and 2 Green House Gas emissions by 63% by 2030 and by 90-95% by 2050 (from a 2014-2015 base year).

SkyCity's Top Climate Change Related Risks

PHYSICAL RISKS	IMPACT	TRANSITIONAL RISKS	IMPACT
Increase in extreme weather events Property damage, lost revenue, unusable water, gas leaks, power outages, greater reliance on backup generators, a decline in visitor and tourist numbers, and the need for new infrastructure that is more durable and resistant.	• Increased costs • Decreased visitation	**The inability of business owners to successfully run profitable operations** Higher complexity in accessing capital, increased cost of insurance, increase in price flexibility among customers and rise in the cost of access/use of facilities.	• Increased costs
A rise in global temperature Increased load on air conditioning, increased power outages, increased reliance on generators, increased fire risk in Adelaide, and a reduced ski season in Queenstown.	• Increased costs • Decreased visitation	**Decreasing satisfaction among customers/visitors towards Australasia** Customer/visitor desire towards travel to and within Australasia may decline as a result of global sustainability trends, decreased perceptions of safety, operational disruptions from physical climate risks, or views of inaction on climate change.	• Decreased visitation
Failure to keep Australasia appealing as a travel destination Several factors, including rising sea levels, greater lake pollution, the disappearance of famous landscapes, and shifting seasonal patterns, could make it difficult to keep Australasia a popular tourist destination.	• Decreased visitation	**Increased regulatory requirements put a strain on the tourism sector and customers/visitors** Climate-related requirements such as carbon zero certification, cost of carbon, carbon tax, climate-related disclosures, and climate change policies could increase financial pressure on tourism sector participants and, as a result, customers/visitors spend less discretionary pay.	• Increased costs • Decreased visitation
Inability to reach destinations and attractions Access to precincts and site locations can be lost due to the destruction of infrastructure, rising temperatures, and an increase in harsh weather.	• Decreased visitation	**Rising prices** The costs of utilities used day-to-day to run the business could rise. Electricity, fossil fuels, waste and recycling levies, waste-water treatment, and water restrictions could all affect the profitability of the business.	• Increased costs • Decreased visitation
Fewer operating days Operating days may be restricted as a result of increased drought, higher temperatures, less predictable weather, and infrastructure damage.	• Decreased visitation	**Increased frequency or severity of dangerous weather conditions** Insurance costs may rise, resources and precinct damage can occur, and frequent power and water outages. This may affect the ability of suppliers to deliver goods or services, and customers may be unable to visit our precincts.	• Increased costs • Decreased visitation

Environmental Performance

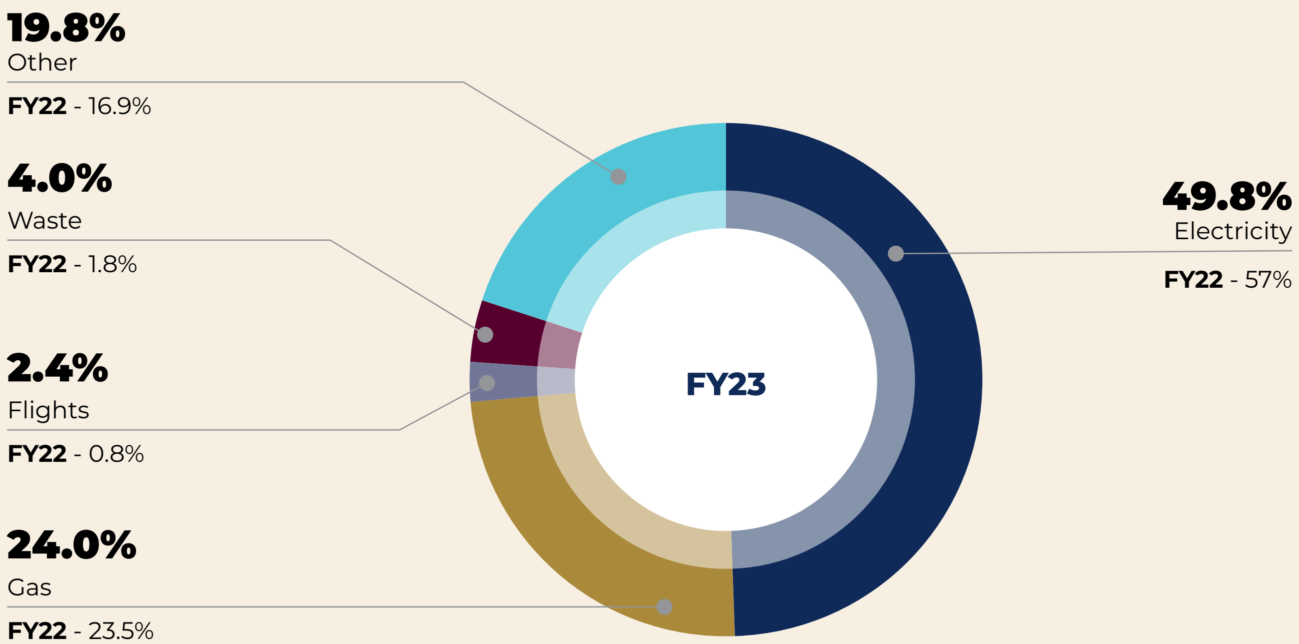
SkyCity conducts an annual audit of its carbon footprint to measure and track its progress.

The following graphs summarise SkyCity's key environmental performance data for FY15–FY23. The New Zealand Ministry for the Environment issued an updated Measuring Emissions Guide in August 2022, which included revised electricity emission factors that have impacted the calculation of prior periods.

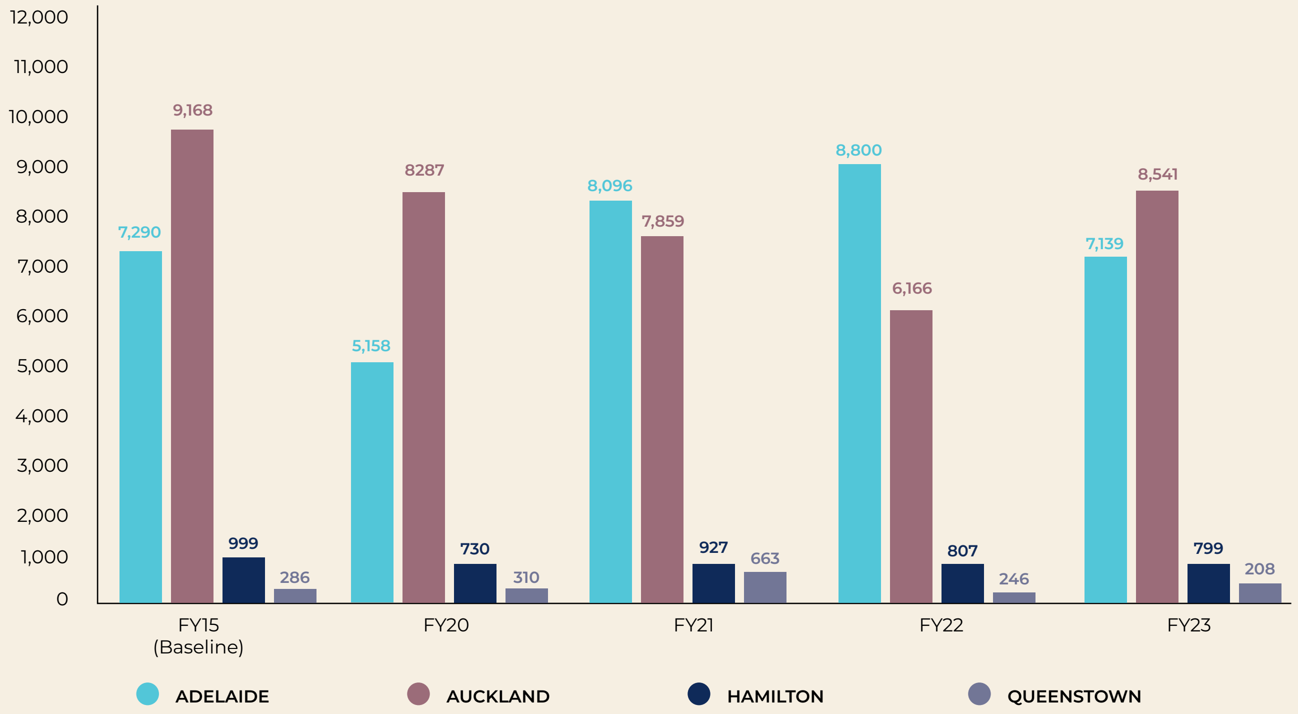
The total carbon footprint for the Group for FY23 was 17,107 tonnes CO^{2}e (FY22: 16,144 tonnes CO^{2}e).

SkyCity has continued efforts to reduce its carbon footprint – with Scope 1 and 2 emissions combined reducing by 14.7% since FY15 and emissions from waste reducing by 51.9%.

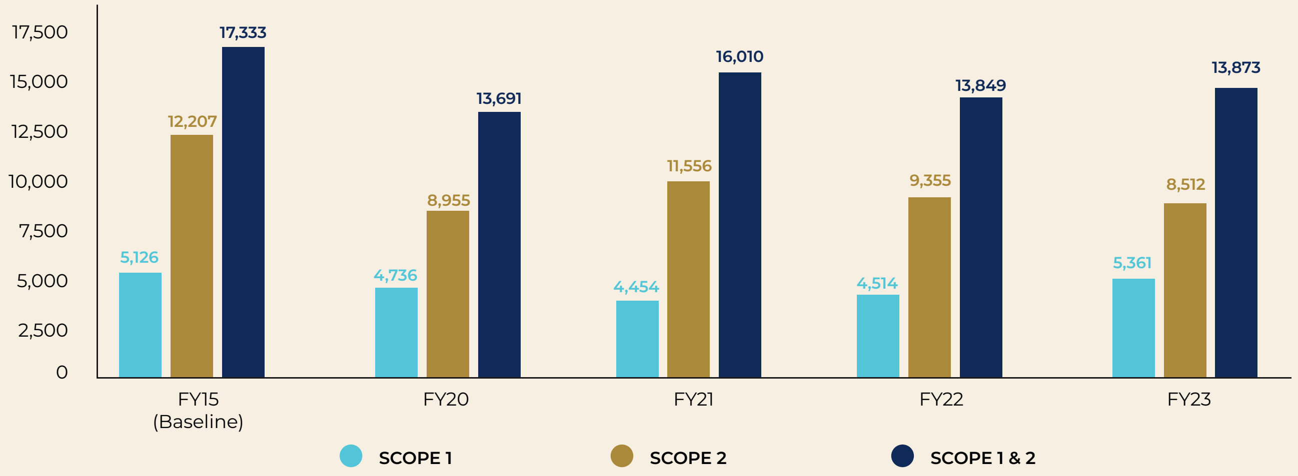
FY23 Carbon Footprint Inventory



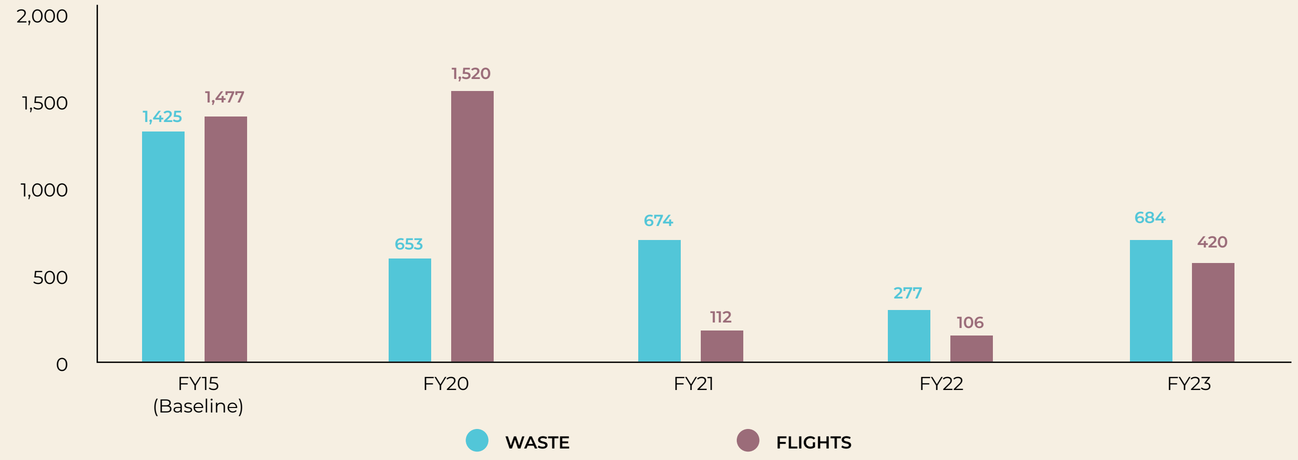
Total Emissions (Scope 1, 2 and 3) (Tonnes CO^{2}e) – by Site



Scope 1 and 2 Emissions (Tonnes CO^{2}e) - Group



Scope 3 Emissions (Tonnes CO^{2}e) - Group



Scope Definitions

Through the Toitū carbonreduce certification operated by Toitū Envirocare, SkyCity must report all Scope 1, Scope 2 and Scope 3 emissions (unless deemed de minimis), where:

- Scope 1 emissions are direct emissions from sources owned or controlled by SkyCity – for example, gas (LPG and natural), fuel combustion from company vehicles, rental cars and leased fleet, and refrigerant and air conditioning systems;
- Scope 2 emissions are indirect emissions from electricity purchased by SkyCity; and
- Scope 3 emissions are indirect emissions from sources not owned or controlled by SkyCity but resulting from SkyCity's activities – for example, travel (including short and long-haul air travel), waste sent to landfill and freight/couriers (for items exceeding 2kg).

Corporate
Governance Statement
and Other Disclosures

SkyCity Entertainment Group Limited is committed to maintaining the highest standards of corporate behaviour and responsibility and has adopted governance policies and procedures reflecting this.

In establishing its governance policies and procedures, the SkyCity Board has adopted eleven governance parameters as the cornerstone principles of its corporate governance charter as set out in the company's Board Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com). As a New Zealand company listed on the New Zealand and Australian stock exchanges, these cornerstone principles, detailed below and on the following pages, reflect the Listing Rules and Corporate Governance Code (1 April 2023 edition) of NZX Limited (**NZX**), the Listing Rules of ASX Limited (**ASX**), the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council, and the New Zealand Financial Markets Authority's Corporate Governance Principles and Guidelines.

SkyCity is listed as a 'Foreign Exempt Listing' on the ASX. The ASX Foreign Exempt Listing category is based on a principle of substituted compliance recognising that, for secondary listings, the primary regulatory role and oversight rest with the home exchange and the supervisory regulator in that jurisdiction. As a company with ASX Foreign Exempt Listing status, SkyCity is not required to comply with ASX Listing Rule 4.10, which requires entities to include certain prescribed information in their annual reports, or the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council. Notwithstanding, SkyCity has taken into account ASX Listing Rule 4.10 when preparing this annual report and considers its corporate governance practices and principles have substantially reflected the recommendations set by the ASX Corporate Governance Council, in addition to all the corporate governance principles set out in the NZX's Corporate Governance Code, during the financial year ended 30 June 2023. In addition, as mentioned above, the cornerstone principles set out in SkyCity's Board Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) continue to reflect the principles in the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council.

1

Roles and Responsibilities of the Board and Management

SkyCity's procedures are designed to:

- enable the Board to provide strategic guidance for the company and effective oversight of management;
- clarify the respective roles and responsibilities of Board members and senior executives in order to facilitate Board and management accountability to both the company and its shareholders; and
- ensure a balance of authority so that no single individual has unfettered powers.

The Board Charter details the Board's role and responsibilities. The Board establishes the company's objectives, the major strategies for achieving those objectives and the overall policy framework within which the business of the company is conducted, and monitors management's performance with respect to these matters.

The Board is also responsible for ensuring that the company's assets are maintained under effective stewardship, that decision-making authorities within the organisation are clearly defined, that the letter and intent of all applicable company and casino laws and regulations are complied with, and that the company is well managed for the benefit of its shareholders and other stakeholders.

Specific responsibilities of the Board include:

- oversight of the company, including its control and accountability procedures and systems;
- appointment, performance, and removal of the Chief Executive Officer;
- confirmation of the appointment and removal of the senior executive group (being the direct reports to the Chief Executive Officer);
- setting the remuneration of the Chief Executive Officer and approval of the remuneration of the senior executive group;
- approval of the corporate strategy and objectives and oversight of the adequacy of the company's resources required to achieve the strategic objectives;
- approval of, and monitoring of actual results against, the annual business plan and budget (including the capital expenditure plan);
- review and ratification of the company's systems of risk management and internal compliance and control, codes of conduct and legal compliance; and
- approval and monitoring of the progress of capital expenditures, capital management initiatives, acquisitions and divestments.

The Board has responsibility for the affairs and activities of the company, which in practice is achieved through delegation to the Chief Executive Officer and others (including SkyCity appointed directors on subsidiary company boards) who are charged with the day-to-day leadership and management of the company. The Board maintains a formal set of delegated authorities that details the extent to which employees can commit the company. These delegated authorities are approved by the Board and are subject to annual review by the Board.

The Chief Executive Officer also has the responsibility to manage and oversee the interfaces between the company and the public and to act as the principal representative of the company.

Each director and senior executive has a written agreement with the company setting out their terms of appointment and responsibilities.

2

Structure the Board to Add Value

Board effectiveness requires the efficient discharge of the duties imposed on the directors by law and the addition of value to the company. To achieve this, the SkyCity Board is structured to:

- have a sound understanding of, and competence to deal with, the current and emerging issues of the business;
- effectively review and challenge the performance of management and exercise independent judgement; and
- assist in the selection of candidates to stand for election by shareholders at annual meetings.

Board Composition and Skills Matrix

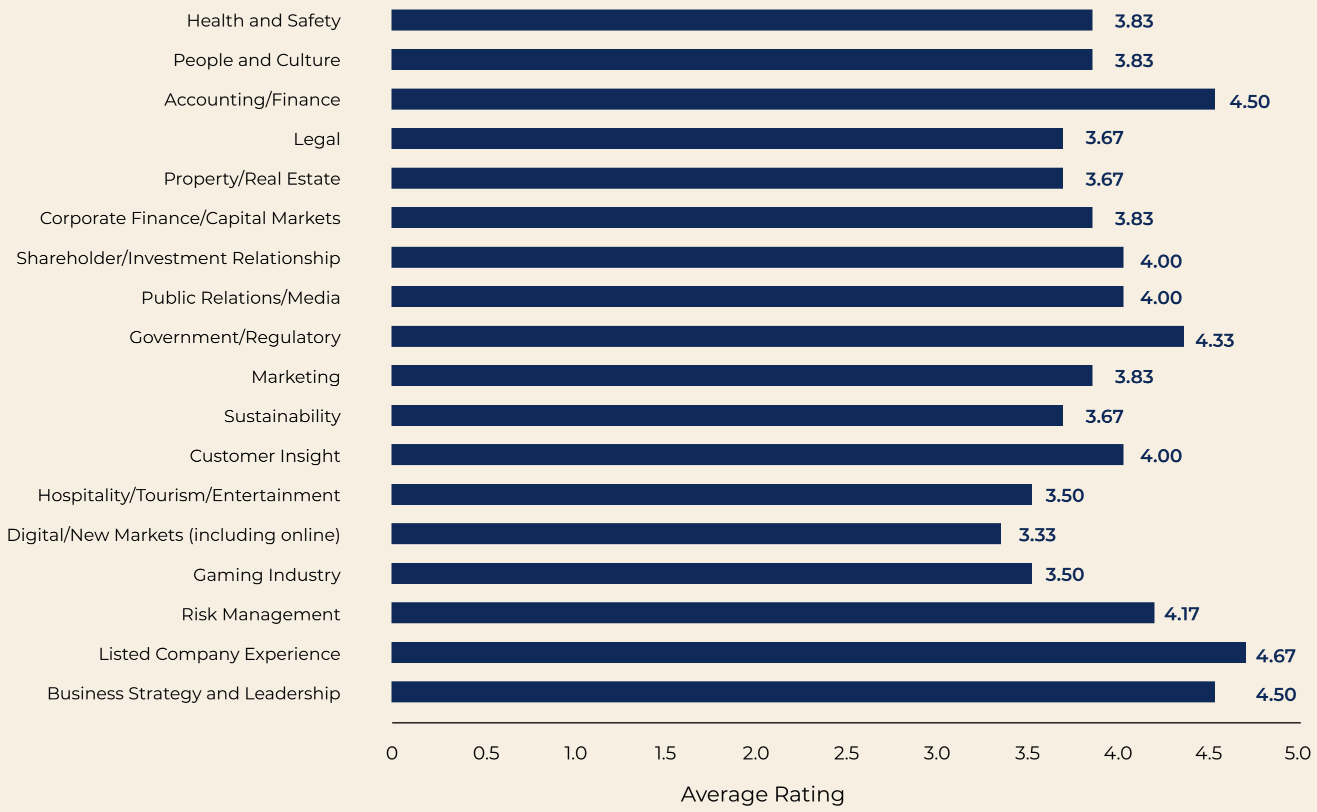
The Board ensures that it is of an effective composition and size to adequately discharge its responsibilities and duties and to add value to the company's decision-making. In order to meet these requirements, the Board membership comprises a range of skills and experience to ensure that it has a proper understanding of and competence to deal with the current and emerging issues of the business, to effectively review and challenge the performance of management, and to exercise independent judgement.

The areas of expertise and experience determined by the Board as being the key competencies required to meet these objectives are:

- health and safety
- people and culture
- accounting and finance
- legal
- property and real estate
- corporate finance and capital markets
- shareholder and investment relationships
- public relations and media
- government and regulatory
- marketing
- sustainability
- customer insight
- hospitality and tourism
- digital and new markets
- gaming industry
- risk management
- listed company experience
- business strategy and leadership

Where there is an identified gap in expertise and/or experience, the Board seeks to address that gap through learning and personal development, the use of independent expert advisors in specific areas of perceived need when necessary, or by the appointment of a director or directors with the relevant expertise and experience.

In July 2023, Board members completed a self-assessment survey to identify the Board's overall competency in relation to the agreed areas of expertise and experience. The results of the survey are set out in the following graph – where 1 indicates low competency and 5 indicates high competency. Details of individual expertise and experience of the directors are set out on pages 44-46 of this annual report.



Appointment

The Board has established the Governance and Nominations Committee to:

- identify and recommend to the Board suitable persons for nomination as members of the Board and its committees (taking into account such factors as experience, qualifications, judgement, and the ability to work with other directors);
- annually review the overall composition and structure of the Board and its committee memberships and, if appropriate, the removal of a director from the Board and/or its committees;
- monitor the succession and rotation of Board and committee members;
- monitor the outside directorships and other business interests of directors with a view to ensuring independence/no conflicts of interest, and director capability and time availability to effectively undertake the requirements of their SkyCity Board and committee positions;
- monitor related parties, conflicts of interest, and independence issues;
- ensure that potential candidates understand the role of the Board and the time commitment involved when acting as a member of the Board;
- oversee the evaluation of the Board; and
- review the Board's succession planning.

External consultants are engaged to access a wide base of potential candidates and to review the suitability of candidates for appointment.

The procedures for the appointment and removal of directors are prescribed in the company's constitution, which, amongst other things, requires all potential directors to have satisfied the extensive probity requirements of each jurisdiction in which the Group holds gaming licences.

Subject to satisfaction of the probity requirements, the Board may appoint directors to fill casual vacancies that occur or to add persons to the Board up to the maximum number (currently 10) prescribed by the constitution. If the Board appoints a new director during the year, that person will stand for election by shareholders at the next annual meeting. Shareholders are provided with relevant information on any candidate standing for election in the company's Notice of Meeting.

Directors are appointed under the company's Terms of Appointment and Reference for Directors and Board Charter (both available in the Governance section of the company's website at www.skycityentertainmentgroup.com) for a term of three years and subject to re-election by shareholders in accordance with the rotation requirements of NZX and ASX and as prescribed in the company's constitution.

Director Independence

The Board Charter and the company's constitution require that the Board contains a majority of its number who are independent directors. SkyCity also supports the separation of the role of Board chair from the Chief Executive Officer position. The Board Charter requires the Board chair and (where appointed) deputy chair to be independent directors and prohibits the company's Chief Executive Officer from filling either of these roles.

Directors are required to ensure all relationships and appointments bearing on their independence are disclosed to the Governance and Nominations Committee on a timely basis. In determining the independence of directors, the Board has adopted the definition of independence set out in the NZX Main Board Listing Rules and has taken into account the independence guidelines as recommended in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (**ASX Independence Guidelines**).

At its June 2023 meeting, the Board reviewed the status of each director in accordance with the definition of independence set out in the NZX Main Board Listing Rules and taking into account the ASX Independence Guidelines and determined that all current non-executive directors were independent at the balance date having regard to the factors described in the NZX Corporate Governance Code and ASX Independence Guidelines that may impact director independence.

Access to Information and Advice

New directors participate in an individual induction programme, tailored to meet their particular information requirements.

Directors receive regular reports and comprehensive information on the company's operations before each Board and committee meeting and have unrestricted access to any other information they require. Senior management is also available at and outside each meeting to address queries.

Directors are expected to maintain an up-to-date knowledge of the company's business operations and of the industry sectors within which the company operates. Directors are provided with updates on industry developments and undertake training and regular visits to the company's key operations. The Board also undertakes periodic educational trips (as a group and/or individually) to observe and receive briefings from other companies in the gaming and entertainment industries.

Directors are entitled to obtain independent professional advice (at the expense of the company) on any matter relating to their responsibilities as a director or with respect to any aspect of the company's affairs, provided they have previously notified the Board chair of their intention to do so.

Indemnities and Insurance

The company provides a deed of indemnity in favour of each director and member of senior management and provides professional indemnity insurance cover for directors and executives acting in good faith in the conduct of the company's affairs.

Board Committees

As at the date of this annual report, the Board has four formally appointed standing committees – the Audit Committee, the Risk and Compliance Committee, the People and Culture Committee and the Governance and Nominations Committee. The members of each of these committees are non-executive directors and the non-executive directors of the Board appoint the chair of each committee.

Each of the Board's standing committees operates under a formal charter document as agreed by the Board. Each charter sets out the role and responsibilities of the relevant committee and is available in the Governance section of the company's website at www.skycityentertainmentgroup.com. Each committee charter and the performance of each committee are subject to formal review by the Board on an annual basis or more regularly if required.

From time to time, the Board creates specific sub-committees to deal with a particular matter or matters and/or to have certain decision-making authority as the Board may elect to delegate to that sub-committee.

Board and Committee Membership

The following table lists the members and chair of the SkyCity Board and each of its four formally appointed standing committees as at the date of this annual report and summarises the role and key responsibilities of each committee.

Biographical details of individual directors, and their respective qualifications and experience, are set out on pages 44-46 of this annual report.

BOARD	MEMBERS	APPOINTMENT TO OFFICE
Members	Julian Cook (Chair)	8 June 2021
	Sue Suckling	9 May 2011
	Chad Barton	8 June 2021
	Kate Hughes	8 September 2022
	Glenn Davis	8 September 2022
	David Attenborough	3 March 2023

AUDIT COMMITTEE

Role	Assists the Board in fulfilling its responsibilities relating to financial accounting and reporting, external and internal audit, tax planning and compliance, and treasury matters.
Key Responsibilities	Financial statements and reports Compliance with generally accepted accounting principles Tax planning and compliance Internal and external audit Accounting policies and procedures Expenditure authorities Treasury policy and operations Dividend policy
Members	Chad Barton (Chair) Julian Cook Kate Hughes David Attenborough

RISK AND COMPLIANCE COMMITTEE

Role	Assists the Board in fulfilling its responsibilities relating to risk assessment, management and monitoring, and ongoing regulatory and other legal compliance.
Key Responsibilities	Risk management Business resilience, including business continuity, crisis management and disaster recovery Workplace health and safety and other critical safety and staff wellbeing issues Anti-money laundering compliance Host responsibility and responsible gaming Gaming regulatory compliance and casino licensing Insurance coverage
Members	Kate Hughes (Chair) Julian Cook Sue Suckling Glenn Davis

PEOPLE AND CULTURE COMMITTEE

Role	Oversees the management of the human resource activities of the company, the organisational culture, the senior management structure, senior executive performance, remuneration and incentivisation, and succession planning.
Key Responsibilities	Human resource matters Performance and remuneration Senior personnel structure and effectiveness Senior executive succession planning
Members	Julian Cook (Chair) Chad Barton David Attenborough

GOVERNANCE AND NOMINATIONS COMMITTEE

Role	Monitors the overall governance of the business, Board and committee composition and performance, director independence, conflicts of interest, statutory compliance, and the identification of and planning for emerging issues.
Key Responsibilities	Board structure and performance Board succession planning Appointment and removal of directors Performance evaluation of the Board and its committees Corporate governance best practice
Members	Julian Cook (Chair) Sue Suckling Chad Barton Kate Hughes Glenn Davis David Attenborough

Board and Committee Meeting Attendance

The following table shows director attendance at Board meetings and committee member attendance at committee meetings (both scheduled and unscheduled) during the financial year ended 30 June 2023:

	BOARD	AUDIT AND RISK/AUDIT(1)	RISK AND COMPLIANCE	PEOPLE AND CULTURE	GOVERNANCE AND NOMINATIONS
Total Number of Meetings	**10**	**6**	**5**	**5**	**1**
Julian Cook	10	6	5	5	1
Sue Suckling(2)	6	–	3	–	1
Chad Barton(3)	10	6	1	5	1
Kate Hughes(4)	6	4	5	–	1
Glenn Davis(2)(4)	6	–	3	–	1
David Attenborough(5)	2	1	–	2	–
Silvana Schenone(6)	8	–	–	3	1
Jennifer Owen(7)	5	2	–	–	–

(1) The Audit and Risk Committee was renamed the Audit Committee with effect from 26 August 2022.

(2) Sue Suckling and Glenn Davis were appointed members of the Risk and Compliance Committee effective from 28 October 2022.

(3) Chad Barton was a member of the Risk and Compliance Committee from 26 August 2022 to 28 October 2022 (inclusive) only.

(4) Kate Hughes and Glenn Davis were appointed as directors effective from 8 September 2022.

(5) David Attenborough was appointed as a director effective from 3 March 2023.

(6) Silvana Schenone resigned as a director effective from 31 March 2023.

(7) Jennifer Owen resigned as a director effective from 28 October 2022.

3

Integrity and Ethical Behaviour

For SkyCity, it is important to be a good corporate citizen, whilst operating a sustainable and successful business model. SkyCity expects its Board, management and employees to act in accordance with the company's values, policies and legal obligations and actively promotes ethical and responsible behaviour and decision-making by:

- clarifying and promoting observance of its guiding values; and
- clarifying the standards of ethical behaviour required of company directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operations of the business and its financial performance) and encouraging the observance of those standards.

Training and information on the company's values, policies and legal obligations are provided to all employees on induction and periodically throughout their time at SkyCity.

The SkyCity Board is responsible for monitoring the organisational integrity of business operations to ensure the maintenance of a high standard of ethical behaviour. This includes ensuring that SkyCity operates in compliance with its Code of Conduct (available in the Governance section of the company's website at www.skycityentertainmentgroup.com), which sets out the guiding principles of its relationships with stakeholder groups such as regulators, shareholders, suppliers, customers, community groups and employees.

Compliance with the Code of Conduct is monitored through education and notification by individuals who become aware of any breach. In addition, all senior managers are required annually to provide a confirmation to the company that to the best of their knowledge all business matters undertaken within their areas of responsibility have been conducted in accordance with the Code of Conduct. The most recent annual confirmations were provided by senior managers in August 2023.

Trading in Securities

The company maintains a Securities Trading Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) for directors and employees that sets out guidelines in respect of trading in, or giving recommendations concerning, the company's securities, including derivatives of such listed securities.

Details of any securities trading by directors or executives who are subject to the company's Securities Trading Policy are notified to the Board.

In addition, directors and officers of the company must comply with the disclosure obligations under subpart 6 of the New Zealand Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules and formally disclose their SkyCity shareholdings and other securities holdings to the NZX and, consequently, ASX within prescribed timeframes.

Conflicts of Interest

SkyCity expects its directors and employees to avoid conflicts of interest in their decisions and to avoid any direct or indirect interest, investment, association, or relationship which is likely to, or appears to, interfere with the exercise of their independent judgement.

Where conflicts of interest may arise (or where potential conflicts of interest may arise), directors must formally advise the company or, in the case of an employee, their manager about any matter relating to that conflict (or potential conflict) of interest.

Gaming Prohibition

Directors and employees are not permitted to participate in any gaming or wagering activity at any SkyCity land-based casino.

4

Safeguard the Integrity of the Company's Financial Reporting

The Board is responsible for ensuring that effective policies and procedures are in place to provide confidence in the integrity of the company's financial reporting.

The Audit Committee has responsibility for oversight of the quality, reliability, and accuracy of the company's internal and external financial statements, the quality of the company's external result presentations, and its relationships with its internal and external auditors. The Audit Committee and the Board undertake sufficient inquiry of the company's management and the company's internal and external auditors in order to enable them to be satisfied as to the validity and accuracy of the company's financial reporting. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing that the annual and interim financial statements present a true and fair view of the company's financial condition and results of operations, and comply with relevant accounting standards.

The Audit Committee oversees the independence of the company's internal and external auditors and monitors the scope and quantum of work undertaken and fees paid to the auditors for non-audit services. The Audit Committee has adopted an External Audit Independence Policy that sets out the framework for assessing and maintaining audit independence. The Audit Committee has formally reviewed the independence status of PricewaterhouseCoopers and is satisfied that its objectivity and independence is not compromised as a consequence of non-audit work undertaken for the company. PricewaterhouseCoopers has confirmed to the Audit Committee that it is not aware of any matters that could affect its independence in performing its duties as auditor of the company.

Fees paid to PricewaterhouseCoopers during the financial year ended 30 June 2023 are set out in note 8 to the financial statements. Fees for audit and other assurance work for the financial year ended 30 June 2023 represented 93% of total PricewaterhouseCoopers fees.

5

Timely and Balanced Disclosure

The Board is committed to ensuring timely and balanced disclosure of all material matters concerning the company to ensure compliance with the letter and intent of the NZX and ASX Listing Rules such that:

- all investors have equal and timely access to material information concerning the company, including its financial situation, performance, ownership and governance; and
- company announcements are factual and comprehensive.

SkyCity believes high standards of reporting and disclosure are essential for proper accountability between SkyCity and its investors, employees and stakeholders.

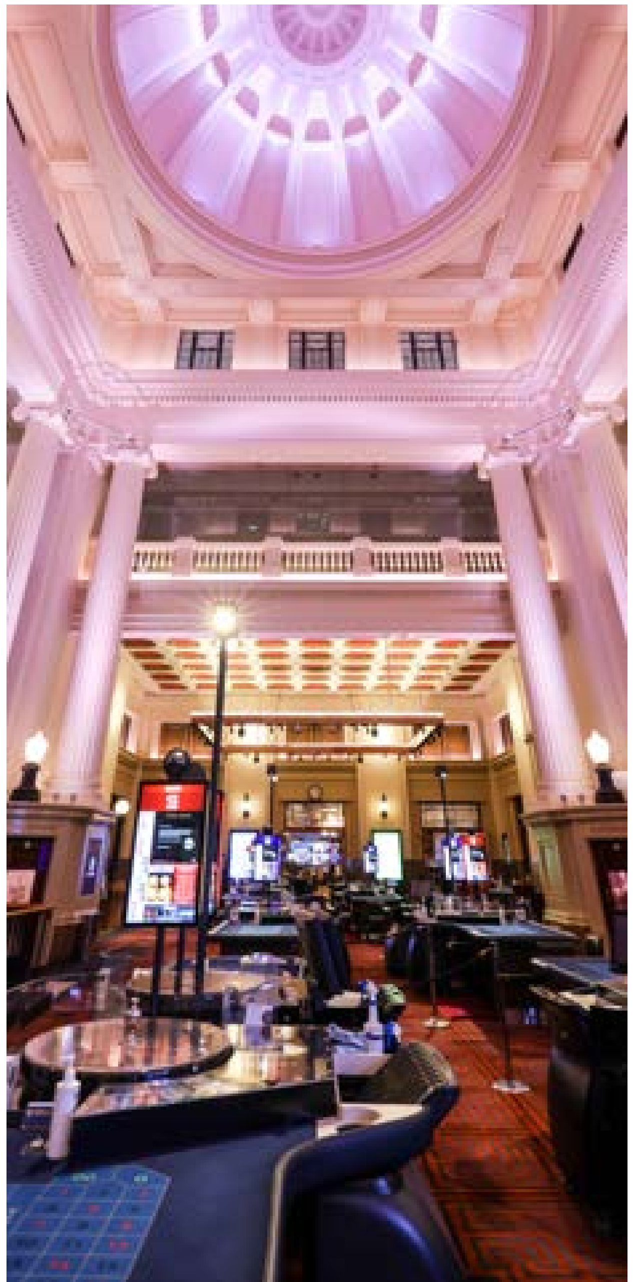
The company is committed to promoting investor confidence by providing timely and balanced disclosure of all material matters relating to SkyCity and its subsidiaries (**SkyCity Group**). The company maintains a Market Disclosure Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) for directors and employees that sets out guidelines in respect of the company's continuous disclosure obligations. The Policy is designed to ensure that SkyCity:

- satisfies the requirements of the New Zealand Financial Markets Conduct Act 2013, Australian Corporations Act 2001, NZX Main Board Listing Rules and ASX Listing Rules;
- meets its disclosure obligations in a way that allows all interested parties equal opportunity to access information;
- meets stakeholders' expectations for equal, timely, balanced and meaningful disclosure; and
- provides guidance on the processes to ensure compliance.

The company is also committed to presenting its financial and key operational performance results in a clear, effective, balanced and timely manner to the stock exchanges on which the company's securities are listed, and to its shareholders, analysts and other market commentators, and ensures that such information is available on the company's website.

The company's annual report (including this annual report) is prepared by the General Counsel for the SkyCity Entertainment Group with input from the Chief Executive Officer and other senior management who bear responsibility for the topics covered in the annual report with a view to ensuring the contents are materially accurate, balanced and provide investors sufficient information about SkyCity and its performance over the relevant financial year. The Board also contributes to and approves the contents of the annual report.

Jo Wong, General Counsel, is the Company Secretary and the Disclosure Officer for SkyCity Entertainment Group Limited and is responsible for bringing to the attention of the Board any matter relevant to the company's disclosure obligations. The Company Secretary is also accountable directly to the Board, through the chair of the Board, on all matters to do with the proper functioning of the Board.



6

Respect and Facilitate the Rights of Shareholders

The company's shareholder communications strategy is designed to facilitate the effective exercise of shareholder rights by:

- communicating effectively with shareholders;
- providing shareholders with ready access to balanced and understandable information about the company and corporate proposals; and
- facilitating participation by shareholders in general meetings of the company.

The company achieves this by:

- ensuring that information about the company (including its corporate governance framework, media releases, current and past annual reports, dividend histories and notices of meeting) is available to all shareholders in the Investor Centre and Governance sections of the company's website at www.skycityentertainmentgroup.com;
- posting stock exchange announcements in the Investor Centre section of the company's website promptly after they have been disclosed to the market;
- giving shareholders the option to receive communications from, and send communications to, the company and its security registry, Computershare, electronically;
- engaging in a programme of regular interactions with institutional investors, shareholder associations and proxy advisers;
- promoting two-way interaction with shareholders, by encouraging shareholders to attend general meetings of the company;
- making appropriate time available at such meetings for shareholders to ask questions of directors and management. Each year, in the company's Notice of Meeting, shareholders are invited to submit questions to the company prior to the annual meeting to enable the company to aggregate the main themes of the questions asked and respond to them at the annual meeting. Representatives of the company's external auditors are also invited to attend the company's annual meeting to answer any shareholder questions concerning their audit and external audit report; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the SkyCity Group.

7

Recognise and Manage Risk

The company maintains a risk management framework for the identification, assessment, monitoring and management of risk to the company's business.

SkyCity maintains an independent, centrally managed Group Risk function which evaluates and reports on risks and controls across the Group. Management is required to report to the Risk and Compliance Committee and Board on the effectiveness of the company's management of its material business risks at least annually.

The Audit Committee approves the assurance plan, with results and performance of the organisation's risk and controls regularly reviewed by the Audit Committee and the external auditors. The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing to the Audit Committee at least annually that the statement in respect of the integrity of the company's financial statements referred to above is founded on a sound system of risk management and internal control which aligns to the policies of the Board, and that the company's risk management and internal control systems are operating efficiently and effectively in all material respects. The most recent confirmations were provided by the Chief Executive Officer and Chief Financial Officer in August 2023.

The company maintains business continuity, material damage and liability insurance cover to ensure that the earnings of the business are well protected from adverse circumstances.

SkyCity's ability to create and preserve value for its shareholders requires the successful execution of its business strategy, while maintaining a sound culture and practices to maintain compliance with responsible gaming frameworks. Risks influencing its ability to do this, including SkyCity's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined on pages 38-43 of this annual report.

8

Performance Evaluation

Evaluation of the Board and its Committees

The Board and committee charters require an evaluation of the Board's and its committees' performance on an annual basis. The Governance and Nominations Committee determines and oversees the process for evaluation, which includes assessment of the role and responsibilities, performance, composition, structure, training and membership requirements of the Board and its committees.

The annual evaluation of the Board's and its committees' performance is generally carried out in the form of a self-evaluation questionnaire completed by each of the directors and select management. From time to time, an independently facilitated evaluation process may be carried out, in addition to or in substitution of the self-evaluation process, for the purpose of evaluating the performance of the Board and its committees.

During the last financial year, the annual evaluation of the Board's and its committees' performance was carried out by way of self-evaluation questionnaires from December 2022 to January 2023, with the results discussed by the Board at a meeting in February 2023.

Evaluation of Senior Management

The Board undertakes the performance review of the Chief Executive Officer and reviews the performance outcomes of those reporting directly to that position in accordance with the company's performance review procedures.

In the case of the Chief Executive Officer, the review generally involves a formal response/feedback process at both the half year and full year. In the case of each senior executive, the review involves a formal response/feedback process between the Chief Executive Officer and each senior executive.

9

Remunerate Fairly and Responsibly

The guiding principles that underpin SkyCity's remuneration policies are to:

- be market competitive at all levels to ensure the company can attract and retain the best available talent;
- be performance-oriented so that remuneration practices recognise and reward high levels of performance and to avoid an entitlement culture;
- provide a significant at-risk component of total remuneration which drives performance to achieve company goals and strategy;
- manage remuneration within levels of cost efficiency and affordability; and
- align remuneration for senior managers with the interests of shareholders.

SkyCity's remuneration strategy and policies are based on a "pay for performance" philosophy.

The People and Culture Committee has reviewed the structure of SkyCity's incentive schemes to ensure they are competitive and effective to enable the company to attract and retain the leadership and talent required to drive business strategy and financial performance in the interests of shareholders. Details of the various employee incentive plans are available in the Remuneration Policy Statement in the Governance section of the company's website at www.skycityentertainmentgroup.com.

Any subsequent change to the company's remuneration strategy and/or policies will continue to reflect SkyCity's "pay for performance" philosophy and drive shareholder value.

Remuneration Report

I am pleased to present the remuneration report for the financial year ended 30 June 2023, which outlines SkyCity's remuneration frameworks and plans, including detailed remuneration information for the Chief Executive Officer and non-executive directors and outcomes for the financial year ended 30 June 2023.

Over the last financial year, the People and Culture Committee has continued to review SkyCity's employee incentive plans to ensure that they are appropriately designed around robust risk and compliance settings within the business, particularly in the areas of AML, host responsibility and health and safety, as well as provide suitable reward and retention for executives and other participants in the plans. The changes made to these plans over the last financial year are detailed in this remuneration report. The Committee will continue to review these incentive plans over the coming year with a particular focus on the executive long term incentive plan. Details of the various incentive plans are detailed in this remuneration report and the Remuneration Policy Statement available in the Governance section of the company's website at www.skycityentertainmentgroup.com.

Detailed in this remuneration report are the employment and remuneration arrangements for the Chief Executive Officer. Mr Ahearne's remuneration package for the financial year ended 30 June 2023 included a short term incentive component with a target of $750,000, replacing his annual share entitlement – noting Mr Ahearne did not receive a long term incentive grant in the financial year. For the financial year ended 30 June 2024, Mr Ahearne's remuneration package includes a short term incentive component with a target of $750,000, again replacing his annual share entitlement.

In determining Mr Ahearne's outcome for the short term incentive for the financial year ended 30 June 2023, the Board assessed the company's financial performance and performance against key strategic objectives and key compliance goals (including in relation to AML, health and safety and host responsibility matters). Mr Ahearne recommended to the Board that he, along with senior executives and other participants in the company's Short Term Incentive Plan and Performance Incentive Plan, should have a reduction of 25% applied to the outcomes under the Plans to reflect the AUSTRAC enforcement action and the independent review conducted by Consumer and Business Services (the South Australian gaming regulator) in respect of SkyCity Adelaide. The Board agreed and, accordingly, exercised its discretion allowed under the Plans and applied a 25% reduction to Mr Ahearne's short term incentive outcome and the short term incentive and deferred short term incentive outcomes for senior executives and other participants in the Plans – 458 participants in total. Further details of the short term incentive outcome for Mr Ahearne and other participants in the Plans are provided in this remuneration report.

For the financial year ended 30 June 2023, the company's Short Term Incentive Plan and Performance Incentive Plan have been amended to include:

- a clearer balanced scorecard for participants whereby the achievement of incentives is calculated by reference to three specific goals each having a set percentage weighting – being financial goals, individual key performance indicators (**KPIs**) and company-wide compliance goals:
  - the financial and individual KPI components of the Plans account for 80% of the overall goals; and
  - the company-wide compliance goals account for the remaining 20% of the goals; and
- a new company compliance gateway and a revised financial gateway have been put in place;
  - the new company compliance gateway requires acceptable achievement of the company-wide compliance goals, as determined by the Board; and
  - the revised financial gateway requires SkyCity's normalised Group net profit after tax (**Normalised Group NPAT**) for the relevant financial year to exceed 90% of the budgeted Normalised Group NPAT for that year, alongside the individual non-financial gateway.

These amendments to the Plans, in addition to the inclusion of malus provisions in all SkyCity employee incentive plans in FY22, ensure that our incentives are responsive to any compliance breaches and that any underperformance in compliance has consequences for participants.

Amendments were also made to the company's long term incentive plan, the Executive Long Term Incentive Restricted Share Rights Plan, for the financial year ended 30 June 2023 - with a grant being made to senior executives (excluding the Chief Executive Officer) in September 2022. Material enhancements made to this Plan included:

- a change in the structure of the Plan, moving from a loan and issue of bonus conditional shares to an issue of restricted share rights which removes significant complexity and administrative burden;
- removal of a competitor comparator tranche;
- the introduction of a positive total shareholder return gate; and
- enhancements to Board discretion prior to vesting in relation to consideration of regulatory, risk and compliance objectives.

Further details of the enhancements to the Executive Long Term Incentive Restricted Share Rights Plan for the financial year ended 30 June 2023 are detailed in this remuneration report.

The Chief Executive Officer did not receive a salary increase for the financial year ended 30 June 2023, however selected senior executives received salary increases effective from 1 July 2022. These increases followed an independent review of salary movements for executives in the markets in which we operate. This remuneration review also included all salaried employees, and was the first remuneration review for salaried employees since October 2019. For the financial year ending 30 June 2024, the People and Culture Committee has reviewed relevant market information provided by independent remuneration consultants and determined that, select senior executives, excluding the Chief Executive Officer, will receive salary increases effective from 1 October 2023. The Committee intends to undertake a full review of executive remuneration in the current financial year to ensure the balance of fixed, short term and long term remuneration components align to the market and our ability to continue to reward, retain and attract high calibre executives. This review may involve further increases to some senior executives' fixed remuneration during the 2024 financial year as well as modifications to target incentive percentages under the Performance Incentive Plan and the Executive Long Term Incentive Restricted Share Rights Plan.

I am delighted that our overall New Zealand gender pay gap has decreased to 4.4%, from 6.8% last year and 8.2% when we first started publicising our pay gap in 2019. This is a testament to the effort and involvement of the entire business in making SkyCity an inclusive and diverse place to work, where our people can thrive and have excellent opportunities.

The Board intends to seek an increase to the non-executive directors' fee pool at the upcoming 2023 SkyCity Annual Meeting. This increase will provide the Board with sufficient headroom to appoint a seventh director over the coming year and to meet the fees payable to the independent non-executive directors on the separate SkyCity Adelaide Board and any ad-hoc Committee fees. It will not be used to increase the existing non-executive director fees as outlined on page 116 of this annual report.

Base non-executive director fees were last increased by 2% in 2018. Since then, the CPI has increased by more than 18% and the median fees across comparator companies have increased by up to 16%. The workload, risk and skill requirements at the Board have increased significantly over recent years reflecting the heightened regulatory focus. The Board has also been fully refreshed over the last two years in order to meet the governance needs of the company today and going forward. Payment of an appropriate level of fees is important to attract and retain suitable directors. However, the Board has determined not to increase the existing per director fees this year given the ongoing AUSTRAC proceedings against SkyCity Adelaide. The Board currently intends to seek shareholder approval for an increase to the non-executive directors' fee pool at the 2024 SkyCity Annual Meeting to permit an appropriate increase in per director fees.

Julian Cook
Chair
People and Culture Committee

Non-Executive Directors Fees

This section details the fees paid to non-executive directors.

Shareholders at the annual meeting determine the total remuneration available to the company's non-executive directors. At the 2018 Annual Meeting, shareholders approved, effective from 1 July 2018, a total remuneration amount for non-executive directors of $1,440,000 per annum (plus GST, if any).

The company's Policy on Non-Executive Director Remuneration (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) sets out a framework for SkyCity to attract and retain qualified, highly capable directors for the purpose of driving value and maintaining the highest standards of corporate governance on behalf of shareholders. The guiding principles that underpin the Policy are that:

- non-executive director remuneration will be regularly benchmarked against external comparator markets to ensure it is broadly in line with that payable in other large publicly-listed companies in Australasia; and
- the incremental accountability and commitment that accompanies specific roles will be recognised in the company's non-executive director remuneration structure.

The People and Culture Committee is responsible for making recommendations to the Board annually on non-executive director remuneration changes. In turn, the Board seeks shareholder approval for any proposed increase to the total remuneration pool under the Policy on Non-Executive Director Remuneration.

During the past financial year, the Board reviewed SkyCity's current total non-executive director remuneration pool and Board and Committee fees against a comparator group and available data on board fee movements in both New Zealand and Australia. Following this review, the Board has resolved to seek shareholder approval at the company's upcoming 2023 Annual Meeting in October 2023 for an increase to the total remuneration pool effective from 1 July 2023 to provide the Board with sufficient headroom to appoint an additional non-executive director during the current financial year and to meet the fees payable to the independent non-executive directors on the separate SkyCity Adelaide Board and any ad-hoc Committee fees – full details of which will be set out in the company's 2023 Notice of Meeting. The Board will not increase the existing per director fees this year (as outlined in the table below), but intends to seek shareholder approval to increase the non-executive directors' fee pool at the 2024 SkyCity Annual Meeting to ensure fees remain appropriate.

The following table outlines the non-executive directors' fees (exclusive of GST, if any) for the Board and its Committees as at 30 June 2023:

BOARD/COMMITTEE	POSITION	FEES (per financial year)
Board	Chair	$280,000
	Non-Executive Director	$128,500
Audit Committee	Chair	$35,000
	Member	$15,000
Risk and Compliance Committee	Chair	$35,000
	Member	$15,000
People and Culture Committee	Chair	$35,000
	Member	$15,000
Governance and Nominations Committee	All non-executive directors are members of this Committee, but receive no additional fees for this Committee	

In addition to directors' fees, non-executive directors may also receive remuneration for additional services provided to the company outside of their capacities as directors of the company at the discretion of the Board and subject to the maximum remuneration amount which has been approved by the shareholders of the company. SkyCity also meets the expenses incurred by directors in relation to company matters, which are incidental to the performance of their duties, including travel.

Fees payable to non-executive directors of SkyCity's subsidiary companies are detailed on page 134 of this annual report.

Non-Executive Director Fees for the Year Ended 30 June 2023

Remuneration paid to, and other benefits received by, non-executive directors for services in their capacity as directors of the company or any subsidiary company during the financial year ended 30 June 2023 and, comparatively during the financial year ended 30 June 2022, are listed in the table below:

DIRECTOR	FINANCIAL YEAR	SKYCITY ENTERTAINMENT GROUP BOARD AND COMMITTEE FEES	OTHER BENEFITS	TOTAL
Julian Cook	**2023**	**$300,000.00**(1)	**$32,500.00** (2)	**$332,500.00**
	2022	$234,250.00	–	$234,250.00
Sue Suckling	**2023**	**$144,074.20**	**$5,148.75**(3)	**$149,222.95**
	2022	$163,500.00	$4,475.95(3)	$167,975.95
Chad Barton	**2023**	**$174,699.77**	**–**	**$174,699.77**
	2022	$158,500.00	–	$158,500.00
Kate Hughes(4)	**2023**	**$142,963.93**	**$29,315.06**(5)	**$172,278.99**
	2022	–	–	–
Glenn Davis(4)	**2023**	**$114,372.60**	**$75,955.40**(2) **$28,164.38**(5)	**$218,492.38**
	2022	–	–	–
David Attenborough(6)	**2023**	**$49,834.59**	**$704.11**(7)	**$50,538.70**
	2022	–		–
Silvana Schenone(8)	**2023**	**$109,943.49**		**$109,943.49**
	2022	$158,500.00	–	$158,500.00
Jennifer Owen(9)	**2023**	**$53,417.47**	**–**	**$53,417.47**
	2022	$167,250.00	–	$167,250.00

The figures shown are gross amounts and exclude GST where applicable.

(1) Includes $20,000 for additional services provided to the People and Culture Committee.

(2) Being fees payable as a director of the Board of SkyCity Adelaide Pty Limited.

(3) Being premiums paid to SkyCity's health insurance provider during the period for the relevant director, who received the benefit of a health insurance plan that SkyCity offers to all of its employees (either at no cost or at a discounted rate).

(4) Kate Hughes and Glenn Davis were appointed as directors effective from 8 September 2022.

(5) Being fees payable for consultancy services provided to the company for the period from 20 June 2022 to 7 September 2022 (inclusive) prior to his/her appointment as a director on 8 September 2022. Individuals who are invited by the SkyCity Board to join the Board as non-executive directors are appointed subject to the company obtaining the approval of the regulatory authorities in each of the gaming jurisdictions in which the company operates (a process which usually takes some months to conclude) and are entitled to receive remuneration for consultancy services provided to the company pending receipt of the requisite approvals.

(6) David Attenborough was appointed as a director effective from 3 March 2023.

(7) Being fees payable for consultancy services provided to the company for the period from 1 to 2 March 2023 (inclusive) prior to his appointment as a director on 3 March 2023. Individuals who are invited by the SkyCity Board to join the Board as non-executive directors are appointed subject to the company obtaining the approval of the regulatory authorities in each of the gaming jurisdictions in which the company operates (a process which usually takes some months to conclude) and are entitled to receive remuneration for consultancy services provided to the company pending receipt of the requisite approvals.

(8) Silvana Schenone retired as a director effective from 31 March 2023.

(9) Jennifer Owen retired as a director effective from 28 October 2022.

Share Ownership in SkyCity

To further align non-executive directors' interests with those of shareholders, each non-executive director is encouraged, over a period of two years from appointment, to build up and retain shares in the company (purchased on market by each non-executive director) equivalent to at least one year of their base non-executive director fees. Following this initial two-year period, non-executive directors are then encouraged to acquire 15% of their base director fees per year in shares in the company.

The directors disclosed the following relevant interests in SkyCity shares as at 30 June 2023:

DIRECTOR	SHARES BENEFICIALLY HELD	PERCENTAGE OF BASE FEE RETAINED IN SHARES (Based on the value at the relevant purchase date)	PERCENTAGE OF BASE FEE RETAINED IN SHARES (Based on the value at 30 June 2023)(5)
Julian Cook	100,000(1)	123%	82%
Sue Suckling	60,949(2)	163%	109%
Chad Barton	60,000(3)	135%	107%
Kate Hughes	8,300	16%	15%
Glenn Davis(4)	–	–	–
David Attenborough (4)	–	–	–

(1) *Shares held by Motutapu Investments Limited.*

(2) *Shares held by the trustees of The Sue Suckling Family Trust.*

(3) *Shares held by the trustee of the Casheaw Super Fund.*

(4) *Glenn Davis and David Attenborough were restricted from acquiring shares in SkyCity during FY23 as a result of restrictions in the SkyCity Securities Trading Policy.*

(5) *Based on a closing price on 30 June 2023 of $2.29 per share.*

Remuneration of Employees

This section details the company's approach to remuneration frameworks, outcomes and performance of SkyCity's Chief Executive Officer, other Group executives and employees for the financial year ended 30 June 2023.

A. Remuneration of Group Executives

Remuneration components are offered in the context of a total remuneration package, measured on a "total cost to the company" basis. The remuneration arrangements for each Group executive (with the exception of the Chief Executive Officer) comprise both fixed and variable remuneration where:

- the fixed portion comprises a base salary, a KiwiSaver/superannuation contribution and a limited number of other benefits; and
- the variable portion comprises both short term incentive (**STI**) at-risk remuneration and long term incentive (**LTI**) at-risk remuneration.

The remuneration arrangements for the Chief Executive Officer are detailed in the 'Remuneration of Chief Executive Officer' section on pages 123-124 of this annual report.

The Board determines appropriate levels of fixed remuneration taking into account recommendations from the People and Culture Committee. The STI component is based on performance against both key financial and non-financial measures and all STI bonuses are at the ultimate discretion of the Board.

To further align the Group executives' interests with those of shareholders, each Group executive is encouraged, over a period of five years, to build up and retain shares in the company (acquired under the SkyCity Performance Incentive Plan, the 2018 SkyCity Executive Long Term Incentive Plan and/or the Executive Long Term Incentive Restricted Share Rights Plan) equivalent to at least one year of their base salary.

The disclosures in this remuneration report reflect the total rewards earned by, although not necessarily paid to, Group executives for the financial year ended 30 June 2023 as the Board believes this approach more appropriately describes executive pay and performance. Accordingly, the disclosures include the STI and LTI components earned by Group executives in respect of the financial year ended 30 June 2023.

Fixed Remuneration

The company endeavours to set fixed remuneration at levels that are relative to similar positions in the appropriate market and, for "casino-specific" positions, account is taken of salaries within the wider sector, including Australia. Fixed remuneration is reviewed annually for each Group executive and, when appropriate, the People and Culture Committee approves remuneration increases for Group executives.

Variable Remuneration

Short Term Incentive Remuneration

To drive outstanding company and individual performance, SkyCity introduced the SkyCity Performance Incentive Plan (**PIP**) for Group executives and senior managers in 2018. The PIP:

- recognises and rewards short and medium term performance by providing participants an opportunity to be further aligned with shareholders' interests by earning, subject to the company achieving its financial performance gateway, an incentive award which is delivered in cash and deferred equity awards (in the form of restricted share rights in the company); and
- provides participants the opportunity to earn a cash payment under a STI scheme and acquire restricted share rights under a deferred STI scheme.

STI Scheme Component of PIP

STI awards are delivered in cash at the end of the financial year following the completion of the external audit of the company's year-end results, where the maximum award under the STI is 120% of the target award (previously 150%).

Deferred STI Scheme Component of PIP

The deferred STI scheme under the PIP offers participants, subject to the relevant STI performance conditions being met, the opportunity to acquire restricted share rights of an amount equivalent to between 10% and 30% of their base salary. Restricted share rights (if any) issued to a participant on a STI cash payment date (**Declaration Date**) will only vest if that participant remains an employee up and until:

- the first anniversary of the Declaration Date in respect of 50% of the restricted share rights; and
- the second anniversary of the Declaration Date in respect of the remaining 50% of the restricted share rights.

However, if a participant's deferred STI entitlement in any financial year is to restricted share rights having a value of $10,000 or less (calculated using the volume-weighted average sale price of SkyCity shares used to determine the number of restricted share rights to be issued to the participant), the restricted share rights will not be split out equally into two separate tranches, but will instead comprise one tranche and (subject to the vesting criteria being satisfied) vest to the participant on the first anniversary of the Declaration Date.

Upon vesting, a participant will be allocated one ordinary share in the company for each restricted share right that vests as soon as practicable after the relevant anniversary of the Declaration Date. Subject to complying with the company's Securities Trading Policy and Code of Conduct, participants are free to sell, transfer or otherwise deal with shares issued to them under the PIP (subject to minimum shareholding requirements for the Chief Executive Officer and other Group executives).

The intention of the deferred STI component under the PIP is to act both as a retention and an engagement tool. Any unvested restricted share rights will be forfeited if a participant ceases to be employed by SkyCity (or a company in the SkyCity Group) before the relevant Declaration Date, although the Board has discretion to determine otherwise such as where a participant ceases to be an employee due to injury, permanent disability, ill health or redundancy or death.

Participants do not have the right to receive dividends in respect of restricted share rights, however if any restricted share rights vest and shares are issued or transferred to a participant, then that participant may receive at the Board's sole discretion, a cash payment equivalent to the cash dividends declared and paid from the date of issue of the restricted share rights to the date the shares are issued or transferred to that participant. The cash payment will not include any imputation credits, franking credits or similar benefits in respect of such dividends.

In the event that a genuine error is made by, or on behalf of, the Board or the company in determining any entitlement under the PIP, including where the company's financial statements are subsequently required to be restated, the Board may seek to recover from a participant the value of any benefits erroneously awarded to a participant under the PIP.

Restricted share rights issued under the PIP may not be transferred, assigned or disposed of and participants may not create any interest in favour of any third party over the restricted share rights (except with Board approval).

Group Executive STI Remuneration for the Financial Year ended 30 June 2023

For the financial year ended 30 June 2023, offers made under the PIP included company risk goals as part of a balanced scorecard, which also included individual financial and non-financial goals. The company risk goals accounted for 20% of the target outcome with the individual financial and non-financial goals comprising in aggregate 80% of target.

By way of example, the high level balanced scorecard for the Chief Executive Officer, including weightings for the three goal categories, is set out in the table below. These goals will cascade down appropriately through the organisation and recognise the focus for each individual through their non-financial goals. The compliance goals are standardised across all salaried roles and are pre-populated into the performance system.

GOAL CATEGORY	GOAL	WEIGHTING
Financial	Achievement of company NPAT target	50%
Non-Financial	A number of non-financial objectives specific to the individual concerned based on the strategic priorities for the Group	30%
Compliance	Goals specifically relating to anti-money laundering, host responsibility, and health and safety	20%

For the financial year ended 30 June 2023, the Board exercised its discretion under the PIP and STI plan by implementing a modifier to the outcomes for the Chief Executive Officer, Group executives and other participants in the incentive plans. The modifier was a reduction of 25% across all balanced scorecard elements of the plans. The Board determined that the company compliance gateway, being acceptable achievement of the company compliance goals, was met, and further determined that the company compliance scorecard (which includes goals and measurements of SkyCity's performance against health and safety, anti-money laundering and host responsibility targets) received a score in aggregate of 11.7 out of 20 (58%).

For the financial year ending 30 June 2024, 390 employees will be invited to participate in the STI plan and a further 97 employees will be invited to participate in the PIP.

Long Term Incentive Remuneration

In the financial year ended 30 June 2023, grants were made to Group executives (excluding the Chief Executive Officer) under the Executive Long Term Incentive Restricted Share Rights Plan.

During the financial year ended 30 June 2023, the following vesting calculations were completed in relation to allocations made to participants in August 2019 under the 2018 SkyCity Executive Long Term Incentive Plan as follows:

- **August 2019 allocation:** the first (and final) test was completed and resulted in 16.7% of the shares vesting to participants in respect of the 2019 allocation. The unvested shares (83.3%) were accordingly forfeited in accordance with the terms of the 2018 SkyCity Senior Executive Long Term Incentive Plan.

From time to time as directed by SkyCity, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans. As at 30 June 2023, the Public Trust held a total of 2,087,978 shares – 648,818 of which were allocated and held on behalf of eligible participants and 1,439,160 of which were unallocated and held on behalf of future participants in the company's employee incentive plans.

Executive Long Term Incentive Restricted Share Rights Plan

The Executive Long Term Incentive Restricted Share Rights Plan (**Long Term RSR Plan**) was introduced in 2022 to replace the 2018 SkyCity Executive Long Term Incentive Plan (as detailed below). The following enhancements were included in the Long Term RSR Plan:

- introduction of a total shareholder return gate - the Long Term RSR Plan requires that SkyCity's total shareholder return be greater than zero over the restrictive period in order for any shares to vest in respect of the 'Absolute TSR Tranche', 'NZX Comparator Group Tranche' and 'ASX Comparator Group Tranche';
- removal of the competitor comparator group tranche – following the delisting of Crown Resorts Limited from the ASX, the Board reviewed this hurdle and determined that, due to limited suitable competitors being available on the ASX or NZX, this tranche should be removed from the Plan;
- enhancement to Board discretion – invitation letters to Group executives include explicit mention of the ability for the Board to exercise its discretion prior to vesting (regardless of performance conditions) if it is appropriate to do so to reflect the company's performance or non-performance in meeting its regulatory, risk and compliance obligations; and
- change in plan vehicle – the Long Term RSR Plan is a share-based performance incentive which delivers potential rewards utilising restricted share rights (**RSRs**). RSRs issued to participants will only vest if that participant remains an employee throughout the restrictive period and the relevant performance hurdles are achieved. Upon the vesting criteria being met, participants will be allocated one ordinary SkyCity share for each RSR that vests.

The Long Term RSR Plan is similar to the 2018 SkyCity Long Term Incentive Plan in that it aligns remuneration with the creation of shareholder value over the long term through absolute and relative total shareholder return (**TSR**) measures:

- 50% of the shares are allocated to an absolute TSR tranche which includes a cost of equity premium;
- the remaining 50% of the shares are allocated equally to each of an NZX comparator group tranche and an ASX comparator group tranche; and
- performance is assessed three years after the issue of the shares, with no retesting dates in the event the performance hurdles are not satisfied as at that date.

In order to determine whether any shares will vest in a participant following the three-year restrictive period for those shares, each tranche is measured against the performance hurdle for that tranche on the performance testing date for those shares, where the performance hurdle for each of the tranches is:

- for the absolute TSR tranche, a comparison of SkyCity's TSR over the restrictive period against the cost of equity for the SkyCity Group over the restrictive period as determined by the Board;
- for the NZX comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of the constituent entities of the NZX 50 index (as at the grant date, other than SkyCity) over the same period; and
- for the ASX comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of the constituent entities of the ASX 200 index (as at the grant date, other than SkyCity) over the same period.

The maximum award under the Long Term RSR Plan is 100% of the relevant grant allocation.

The transfer of shares to participants at the end of the three-year restrictive period is dependent on satisfaction of the performance conditions and continued employment with SkyCity. If a participant resigns or is dismissed for misconduct or poor performance before the end of the restrictive period, any unvested shares will be forfeited, unless SkyCity terminates the employment of a Group executive without cause, a Group executive ceases employment as a result of a material change to the terms and conditions of his/her employment which results in a diminution of that Group executive's role, status and responsibility in the period of 12 months immediately preceding a performance testing date or a Group executive dies or ceases to be an employee due to medical incapacity or permanent disability.

In the event that a genuine error is made by, or on behalf of, the Board or the company in determining a participant's entitlement under the Long Term RSR Plan, including where the company's or a third party's financial statements are subsequently required to be restated, the Board may seek to recover from a participant the value of any shares erroneously determined to have vested to that participant.

Until the restrictive period for the relevant shares has ended a participant may not sell the RSRs or use them as security for any loan.

2018 SkyCity Executive Long Term Incentive Plan

The 2018 SkyCity Executive Long Term Incentive Plan provides participants with financial assistance by way of an interest-free loan by a subsidiary of the company to acquire shares in the company. A trustee holds legal title to the relevant shares on behalf of those participants for a restrictive period of three years until the following performance hurdles are tested:

- 50% of the shares are allocated to an absolute TSR tranche which includes a cost of equity premium;
- the remaining 50% of the shares are allocated equally to each of an NZX comparator group tranche, an ASX comparator group tranche and a competitor comparator group tranche; and
- performance is assessed three years after the issue of the shares, with no retesting dates in the event the performance hurdles are not satisfied as at that date.

In order to determine whether any shares will vest in a participant following the three-year restrictive period for those shares, each tranche is measured against the performance hurdle for that tranche on the performance testing date for those shares, where the performance hurdle for each of the tranches is:

- for the absolute TSR tranche, a comparison of SkyCity's TSR over the restrictive period against the cost of equity for the SkyCity Group over the restrictive period as determined by the Board;
- for the NZX comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of the constituent entities of the NZX 50 index (as at the grant date, other than SkyCity) over the same period;
- for the ASX comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of the constituent entities of the ASX 200 index (as at the grant date, other than SkyCity) over the same period; and
- for the competitor comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of Crown Resorts Limited and The Star Entertainment Group Limited over the same period. Due to the delisting of Crown Resorts Limited from the ASX in June 2022, the Board reviewed this hurdle as required under the performance hurdle schedule of the disclosure statement for the Plan. Under the schedule, if this situation arises during the restrictive period, the Board will remove the entity from the comparator group and can substitute another entity in its place. The Board decided not to substitute Crown Resorts with another entity – as such, The Star Entertainment Group Limited will now be the sole comparator for the 2019, 2020 and 2021 LTI grants.

The maximum award under the 2018 SkyCity Executive Long Term Incentive Plan is 100% of the relevant grant allocation.

The transfer of shares to participants at the end of the three-year restrictive period is dependent on satisfaction of the performance conditions and continued employment with SkyCity. If a participant resigns or is dismissed for misconduct or poor performance before the end of the restrictive period, any unvested shares will be forfeited, unless SkyCity terminates the employment of a Group executive without cause, a Group executive ceases employment as a result of a material change to the terms and conditions of his/her employment which results in a diminution of that Group executive's role, status and responsibility in the period of 12 months immediately preceding a performance testing date or a Group executive dies or ceases to be an employee due to medical incapacity or permanent disability.

In the event that a genuine error is made by, or on behalf of, the Board or the company in determining a participant's entitlement under the 2018 SkyCity Executive Long Term Incentive Plan, including where the company's or a third party's financial statements are subsequently required to be restated, the Board may seek to recover from a participant the value of any shares erroneously determined to have vested to that participant.

Until the restrictive period for the relevant shares has ended and the relevant loan on those shares is repaid, a participant may not sell those shares or use them as security for another loan.

As at 30 June 2023, a total of 648,818 shares were issued under the 2018 SkyCity Executive Long Term Incentive Plan and held by the Public Trust on behalf of seven participants. The shares vest in a participant only when performance hurdles set by the Board of directors are met.

B. Remuneration of Salaried Employees

All salaried roles within SkyCity are sized using a recognised methodology to measure the impact, accountability and complexity of each role as it contributes to the organisation. Remuneration data is obtained from several sources to determine remuneration ranges by job band or level to ensure competitiveness at both base salary and total remuneration levels.

Individual remuneration is set within the appropriate range considering such matters as individual performance, scarcity/availability of resource/skill, internal relativities and specific business needs. This process ensures internal equity between roles and allows comparison with the overall market. Remuneration ranges are reviewed annually to reflect market movements.

C. Remuneration of Chief Executive Officer

Michael Ahearne's remuneration package is paid using a total remuneration approach whereby the contribution to KiwiSaver is packaged and can be taken as base salary if requested.

The total remuneration earned by Mr Ahearne for duties relating to the Chief Executive Officer position for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 is outlined in the following table:

	PERIOD	FY23	FY22	FY21[6]
SALARY AND BENEFITS	Base salary	**$1,500,000**	$1,463,488	$912,994
	KiwiSaver	**Nil**	Nil	$29,680
	Benefits	**$5,800**	$4,533	$2,783
	Other Payments	**$955**[1]	$11,620[1]	Nil
	Subtotal	**$1,506,755**	$1,479,961	$945,457
SHORT TERM INCENTIVES	STI Outcome	**$585,563** [2]	Nil	Nil
EQUITY BASED REMUNERATION	Annual Share Entitlement	**Nil**	$500,000[4]	$500,000[5]
	LTI Grant	**Nil**	Nil	Nil
	Annualised Value of Retention LTI Grant	**$875,000**[3]	$875,000[3]	Nil
	Subtotal	**$1,460,563**	$1,375,000	$500,000
TOTAL	Total Remuneration	**$2,967,318**	$2,854,961	$1,445,457

(1) *Reflects payments equivalent to the cash dividends declared and paid by SkyCity from the date of issue of restricted share rights under his annual share entitlement to the date they were transferred to Mr Ahearne.*

(2) *Reflects the short term incentives earned in FY23, but not paid until September 2023.*

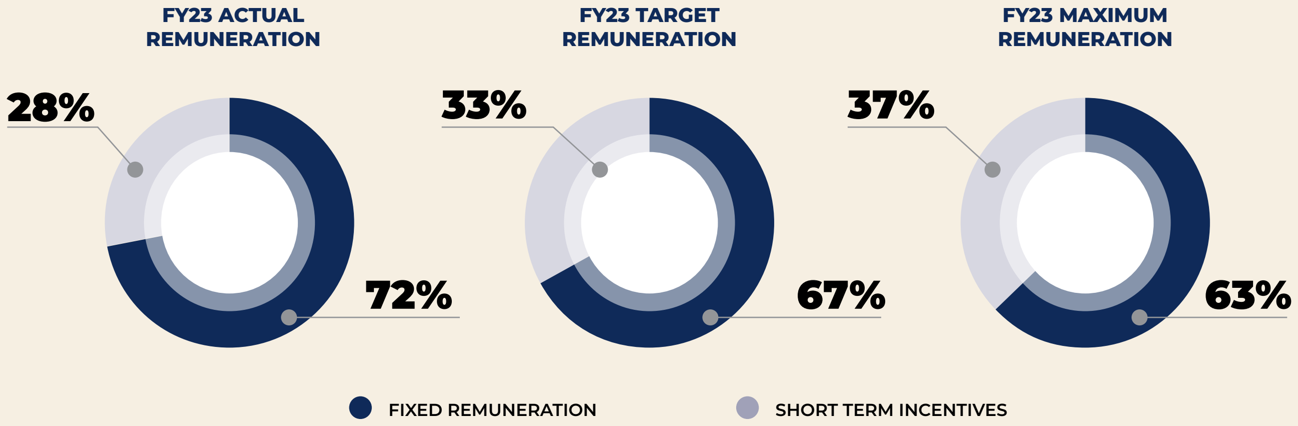
(3) *Total value of the Retention LTI is $3,000,000 split into two equal tranches. Tranche one vests in three years and tranche two vests in four years. The annualised value is reflected in the table.*

(4) *Calculated on the basis of 157,347 SkyCity shares issued to Mr Ahearne on the anniversary of his commencement in the role of Chief Executive Officer, which vested on 16 November 2022.*

(5) *Calculated on the basis of 166,003 SkyCity shares issued to Mr Ahearne on his commencement in the role of Chief Executive Officer which vested on 16 November 2021.*

(6) *Covers the period from 16 November to 30 June 2021.*

The graphs below show the mix of remuneration that was earned by Mr Ahearne for his performance over the financial year ended 30 June 2023 for his position as Chief Executive Officer, alongside graphs illustrating the target and maximum remuneration mixes.



STI Outcome for FY23

Mr Ahearne's STI outcome for the year ended 30 June 2023 was determined by the Board giving consideration to his and the Group's achievement of the balanced scorecard objectives, being the company NPAT target, the non-financial objectives based on the strategic priorities for the Group, and a set of goals specifically relating to anti-money laundering, host responsibility and health and safety. As described in the 'Group Executive STI Remuneration for the Financial Year ended 30 June 2023' section earlier, a modifier, being a reduction of 25% across all balanced scorecard elements, was applied to Mr Ahearne's STI outcome. This will result in a cash payment of $585,563, to be made in September 2023, representing 78% of the STI target amount and 65% of the STI maximum.

The following equity-based incentives vested to Mr Ahearne in the financial year ended 30 June 2023:

PLAN	GRANT YEAR	VESTING DATE	SECURITIES	PERFORMANCE PERIOD	VESTING MEASURE	VESTING OUTCOME	SHARES VESTED	VALUE ON VESTING
2018 SkyCity Executive Long Term Incentive Plan	FY20	29 August 2022	LTI Performance Shares	28 August 2019 to 28 August 2022	Absolute and relative TSR measures	16.7% vested	8,770	$25,258(1)
SkyCity Performance Incentive Plan	FY20	7 September 2022	Restricted Share Rights	1 July 2019 to 30 June 2020	Financial and non-financial objectives	100% vested	13,648	$37,396(2)
Annual Share Entitlement	FY21	17 November 2022	SkyCity Shares	16 November 2021 to 16 November 2022	Ongoing employment	100% vested	157,347	$446,865(2)

(1) *Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the closing price on 29 August 2022 (being $2.88 per share).*

(2) *Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the closing price on 7 September 2022 (being $2.74 per share).*

(3) *Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the closing price on 17 November 2022 (being $2.84 per share).*

Pay Gap

Mr Ahearne's base salary remuneration ratio to the median annualised employee base salary is 25.

Employment Agreement

Mr Ahearne's employment agreement for the position of Chief Executive Officer is dated 13 November 2020 and reflects standard conditions that are appropriate for a senior executive of a listed Australasian company.

Mr Ahearne's employment agreement may be terminated by:

- either Mr Ahearne or the company by giving six months' notice in writing;
- the company without notice in the case of serious misconduct, serious breach (including substantial non-performance) or other cause justifying summary dismissal; or
- the company immediately if the SkyCity Board forms the view that substantial incompatibility and/or irreconcilable differences have developed with Mr Ahearne or the Board otherwise wishes to terminate his employment when he is not at fault (including a redundancy situation or medical incapacity).

FY23 Employee Remuneration

The numbers of employees or former employees of the company and its subsidiaries, not being directors of the company, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of $100,000 and was paid to those employees during the financial year ended 30 June 2023, are listed in the table opposite.

For the purposes of the table, remuneration includes, where applicable (if any):

(a) salary;

(b) short term cash bonuses;

(c) health insurance premiums and other health benefits;

(d) the value of shares expected to vest under the 2022 SkyCity Performance Incentive Plan;

(e) the value of share rights expensed during the year (including PAYE and PAYG on vested share rights, but excluding accrued PAYE and PAYG on unvested share rights) under the 2018 SkyCity Executive Long Term Incentive Plan and the Executive Long Term Restricted Share Rights Plan;

(f) the value of commencement shares expensed during the year;

(g) sign-on cash payments; and

(h) settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company.

REMUNERATION	NUMBER OF EMPLOYEES
$100,000–$109,999	121
$110,000–$119,999	71
$120,000–$129,999	62
$130,000–$139,999	31
$140,000–$149,999	31
$150,000–$159,999	20
$160,000–$169,999	22
$170,000–$179,999	20
$180,000–$189,999	11
$190,000–$199,999	12
$200,000–$209,999	13
$210,000–$219,999	6
$220,000–$229,999	9
$230,000–$239,999	7
$240,000–$249,999	4
$250,000–$259,999	3
$260,000–$269,999	4
$270,000-$279,999	3
$280,000-$289,999	8
$290,000-$299,999	2
$300,000-$309,999	3
$320,000-$329,999	2
$330,000-$339,999	1
$350,000-$359,999	3
$370,000-$379,999	1
$380,000-$389,999	3
$390,000-$399,999	1
$410,000-$419,999	1
$420,000-$429,999	2
$430,000-$439,999	1
$450,000-$459,999	1
$480,000-$489,999	1
$550,000-$559,999	1
$580,000-$589,999	1
$630,000-$639,999	1
$690,000-$699,999	1
$720,000-$729,999	1
$750,000-$759,999	2
$910,000-$919,999	1
$1,020,000-$1,029,999	1
$1,220,000-$1,229,999	1
$1,270,000-$1,279,999	1
$2,620,000-$2,629,999	1
TOTAL	**492**

Twenty Largest Registered Shareholders as at 1 August 2023

		NUMBER OF SHARES	% OF SHARES
1	Citicorp Nominees Pty Limited	104,406,406	13.73
2	JP Morgan Nominees Australia Limited	98,839,760	13.00
3	HSBC Custody Nominees (Australia) Limited	80,659,846	10.61
4	Accident Compensation Corporation - NZCSD	46,411,325	6.11
5	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited - NZCSD	30,799,717	4.05
6	HSBC Nominees (New Zealand) Limited - NZCSD	29,710,923	3.91
7	Citibank Nominees (New Zealand) Limited – NZCSD	26,473,499	3.48
8	BNP Paribas Nominees (NZ) Limited - NZCSD	23,203,640	3.05
9	HSBC Nominees (New Zealand) Limited A/C State Street -NZCSD	20,805,427	2.74
10	JPMorgan Chase Bank NA NZ Branch - Segregated Clients Acct - NZCSD	20,639,056	2.72
11	BNP Paribas Noms Pty Limited	16,202,031	2.13
12	National Nominees Limited	15,512,623	2.04
13	New Zealand Depository Nominee Limited	14,757,199	1.94
14	ANZ Custodial Services New Zealand Limited - NZCSD	12,752,012	1.68
15	ANZ Wholesale Australasian Share Fund - NZCSD	10,658,216	1.40
16	Citicorp Nominees Pty Limited	10,328,703	1.36
17	Forsyth Barr Custodians Limited	8,681,836	1.14
18	FNZ Custodians Limited	7,547,227	0.99
19	BNP Paribas Nominees (NZ) Limited - NZCSD	6,846,067	0.90
20	TEA Custodians Limited Client Property Trust Account - NZCSD	5,809,313	0.76
TOTAL		**591,044,826**	**77.75**

Total ordinary shares on issue as at 1 August 2023 were 760,205,209 of which 2,087,978 were held in aggregate by the Public Trust on behalf of eligible and future participants pursuant to the SkyCity Senior Executive Long Term Incentive Plan and 2018 SkyCity Executive Long Term Incentive Plan.

The ordinary shares are quoted on both the NZX Main Board and ASX under the ticker code ‘SKC’.

No shares were held by the company directly as treasury stock (ie. where SkyCity is the registered owner).

Distribution of Ordinary Shares and Registered Shareholdings as at 1 August 2023

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL ORDINARY SHARES IN THE COMPANY
1–1,000	4,441	1,640,629	0.22
1,001–5,000	5,889	16,214,350	2.13
5,001–10,000	2,331	16,822,875	2.21
10,001–100,000	2,505	62,055,632	8.16
> 100,000	165	663,471,723	87.28
TOTAL	**15,331**	**760,205,209**	**100**

As at 1 August 2023, there were 1,977 shareholders (with a total of 179,176 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A$2.08.

The ASX Listing Rules define a marketable parcel of shares as a parcel of shares of not less than A$500.

Substantial Product Holders

The following persons had given notice as at 30 June 2023, in accordance with subpart 5 of Part 5 of the New Zealand Financial Markets Conduct Act 2013, that they were substantial product holders in the company and held a relevant interest in the number of ordinary shares shown below:

	DATE OF SUBSTANTIAL PRODUCT HOLDER NOTICE	RELEVANT INTEREST IN NUMBER OF SHARES	% OF SHARES HELD AT DATE OF NOTICE
Allan Gray Group	7 June 2023	80,672,334	10.612%
Accident Compensation Corporation	1 June 2023	49,450,227	6.505%
Investors Mutual Limited	7 June 2022	38,436,546	5.06%
AustralianSuper Pty Ltd	10 May 2022	55,229,888	7.27%
Commonwealth Bank of Australia	2 December 2021	46,598,778	6.130%
Sumitomo Mitsui Trust Holdings, Inc.	23 August 2021	70,963,067	9.33%
Yarra Management Nominees Pty Ltd and TA Universal Investment Holdings Ltd	14 April 2021	65,593,783	8.6284%

Substantial product holder notices received since 30 June 2023 can be viewed at www.nzx.com/companies/SKC/announcements.

The total number of listed voting shares of SkyCity Entertainment Group Limited as at 30 June 2023 was 760,205,209.

Twenty Largest Registered Bondholders as at 1 August 2023

		NUMBER OF BONDS	% OF BONDS
1	Forsyth Barr Custodians Limited	47,135,000	26.93
2	Custodial Services Limited	31,684,000	18.11
3	FNZ Custodians Limited	25,264,000	14.44
4	Hobson Wealth Custodian Limited	15,009,000	8.58
5	Investment Custodial Services Limited	5,765,000	3.29
6	Forsyth Barr Custodians Limited	5,434,000	3.11
7	BNP Paribas Nominees (NZ) Limited - NZCSD	5,150,000	2.94
8	Westpac Banking Corporate NZ Financial Markets Group - NZCSD	4,602,000	2.63
9	JBWere (NZ) Nominees Limited	2,587,000	1.48
10	FNZ Custodians Limited	2,227,000	1.27
11	Forsyth Barr Custodians Limited	1,312,000	0.75
12	Forsyth Barr Custodians Limited	1,249,000	0.71
13	FNZ Custodians Limited	1,025,000	0.59
14	Woolf Fisher Trust Incorporated	815,000	0.47
15	Hobson Wealth Custodian Limited	805,000	0.46
16	ANZ Custodial Services New Zealand Limited - NZCSD	792,000	0.45
17	Falstaff Investments Limited	770,000	0.44
18	Richard Barton Adams & Allison Ruth Adams	750,000	0.43
19	BNP Paribas Nominees (NZ) Limited - NZCSD	600,000	0.34
20	Public Trust RIF Nominees Limited - NZCSD	600,000	0.34
TOTAL		**153,575,000**	**87.76**

On 21 May 2021, SkyCity issued 175 million unsecured, unsubordinated, fixed rate, 6 year bonds at an issue price of $1.00 per bond. The bonds pay a fixed rate of interest of 3.02% per annum until the maturity date and are quoted on the NZX Debt Market under the ticker code 'SKC050'.

Distribution of Bonds and Registered Holdings as at 1 August 2023

	NUMBER OF BONDHOLDERS	NUMBER OF BONDS	% OF TOTAL BONDS ISSUED
1,000–5,000	32	160,000	0.09
5,001–10,000	127	1,218,000	0.70
10,001–100,000	400	12,903,000	7.37
> 100,000	51	160,719,000	91.84
TOTAL	**610**	**175,000,000**	**100**

Directors' Disclosures

Disclosure of Directors’ Interests

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under section 140(2) of the Act, a director can make disclosure by giving a general notice in writing to the company of a position held by a director in another named company or entity.

The following are particulars included in the company’s Interests Register as at 30 June 2023 (notices given by directors during the financial year ended 30 June 2023 are marked with an asterisk):

JULIAN COOK

Deakin TopCo Pty Limited	Director*
Motutapu Investments Limited	Director
WEL Networks Limited	Director
Winton Land Limited	Director

SUE SUCKLING

5th Element Limited	Chair
Boulcott Hospital	Chair*
Insurance & Financial Services Ombudsman Scheme Commission	Chair
Jacobsen Holdings Limited	Chair
Jade Software Corporation Limited	Chair
NZ Healthcare Investments Limited	Director*
Rubix Limited	Chair
Sue Suckling Holdings Limited	Managing Director
Taska Prosthetics Limited	Chair

CHAD BARTON

Casheaw Pty Limited	Chair and Shareholder
Nuix Holding Pty Limited	Director
Nuix Ireland Limited	Director
Nuix Limited	Chief Operating Officer and Chief Financial Officer
Nuix North America Inc	Director
Nuix Philippines ROHQ (Branch of Nuix Holding Pty Limited)	Director
Nuix Pte. Ltd	Director
Nuix SaleCo Limited	Director
Nuix Technology UK Limited	Director
Nuix USG Inc	Director

KATE HUGHES

Australian Prudential Regulation Authority	Chair of Audit and Risk Committee*
Comcare (Australia)	Chair of Audit and Risk Committee*
Department of Health (VIC)	Chair of Audit and Risk Committee*
Lower Murray Water	Director*
SuniTAFE	Director*

GLENN DAVIS

A Raptis & Sons Group	Director*
Adrad Holdings Ltd	Chair*
Beach Energy Ltd	Chair*
DMAW Lawyers Pty Ltd	Chair*
iTech Minerals Ltd	Chair*
Mitolo Family Farms	Chair*
Mort & Co Holdings Ltd	Director*
Stratco Group	Chair*

DAVID ATTENBOROUGH

DRAMLA Pty Ltd	Director*
Host-Plus Pty Limited	Director*
JJJ Family Trust	Trustee*

The following details included in the Interests Register as at 30 June 2022, or entered during the financial year ended 30 June 2023, have been removed during the financial year ended 30 June 2023:

- Sue Suckling is no longer the Chair of Eat My Lunch Limited;
- Kate Hughes is no longer the Chair of the Audit and Risk Committee of the Department of Justice (VIC); and
- Kate Hughes is no longer a member of the Audit and Risk Committee of the Department of Transport (VIC).

Directors’ and Senior Managers’ Indemnities

Indemnities have been given to directors and senior managers of the company and its subsidiaries to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and senior managers.

Disclosure of Directors’ Interests in Securities Transactions

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in SkyCity securities during the period to 30 June 2023:

DIRECTOR	NATURE OF RELEVANT INTEREST	NATURE OF SECURITY	DATE OF TRANSACTION DURING PERIOD	CONSIDERATION (PER SECURITY)	ACQUIRED/ (DISPOSED)
Kate Hughes	Beneficially owned	Shares	28 September 2022	$2.35	8,300

Details of the directors’ relevant interests in SkyCity securities as at 30 June 2023 are outlined on page 118 of this annual report.

Company Disclosures

Stock Exchange Listings

SkyCity Entertainment Group Limited is a listed issuer with ordinary shares quoted on both the NZX Main Board and ASX (in each case, under the ticker code 'SKC') and bonds quoted on the NZX Debt Market (under the ticker code 'SKC050').

SkyCity Entertainment Group Limited has been designated as 'Non-Standard' by NZX Limited due to certain restrictions in the company's constitution. In particular, the constitution places restrictions on the transfer of shares in the company in certain circumstances and provides that votes and other rights attached to shares may be disregarded and shares may be sold if these restrictions are breached, as more particularly described on pages 134-135 of this annual report.

SkyCity is listed as a 'Foreign Exempt Listing' on the ASX.

SkyCity Entertainment Group Limited

The following persons held office as directors of SkyCity Entertainment Group Limited as at 30 June 2023:

DIRECTOR	APPOINTMENT TO OFFICE
Julian Cook (Chair)	8 June 2021
Sue Suckling	9 May 2011
Chad Barton	8 June 2021
Kate Hughes	8 September 2022
Glenn Davis	8 September 2022
David Attenborough	3 March 2023

Jennifer Owen ceased to hold office as a director of SkyCity Entertainment Group Limited effective from 28 October 2022 and Silvana Schenone ceased to hold office as a director of SkyCity Entertainment Group Limited effective from 31 March 2023.

On 20 July 2023, the SkyCity Board announced its intention to appoint Donna Cooper as non-executive director to the SkyCity Board, subject to obtaining the requisite approvals from the regulatory authorities in each of the gaming jurisdictions in which SkyCity operates. As at the date of this annual report, those regulatory approvals remain pending.

Subsidiary Companies

The following persons held office as directors of subsidiaries of SkyCity Entertainment Group Limited as at 30 June 2023:

New Zealand Subsidiaries

Directors	Michael Ahearne, Jo Wong
Companies	Cashel Asset Management Limited Horizon Tourism (New Zealand) Limited New Zealand International Convention Centre Limited Otago Casinos Limited Queenstown Casinos Limited Sky Tower Limited SkyCity Action Management Limited SkyCity Auckland Holdings Limited SkyCity Auckland Limited SkyCity Casino Management Limited SkyCity Development Limited SkyCity Enterprises Limited SkyCity Hamilton Limited SkyCity Holdings Limited SkyCity International Holdings Limited SkyCity Investments Australia Limited SkyCity Investments Queenstown Limited SkyCity Management Limited SkyCity Precinct Limited SkyCity Projects Limited SkyCity Properties Limited SkyCity Properties Albert St Limited SkyCity Properties Victoria St Limited SkyCity Ventures Limited

Overseas Subsidiaries

Directors Companies	Michael Ahearne, Jo Wong Horizon Tourism Limited SkyCity Investment Holdings Limited
Directors Companies	Michael Ahearne, Jo Wong, David Christian SkyCity Australia Finance Pty Limited SkyCity Australia Pty Limited SkyCity Treasury Australia Pty Limited
Directors Company	Glenn Davis, Julian Cook, David Christian SkyCity Adelaide Pty Limited
Directors Company	Steve Salmon, Joe Borg SkyCity Malta Limited
Directors Company	Steve Salmon, WH Management Limited SkyCity Malta Holdings Limited
Directors Company	Steve Salmon, Michael Ahearne SkyCity Management (UK) Limited

For the financial year ended 30 June 2023, SkyCity paid director's fees of:

- €12,000 (plus VAT) to WH Partners for professional services provided by Joe Borg in relation to his directorship of SkyCity Malta Limited; and
- €6,000 (plus VAT) to WH Management Limited for professional services provided in relation to its directorship of SkyCity Malta Holdings Limited.

Other than:

- director's fees paid to Glenn Davis in his capacity as the Chair of the Board of SkyCity Adelaide Pty Limited; and
- director's fees payable to Julian Cook in his capacity as a director of the Board of SkyCity Adelaide Pty Limited,

(as detailed on page 117 of this annual report), no director's fees were paid to, or received by, any other director of a subsidiary company during the financial year ended 30 June 2023.

Waivers from the New Zealand and Australian Stock Exchanges

The following waiver from the NZX and/or ASX Listing Rules was either granted and published by NZX or ASX (as the case may be) within, or relied upon by the company during, the 12-month period preceding the balance date:

- on 17 September 2019, NZX granted SkyCity a waiver from NZX Listing Rule 8.1.5 (which provides that no benefit or right attaching to a quoted financial product may be cancelled or varied by reason only of a transfer of that quoted financial product) to the extent that that rule would otherwise prevent SkyCity from suspending voting rights or requiring a transfer of shares in accordance with the provisions set out in the company's constitution. Further details of those provisions are set out below. The waiver was granted following the introduction of new NZX Listing Rules on 1 January 2019 and effectively re-documents prior decisions of NZX Regulation in respect of the same matters.

All other waivers granted prior to the 12-month period preceding the balance date had ceased to have effect or were not relied upon during the period.

Voting Rights Attached to Securities

Each share gives the holder a right to attend and vote at a meeting of shareholders. Holders have the right to cast one vote per share on a poll of any resolution put to the shareholders.

There are no voting rights attached to SkyCity's debt securities although bondholders are welcome to attend the annual meeting of shareholders.

Limitations on Acquisitions of Ordinary Shares

The company's constitution contains various provisions which are included to take into account the application of the:

- Gambling Act 2003 (New Zealand);
- Casino Act 1997 (South Australia); and
- legislation providing for the establishment, operation and regulation of casinos in any other jurisdiction in which SkyCity or any of its subsidiaries may hold a casino licence.

SkyCity needs to ensure when it participates in gaming activities that:

- it has the power under its constitution to take such action as may be necessary to ensure that its suitability to do so in a particular jurisdiction is not affected by the identity or actions (including share dealings) of a shareholder; and
- there are appropriate protections to ensure that persons do not gain positions of significant influence or control over SkyCity or its business activities without obtaining any necessary statutory or regulatory approvals in those jurisdictions.

Accordingly, the constitution contains the following provisions restricting the acquisition of shares in the company to achieve this.

Clause 11.12 of the constitution provides that if a transfer of shares results in the transferee, and the persons associated with that transferee:

- holding more than 5% of the shares in SkyCity; or
- increasing their combined holding further beyond 5% if:
  - › they already hold more than 5% of the shares in SkyCity; and
  - › the transferee has not been approved by the relevant regulatory authority as an associated casino person of any casino licence holder,

then the votes attaching to all shares held by the transferee and the persons associated with that transferee are suspended unless and until either:

- each regulatory authority advises that approval is not needed; or
- any regulatory authority which determines that its approval is required approves the transferee, together with the persons associated with that transferee, as an associated casino person of any applicable casino licence holder; or
- the Board of the company is satisfied that registration of the proposed transfer will not prejudice any casino licence; or
- the transferee and the persons associated with that transferee dispose of such number of SkyCity shares as will result in their combined holding falling below 5% or, if the regulatory authorities approve in respect of the transferee and the persons associated with that transferee a higher percentage, the lowest such percentage approved by the regulatory authorities.

If a regulatory authority does not grant its approval to the proposed transfer, SkyCity may sell such number of the shares held by the transferee and by any persons associated with that transferee, as may be necessary to reduce their combined shareholding to a level that will not result in the transferee and the persons associated with that transferee being an associated casino person of that casino licence holder.

The power of sale can only be exercised if SkyCity has given one month's notice to the transferee of its intention to exercise that power and the transferee has not, during that one-month period, transferred the requisite number of shares in SkyCity to a person who is not associated with the transferees.

During the financial year ended 30 June 2023, the Board considered all such transfers and was satisfied in each case that the registration of the relevant transfer would not prejudice any casino licence.

Donations

Donations of $115,266.38 were made by the company during the financial year ended 30 June 2023 ($3,308.35 during the financial year ended 30 June 2022).

SkyCity also provides a range of in-kind donations and contributions, directly and through the SkyCity Community Trusts, to a variety of community organisations as outlined elsewhere in this annual report.

Other Legislation and Requirements

General limitations on the acquisition of securities imposed by the jurisdiction in which SkyCity is incorporated (ie. New Zealand law) are outlined in the following paragraphs.

Other than the provisions included in the company's constitution, the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeover, overseas investment and competition.

The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in SkyCity, or the increase of an existing holding of 20% or more of the voting rights in SkyCity, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition if a shareholder holds 90% or more of the shares in the company.

The New Zealand Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required when an 'overseas person' acquires shares or an interest in shares in SkyCity Entertainment Group Limited that amount to 25% or more of the shares issued by the company or, if the overseas person already holds 25% or more, the acquisition increases that holding.

The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in SkyCity if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

Escrow and Buy Back Arrangements

SkyCity Entertainment Group Limited has no securities subject to an escrow arrangement.

From time to time, Public Trust acquires shares in the company on-market for the purposes of the company's employee incentive plans as detailed in the Remuneration Report in this annual report. In addition, SkyCity (or a nominee or agent of SkyCity) may, from time to time, acquire existing shares in the company to satisfy its obligations to participating shareholders under the company's Dividend Reinvestment Plan established in February 2011.

Credit Rating

As at the date of this annual report, SkyCity Entertainment Group Limited has a BBB– rating (stable outlook) from S&P Global Ratings.

Financial Statements and Notes

for the year ended **30 June 2023**

These financial statements were signed on 22 August 2023 on behalf of the Board of directors of SkyCity Entertainment Group Limited by:

Julian Cook	Chad Barton
Chair of the SkyCity Board	**Chair of the Audit Committee**

Independent auditor's report

To the shareholders of SkyCity Entertainment Group Limited

Our opinion

In our opinion, the accompanying financial statements of SkyCity Entertainment Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the balance sheet as at 30 June 2023;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, provision of market survey data relating to executive remuneration levels, specified reporting to the Supervisor of the Group's retail bond and agreed-upon-procedure services in relation to the allocation of Community Trust Revenue, compliance with banking and debt covenants, the reconciliation of normalised results to reported results, scrutineering of the vote count at the Annual Shareholder Meeting and the testing of share-based payment calculations. The provision of these other services have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Provisions and contingent liabilities relating to regulatory matters The Group operates in a highly regulated environment and given the extent of scrutiny by regulators in Australia, and the general nature of casino operations across both New Zealand and Australia, there remains a high degree of risk in respect of legal and regulatory compliance. SkyCity Adelaide has been the subject of an enforcement investigation by the Australian Transaction Reports and Analysis Centre (AUSTRAC) into potential serious breaches of the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the Act). On 7 December 2022, following the conclusion of their investigation, AUSTRAC filed civil penalty proceedings against SkyCity Adelaide in the Federal Court of Australia. The proceedings remain at a relatively early stage with AUSTRAC and SkyCity Adelaide currently working toward agreeing facts and potential admissions before the Court identifies a process for any remaining disputed issues and potential penalty to be determined. Management, in consultation with their external legal advisors, have taken into account a wide range of factors and estimated the potential exposure to penalties and associated legal costs that may arise as a result of the civil penalty proceedings, and a provision of A$45.0 million (NZ$49.0 million) has been recognised (refer to Note 30 of the financial statements). As the provision amount remains highly uncertain, involves significant judgement and estimation uncertainty and is susceptible to material change, this represents a key judgement applied by the directors. In addition, on 1 July 2022, Consumer and Business Services South Australia (CBS) advised that they would be conducting an investigation under the Casino Act 1997 into SkyCity Adelaide's suitability to hold a casino licence in South Australia. CBS advised on 6 February 2023 that they would be placing the review on hold, pending the finalisation of the AUSTRAC proceedings outlined above. Due to the uncertainty associated with the potential outcome of the CBS review, the Group has disclosed the matter as a contingent liability in Note 38 of the financial statements. Due to the significance of the matters outlined above, their subjective nature and the associated uncertainties, any related assumptions have the potential to be subject to bias, error or inconsistent application by management. This was therefore considered to be an area of focus for our audit and considered to be a key audit matter.	Our procedures included the following: ● Held meetings with management, including in-house legal counsel, to obtain the most recent facts and circumstances in relation to ongoing regulatory matters; ● Assessed our obligations under auditing and ethical standards and relevant legislation to determine whether the matters are required to be reported to third parties; ● Read meeting minutes from relevant committees to identify and consider information relating to regulatory matters; ● Discussed the matters with the Group's external legal counsel, where applicable, to corroborate the information provided by management; ● Read correspondence between the Group and the applicable regulatory bodies; ● Evaluated management's assessment of whether the civil penalty proceedings filed by AUSTRAC should be recognised as a provision, against the criteria in NZ IAS 37 *Provisions, contingent liabilities and contingent assets*; ● Performed the following procedures in relation to the measurement of the provision recognised for potential AUSTRAC penalties and associated legal costs: – Assessed management's estimation of the provision, with reference to external data and other similar AUSTRAC proceedings and settlements, and challenged key assumptions; – Considered the external legal advice received and discussed the process for estimating the provision and key assumptions applied directly with external legal counsel; – Assessed the professional competence, independence and objectivity of management's external legal counsel; and ● Assessed the appropriateness of the associated disclosures in the financial statements.

Description of the key audit matter	How our audit addressed the key audit matter
Impairment considerations in respect of the SkyCity Adelaide casino license As set out in Note 25 of the financial statements, at 30 June 2023, the carrying amount of the SkyCity Adelaide casino license is $87.2 million (30 June 2022: $141.9 million). This is after an impairment charge of $49.7 million that has been recorded during the year (30 June 2022: nil impairment). The SkyCity Adelaide casino license has a finite useful life and, as such, accounting standards require the Group to assess at the end of each reporting period whether there is any indication that it may be impaired. An impairment assessment was prepared in relation to the Adelaide cash generating unit (CGU) which includes the SkyCity Adelaide casino licence. This was prepared as the Group considered there to be indications that the CGU may be impaired, including the impact of the ongoing regulatory matters on the business. The Group engaged an external valuations expert to calculate impairment using the fair value less cost of disposal (FVLCOD) method for the Adelaide CGU. Management and their external valuations expert made a number of key assumptions that impact the CGU's recoverable value. As described in Note 25, this includes the compound annual EBITDA growth rate of 6%, terminal growth rate of 2.5%, and post-tax discount rate of 12%. This is a key focus of our audit and considered to be a key audit matter due to the inherent estimation uncertainties and significant judgement involved in assessing impairment, including the impact of heightened regulatory scrutiny on the assumptions that the Group's assessment is based on. An impairment of $49.7 million was recorded, which represents the difference between the midpoint of the valuation range (determined by management's valuation expert under the FVLCOD method and adopted by the Directors) and the Adelaide CGU carrying value at 30 June 2023.	Our procedures included the following: ● Understood the process undertaken by management to prepare the forecast cash flows; ● Compared the forecast cash flows used for the year ended 30 June 2024 to the Board approved business plan; ● Considered the five-year forecast cash flows included in management's expert's valuation, as adopted by the Board; ● Considered the forecast accuracy of the Board approved forecasts by comparing historical performance against previous budgets; ● Considered and challenged key assumptions in the cash flow forecasts including the impacts of heightened regulatory scrutiny, and the key drivers of EBITDA growth and overall business performance, with reference to external evidence where possible; ● Engaged our auditor's valuation expert to: – Review and challenge key assumptions, including the post-tax discount and terminal growth rates based on their experience and external market evidence; – Assess the reasonableness of the cost of disposal assumption applied under the FVLCOD method based on their experience and industry knowledge; and – Evaluate the final conclusions reached with reference to external market evidence; ● In conjunction with our auditor's valuation expert, we assessed the valuation report prepared by management's valuation expert and considered key sensitivities over the model. In doing so, we met with management's valuation experts to understand and challenge their approach and assumptions; ● Assessed the professional competence, independence and objectivity of management's valuation expert; and ● Assessed the appropriateness of disclosures made in the financial statements including those for key assumptions and sensitivities.

Description of the key audit matter	How our audit addressed the key audit matter
Accounting for the NZICC fire As disclosed in Note 7 to the financial statements, there continues to be complex accounting considerations inherent in accounting for the 2019 fire at the New Zealand International Convention Centre (NZICC) construction site. As outlined below, the degree of uncertainty and estimation has reduced relative to previous periods, however there remains a sufficient degree of complexity for this to be considered a key audit matter for the purposes of our audit, particularly due to the material nature of the balances involved. The extent of damage pertaining to the NZICC and adjacent Horizon Hotel as a result of the fire, has been re-estimated by an independent external expert engaged by the Group, Rider Levett Bucknall Auckland Limited (RLB). Expert investigation in respect of the damage sustained has now been completed, and accordingly, the estimates provided by RLB are considered to be final. During the year, the estimate for the extent of damage has been reduced and $52.7 million of previously derecognised capitalised work in progress has been recapitalised, offset by the re-recognition of deferred licence value liability of $42.4 million. As at 30 June 2023, the total insurance income recognised since the date of the fire of $657.1 million represents what the Group has determined to be virtually certain under the insurance policy. During the current year, a significant portion of the insurance policy was settled following an agreement reached between the Group and their insurers, which has resulted in the majority of claimable insurance funds being received by the Group and a significant decrease in the associated insurance recovery receivable. The accounting treatment of the settlement funds as they flow between the Group, the insurers and the Contractor has required management judgement to be applied. The most significant assumptions, and associated risk to the estimates provided, relate to the timeline for remediation, ongoing insurer policy responses and the apportionment of costs between capitalisation and expenditure. Any changes to these and other assumptions can significantly impact the amounts recorded. There remains a degree of estimation uncertainty inherent in the balances recorded on the balance sheet and the amounts recognised in the income statement pertaining to the accounting implications of the fire.	We have obtained management's workings on the estimates of damage and insurance recoveries and assessed the Group's estimates and related judgments by performing, amongst others, the following procedures: ● Assessing the facts and circumstances, assumptions and methodology underpinning the key estimates that were used by management in the calculation of the estimates of damage and insurance recoveries with reference to supporting documentation and through meetings with management; ● Challenging management on the judgements applied in relation to the virtual certainty assessment for insurance recoveries; and ● Evaluating the settlement of the insurance contract and assessing the judgements applied by management in determining how the settlement payments should be accounted for. Additionally, we have: ● Assessed the professional competence, independence and objectivity of the Group's damage estimate expert; ● Checked the mathematical accuracy of the underlying calculations of the fire related adjustments; ● Assessed the recoverability of the insurance recoveries recognised, giving consideration to the credit risk of the respective insurers; ● Assessed the estimates and judgements applied in apportioning costs between capital expenditure and fire-related costs; and ● Considered the adequacy of the related financial statement disclosures.

Our audit approach

Overview

Overall group materiality: $7,610,000, which represents approximately 5% of profit before tax excluding NZICC fire related income, NZICC fire related expenses, impairment of Adelaide intangible assets and regulatory penalties.

We chose profit before tax, which is a generally accepted benchmark, as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users.

We chose to adjust this benchmark as described above, because, in our view, it provides a more stable measure of the Group's performance.

We selected transactions and balances to audit based on the overall group materiality to SkyCity Entertainment Group rather than determining the scope of procedures to perform by auditing only specific subsidiaries or entities.

As reported above, we have three key audit matters, being:

- Provisions and contingent liabilities relating to regulatory matters
- Impairment considerations in respect of the SkyCity Adelaide casino license
- Accounting for the NZICC fire

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Richard Day.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
22 August 2023

Auckland

Income Statement

For the year ended 30 June 2023

	NOTES	2023 $'000	2022 $'000
Revenue	5	**855,785**	553,543
Other income	6	**7,449**	32,969
NZICC fire related income	7,a	**61,882**	52,483
NZICC fire related expenses	7,b	**(63,828)**	(88,849)
Employee benefits expense		**(303,067)**	(254,778)
Asset impairment	8	**(50,856)**	(7,293)
Other expenses	8	**(134,884)**	(92,550)
Directors' fees		**(1,198)**	(1,070)
Gaming taxes and levies		**(52,833)**	(37,438)
Direct consumables		**(59,514)**	(34,143)
Marketing and communications		**(22,730)**	(15,440)
Regulatory penalties	30	**(49,009)**	–
Community contributions, sponsorships and donations		**(10,110)**	(5,098)
Fair value losses on investment properties	16	**(12,252)**	(5,400)
Share of profits from associates	26	**1,064**	–
Earnings Before Interest, Tax, Depreciation and Amortisation Expenses (EBITDA)		**165,899**	96,936
Depreciation and amortisation	8	**(84,363)**	(88,692)
Depreciation on right-of-use assets	11	**(6,309)**	(5,968)
Earnings Before Interest and Tax (EBIT)		**75,227**	2,276
Net finance costs	12	**(23,492)**	(35,044)
Profit/(Loss) Before Income Tax		**51,735**	(32,768)
Income tax expense	18	**(43,760)**	(827)
Profit/(Loss) for the Year Attributable to Shareholders of the Company		**7,975**	(33,595)

EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		CENTS	CENTS
Basic and diluted earnings/(loss) per share	9	**1.1**	(4.4)

The above income statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the year ended 30 June 2023

	NOTES	2023 $'000	2022 $'000
Profit/(Loss) for the Year		**7,975**	(33,595)
Other Comprehensive Income **Items that may be subsequently reclassified to profit or loss**			
Foreign Currency Translation Reserve			
Exchange differences on translation of overseas subsidiaries	32	**(4,877)**	10,681
Cash Flow Hedge Reserve	32		
Cash flow hedges - revaluations		**(10,734)**	13,777
Cash flow hedges - transfer to finance costs		**12,408**	(3,369)
Cash flow hedges - income tax		**(469)**	(2,914)
Cost of Hedging Reserve	32		
Cost of hedging reserve - costs incurred/revaluations		**(3,913)**	37
Cost of hedging reserve - transfer to finance costs		**694**	462
Cost of hedging reserve - income tax		**901**	(140)
Other Comprehensive Income for the Year, Net of Tax		**(5,990)**	18,534
Total Comprehensive Income for the Year		**1,985**	(15,061)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2023

ASSETS	NOTES	2023 $'000	2022 $'000
Current Assets			
Cash and cash equivalents	28	245,013	48,698
Receivables and prepayments	27	50,833	25,826
Inventories		8,582	7,528
Derivative financial instruments	33	489	363
Current tax receivables		12	4,431
NZICC fire recoveries	7,c	11,613	212,475
Other current assets		2,000	–
Assets held for sale	29	–	26,646
Total Current Assets		318,542	325,967
Non-current Assets			
NZICC fire recoveries	7,d	–	17,183
Deferred tax assets	19	25,465	19,372
Finance lease receivable		13,978	12,737
Other non-current assets		–	2,000
Derivative financial instruments	33	11,943	11,598
Investments in associates	26	43,200	42,136
Investment properties	16	108,803	119,720
Property, plant and equipment	24	1,652,476	1,442,680
Intangible assets	25	566,553	623,897
Right-of-use assets	11	122,538	126,412
Total Non-current Assets		2,544,956	2,417,735
Total Assets		2,863,498	2,743,702

The above balance sheet should be read in conjunction with the accompanying notes.

LIABILITIES	NOTES	2023 $'000	2022 $'000
Current Liabilities			
Payables and provisions	30	215,997	187,199
Interest bearing liabilities	14	45,814	78,000
Current tax liabilities		42,849	94
Derivative financial instruments	33	17	12
Lease income in advance	22	39,815	–
Lease liabilities	11	3,045	3,576
Total Current Liabilities		347,537	268,881
Non-current Liabilities			
Interest bearing liabilities	13	525,666	451,372
Non-current payables		19,097	24,557
Lease income in advance	23	–	29,501
Derivative financial instruments	33	5,617	–
Deferred tax liabilities	20	56,100	60,591
Lease liabilities	11	116,840	117,530
Deferred licence value	17	262,444	219,996
Total Non-current Liabilities		985,764	903,547
Total Liabilities		1,333,301	1,172,428
Net Assets		1,530,197	1,571,274
EQUITY			
Share capital	31	1,343,027	1,340,556
Reserves	32	(10,435)	(4,445)
Retained earnings		197,605	235,163
Total Equity		1,530,197	1,571,274

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2023

	NOTES	SHARE CAPITAL $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance as at 1 July 2021		1,338,223	(22,979)	321,840	1,637,084
Total comprehensive income		–	18,534	(33,595)	(15,061)
Dividends paid	10	–	–	(53,082)	(53,082)
Shares issued under employee share schemes	31	2,292	–	–	2,292
Net movement in treasury shares	31	41	–	–	41
Balance as at 30 June 2022		1,340,556	(4,445)	235,163	1,571,274
Balance as at 1 July 2022		1,340,556	(4,445)	235,163	1,571,274
Total comprehensive income		–	(5,990)	7,975	1,985
Dividends paid	10	–	–	(45,533)	(45,533)
Shares issued under employee share schemes	31	2,446	–	–	2,446
Net movement in treasury shares	31	25	–	–	25
Balance as at 30 June 2023		1,343,027	(10,435)	197,605	1,530,197

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2023

	NOTES	2023 $'000	2022 $'000
Cash Flows from Operating Activities			
Receipts from customers		**859,631**	554,816
Payments to suppliers and employees		**(528,466)**	(414,543)
Government grants received		**560**	7,476
Other insurance income received		**1,744**	10,749
Gaming taxes and levies paid		**(46,338)**	(41,698)
Income taxes paid		**(7,034)**	(25,679)
Net Cash Inflow from Operating Activities	40	**280,097**	91,121
Cash Flows from Investing Activities			
Acquisition of associate	26	**–**	(42,136)
Purchases of property, plant and equipment		**(254,746)**	(100,065)
Purchased intangible assets		**(8,113)**	(11,411)
Proceeds from disposal of assets held for sale	29	**7,812**	3,250
NZICC fire related income		**299,067**	231,177
NZICC fire related costs		**(95,456)**	(112,494)
Net Cash Outflow from Investing Activities		**(51,436)**	(31,679)
Cash Flows from Financing Activities			
Cash flows associated with net derivatives		**632**	(2,531)
Proceeds from borrowings		**148,999**	224,429
Repayment of borrowings		**(98,000)**	(194,460)
Movement in treasury shares		**25**	41
Dividends paid to company shareholders	10	**(45,533)**	(53,082)
Interest paid		**(28,362)**	(25,735)
Lease interest paid		**(6,378)**	(6,169)
Repayment of lease liabilities		**(3,729)**	(3,177)
Net Cash Outflow from Financing Activities		**(32,346)**	(60,684)
Net Increase/(Decrease) in Cash and Cash Equivalents	15	**196,315**	(1,242)
Cash and cash equivalents at the beginning of the year		**48,698**	49,940
Cash and Cash Equivalents at the End of the Year	28	**245,013**	48,698

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents

of the Notes to the Financial Statements

1

General Information

SkyCity Entertainment Group Limited (the **Company**) and its subsidiaries (together, **SkyCity** or the **Group**) operate in the gaming, entertainment, hotel, convention, hospitality and tourism sectors. The Group has operations in New Zealand and Australia.

The Company is a limited liability company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 99 Albert Street, Auckland. The Company is listed on the New Zealand stock exchange and has a foreign exempt listing on the Australian stock exchange (**NZX** and **ASX** respectively).

These consolidated financial statements were approved for issue by the Board of Directors (**Board**) on 22 August 2023.

For the purposes of complying with generally accepted accounting practice in New Zealand (**GAAP**), the Group is a for-profit entity.

2

Basis of Preparation

The financial statements of the Group have been prepared in accordance with GAAP. They comply with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**), International Financial Reporting Standards, the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules.

The Group financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Measurement Basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities, as identified in specific accounting policies below and in the notes.

Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency. Amounts are rounded to the nearest thousand dollars, unless otherwise stated.

Non-GAAP Financial Information

The Group's standard profit measure prepared under GAAP is profit for the year. When discussing financial performance, the Group also uses non-GAAP financial information, which is not prepared in accordance with NZ IFRS and therefore may not be comparable to similar financial information presented by other entities. The directors and management believe that this non-GAAP financial information provides useful information to readers of the financial statements to assist them in understanding the Group's financial performance and is consistent with the information used internally to evaluate the performance of business units.

Definitions of non-GAAP financial information used in these financial statements are:

- EBITDA: earnings before interest, tax, depreciation and amortisation; and
- EBIT: earnings before interest and tax.

Going Concern

For the financial year ended 30 June 2022, the Group incurred a loss of $33.6 million. This loss arose substantially as a result of the ongoing trading restrictions imposed on businesses by the New Zealand and South Australian Governments in response to the COVID-19 pandemic as outlined below. In the current financial year, no such COVID-19 related trading restrictions were in place in New Zealand or South Australia.

SkyCity has prepared cash flow forecasts to support its going concern assessment. These forecasts consider a range of possible scenarios, including in relation to provisions (note 30), contingent liabilities (note 38) and the receipt of a notice of termination of the April 2019 concession agreement with MPF Parking NZ Limited (**Macquarie**), pursuant to which Macquarie was granted a long term concession until 2048 over the SkyCity Auckland car parks located at both the SkyCity Auckland main site and the New Zealand International Convention Centre (**NZICC**) site in return for consideration of $220 million (**Car Park Concession Agreement**) (note 39). These scenarios have been informed by recent trading performance and assume there are no further COVID-19 trading restrictions imposed in New Zealand or South Australia. While there remain uncertainties regarding the near term financial performance of the Group, SkyCity's forecasts indicate that the Group continues to have access to a sufficient level of liquidity to sustain its operations, remain compliant with its financial obligations and meet any future challenges that may arise from the termination of the Car Park Concession Agreement (note 39) and the regulatory matters discussed in the notes on provisions (note 30) and contingent liabilities (note 38).

The Company's directors have therefore concluded that there are no material uncertainties related to the Group being a going concern and, accordingly, these financial statements are prepared on a going concern basis.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgement regarding the application of accounting policies. The critical estimates and judgements made in the preparation of these financial statements relate to the following:

- goodwill and casino licences that have an indefinite useful life are impairment tested annually, which requires the use of key estimates. Details of the estimates made are provided in note 25;
- the SkyCity Adelaide Pty Limited (**SkyCity Adelaide**) casino licence, which has a finite useful life, was impaired in a prior period and consequently was tested for impairment in the current period, which resulted in the recognition of additional impairment (note 25(c));
- as reported in the Group's 30 June 2020 financial statements, in October 2019 there was a significant fire at the NZICC construction site. Accounting for the consequences of the fire has required the exercise of judgement and the use of estimates. Details of the judgements and estimates made are provided in note 7;
- investment properties are carried at fair value. Determining the fair value of properties requires the use of estimates. Details of estimates made are provided in note 16;
- in some instances, judgement is required to determine whether a payment that may occur in the future constitutes a provision or a contingent liability. A provision is recognised where an obligating event that gives rise to a requirement to make a payment has occurred. Where a provision is recognised, estimation of the value at which it will be recognised is required. Information on the Group's provisions is provided in note 30 and information on the Group's contingent liabilities is provided in note 38; and
- judgement and estimation is required when determining the amount of deferred tax assets to be recognised. Further information is provided in note 19.

COVID-19 Pandemic

On 11 March 2020, the World Health Organization declared a global pandemic as a result of the outbreak and spread of COVID-19. As a result of the pandemic, SkyCity's operations were closed from time to time and subject to other trading restrictions when open during the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.

During the financial year ended 30 June 2022:

- the SkyCity Auckland site was closed for 107 days from 18 August to 2 December 2021 and operated with social distancing restrictions from 3 December to 30 December 2021 and 24 January to 13 April 2022;
- the SkyCity Hamilton site was closed for 65 days from 18 August to 7 September 2021 and from 4 October to 17 November 2021 and operated with social distancing restrictions from 24 January to 13 April 2022;
- the SkyCity Queenstown site was closed for 21 days from 18 August to 7 September 2021 and operated with social distancing restrictions from 24 January to 13 April 2022;
- the SkyCity Wharf site was closed for the duration of the financial year;
- the SkyCity Adelaide site was closed for eight days from 20 July to 27 July 2021; and
- the Group continued to receive the New Zealand Government wage subsidy (note 6).

In the current financial year, the Group's operations were not impacted by COVID-19 related trading restrictions.

3

Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below and in the notes to the financial statements. These policies have been consistently applied to all periods presented, unless otherwise stated.

(a) Principles of Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in the Group financial statements. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Foreign Currency Translation

(i) Transactions and Balances

Items included in the financial statements of each Group entity are measured using that entity's functional currency (which is the currency that best reflects the economic substance of the events and circumstances relevant to that operation).

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

Translation differences on financial assets and liabilities carried at fair value through profit or loss are recognised in the Income Statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equity instruments classified at fair value through other comprehensive income are included in the Statement of Comprehensive Income.

(ii) Foreign Operations

The results and financial position of foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as outlined below:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(c) Goods and Services Tax (GST)

The Income Statement, Statement of Comprehensive Income and Statement of Changes in Equity have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(d) Statement of Cash Flows

Cash flows associated with derivatives that are part of a hedging relationship are off-set against cash flows associated with the hedged item.

(e) Impairment of Non-Financial Assets

Intangible assets, including goodwill, that have an indefinite useful life are tested for impairment annually (or more frequently if events or changes in circumstances indicate that the asset might be impaired). Goodwill and casino licences are allocated to cash generating units for the purpose of impairment testing.

Intangible assets that have a finite useful life, items of property, plant and equipment and investments in associates are assessed for indicators of impairment annually and tested for impairment if an indicator of impairment is found.

Impairment testing is done by comparing the carrying value of the asset to its recoverable amount, which is the higher of value in use and fair value less costs of disposal. Any impairment is recognised immediately as an expense. Impairment on goodwill is not subsequently reversed, but impairment on other assets may be reversed.

(f) Fair Value Hierarchy

Some of the items in the financial statements are carried at fair value. In addition, for some items carried under a different measurement basis, fair value is disclosed. Where a fair value measurement is made, the measurement is categorised as falling within one of three levels on the fair value hierarchy, with categorisation based on the nature of the significant inputs to the valuation:

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

(g) Standards, Amendments and Interpretations to Existing Standards that are not yet Effective

There are no published new or amended standards or interpretations that become effective on or after 1 July 2023 that would have a material impact on the Group's financial statements.

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Segment Information

Operating segments are reported in a manner consistent with the internal reports that the Chief Executive Officer (**CEO**), who is the chief operating decision maker, uses to assess performance and allocate resources.

(a) Primary Reporting Format - Business Segments

2023	SKYCITY AUCKLAND $'000	OTHER OPERATIONS $'000	SKYCITY ADELAIDE $'000	INTERNATIONAL BUSINESS $'000	CORPORATE /GROUP $'000	TOTAL $'000
Gaming revenue	387,227	66,490	169,784	22,663	–	646,164
Online revenue	–	15,354	–	–	–	15,354
Non-gaming revenue	121,607	10,689	68,901	66	54	201,317
Other income	4,123	31	2,884	–	411	7,449
NZICC fire income	61,882	–	–	–	–	61,882
Share of profit of associate	–	–	–	–	1,064	1,064
Total income	574,839	92,564	241,569	22,729	1,529	933,230
Expenses	(296,841)	(41,873)	(252,381)	(26,475)	(35,077)	(652,647)
Impairment	1,056	–	(49,662)	–	(2,250)	(50,856)
NZICC fire expenses	(63,828)	–	–	–	–	(63,828)
Depreciation and amortisation	(38,025)	(5,393)	(33,624)	–	(13,630)	(90,672)
Segment profit/(loss) (EBIT)	177,201	45,298	(94,098)	(3,746)	(49,428)	75,227
Net finance costs						(23,492)
Profit before income tax						51,735
Segment assets	1,836,354	97,491	509,797	1,049	418,807	2,863,498
Net additions to non-current assets (other than financial assets and deferred tax)	226,285	3,485	10,991	–	13,051	253,812

2022	SKYCITY AUCKLAND $'000	OTHER OPERATIONS $'000	SKYCITY ADELAIDE $'000	INTERNATIONAL BUSINESS $'000	CORPORATE /GROUP $'000	TOTAL $'000
Gaming revenue	226,640	50,367	134,129	19,331	–	430,467
Online revenue	–	16,928	–	–	–	16,928
Non-gaming revenue	52,990	6,926	49,495	42	448	109,901
Other income	27,960	1,682	96	–	3,231	32,969
NZICC fire income	52,483	–	–	–	–	52,483
Total income	360,073	75,903	183,720	19,373	3,679	642,748
Expenses	(209,923)	(35,697)	(161,808)	(15,664)	(26,578)	(449,670)
Impairment	(1,057)	(4,390)	–	–	(1,846)	(7,293)
NZICC fire expenses	(88,849)	–	–	–	–	(88,849)
Depreciation and amortisation	(42,450)	(5,923)	(33,055)	–	(13,232)	(94,660)
Segment profit/(loss) (EBIT)	17,794	29,893	(11,143)	3,709	(37,977)	2,276
Net finance costs						(35,044)
Loss before income tax						(32,768)
Segment assets	1,805,614	92,243	584,118	1,707	260,020	2,743,702
Net additions to non-current assets (other than financial assets and deferred tax)	116,930	4,587	6,781	–	55,319	183,617

The gaming revenue shown above has not been adjusted for International Business rebates. Note 5 shows gaming revenue adjusted for International Business rebates, which is consistent with the manner in which revenue is presented in the Income Statement.

(b) Secondary Reporting Format - Geographical Segments

	TOTAL REVENUE		NON-CURRENT ASSETS EXCLUDING FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
New Zealand	**682,850**	445,868	**2,019,291**	1,816,631
Australia	**250,380**	196,880	**488,257**	570,135
	933,230	642,748	**2,507,548**	2,386,766

(c) Description of Segments

The Group is organised into the following main operating segments:

SkyCity Auckland

This segment consists of the Group's Auckland operations and includes casino operations, hotels and conventions (including the NZICC), food and beverage, Sky Tower, investment properties and a number of other related activities. This segment does not include International Business operations.

Other Operations

This segment consists of the Group's operations at SkyCity Hamilton, SkyCity Queenstown and SkyCity Wharf, and online gaming. This segment does not include International Business operations.

SkyCity Adelaide

This segment consists of the Group's Adelaide operations, which comprise casino operations, hotel and food and beverage.

This segment does not include International Business operations.

International Business

This segment comprises gaming operations for international customers, most of whom are from Asia. The revenue is generated at SkyCity's Auckland, Adelaide, Queenstown and Hamilton locations. The results of the segment include rebates and complimentary play. At the end of the current financial year, the Group restructured to reflect its decision to materially reduce SkyCity's international activities.

Corporate/Group

This segment includes head office functions, funding entities and the Group's investment in its associate Gaming Innovation Group Inc. (**GiG**) (note 26). It is not considered an operating segment.

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Revenue

Accounting Policy

Gaming revenues represent the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons. Revenue is recognised at the conclusion of each game. International Business rebates are accounted for as a reduction in gaming revenue.

The revenue from the online casino is from New Zealand-based players using technology developed by GiG and under a Malta gaming licence held by Silvereye Entertainment Limited (a subsidiary of GiG). SkyCity is not the principal transacting with online casino customers. Revenue is reported net of GiG costs allowable under the arrangement.

Non-gaming revenues include revenues arising from hotels and conventions, food and beverage, Sky Tower, car parking and other sources. These revenues are recognised when the associated goods or services have been provided.

	2023 $'000	2022 $'000
Gaming	**639,114**	426,714
Non-gaming	**201,317**	109,901
Online gaming	**15,354**	16,928
Total revenue	**855,785**	553,543

The Group provides complimentary hotel accommodation, food and beverage and other goods and services to certain groups of customers. As the goods and services offered under these arrangements are tailored to meet the needs of individual customers, it is not practical to allocate total revenue received to all of the goods and services provided.

Consequently, this revenue is all recognised as gaming revenue. The retail value of complimentary items provided in the current year was $21.4 million (2022: $13.3 million).

	NOTES	2023 $'000	2022 $'000
Reconciliation to the segment note			
Total revenue	5	**855,785**	553,543
Other income	6	**7,449**	32,969
Share of profit of associate	26	**1,064**	–
NZICC fire income	7	**61,882**	52,483
Total income as per Income Statement		**926,180**	638,995
International Business rebates		**7,050**	3,753
Total income as per segment note		**933,230**	642,748

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Other Income

	2023 $'000	2022 $'000
Gain on disposal of property, plant and equipment	**108**	2,413
Dividend income	**5**	2
Rental income from investment properties	**2,153**	2,323
Government grants	**560**	17,482
Other insurance income	**4,623**	10,749
Total other income	**7,449**	32,969

Government Grants

As part of its COVID-19 response, the New Zealand Government introduced wage subsidy schemes to enable businesses to retain employees. In the current financial year, the Group received $0.1 million (2022: $17.3 million) of wage subsidies from these schemes. The New Zealand Government also provides wage subsidies to assist people into employment. SkyCity received $0.4 million of subsidies for the current financial year under those schemes (2022: $0.1 million).

Other Insurance Income

As outlined in note 7, in October 2019 there was a fire at the NZICC construction site. As a result of the NZICC fire, the Group is required to make payments to compensate Macquarie for car parks that are not available under the Car Park Concession Agreement. Other insurance income arises as a result of the insurer's partial payment of the Group's claim in relation to this payment to Macquarie and is recognised when received.

In the current year, insurance income has also been recognised in relation to legal fees incurred in respect of the regulatory investigations of SkyCity Adelaide (note 30).

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NZICC Fire

On 22 October 2019, there was a significant fire at the NZICC construction site which caused extensive damage to the NZICC and also damaged Horizon Hotel, which is being constructed on the adjacent site.

Both NZICC and Horizon Hotel are insured, and the insurers have acknowledged the fire event and confirmed that SkyCity's Contract Works Insurance policy will respond in relation to damage caused by the fire. Any costs not covered by insurance are expected to be incurred by or sought from Fletcher Construction Company Limited (**FCC** or the **Contractor**) who is the contractor constructing both buildings.

The NZICC is being built under an agreement between the Group and the Crown. Under that agreement, the NZICC must be completed by a specified date, referred to as the completion long stop date, which was extended to 15 December 2027 following the fire. SkyCity expects to complete the NZICC before this date.

In accounting for the impact of the fire, significant judgements and estimates have been made. The most significant assumptions, and associated risk to the estimates provided, relate to the final view of the insurers as the claims are presented. These judgements and estimates will continue to be reviewed as new information becomes available.

(a) Income

	2023 $'000	2022 $'000
Contract works insurance recovery (remediation and pre-remediation costs)	**61,882**	52,483
Total income	**61,882**	52,483

Contract Works Insurance Recovery

The accounting treatment of the insurance recovery for the damage caused by the fire is dependent on the relationship between SkyCity, the insurers and the Contractor. It is the Group's view, supported by legal advice, that SkyCity is the principal in the insurance relationship and therefore receives, and has control over, all insurance proceeds. As a result of this relationship, and because insurance proceeds are recognised when their receipt is virtually certain, the Group has recognised the following where recovery of the associated costs is virtually certain under the Contract Works Insurance policy:

- the expected insurance proceeds for reconstruction/remediation of the fire damage as income and a receivable, based on estimated rebuild costs; and
- actual pre-remediation costs as income and receivable as the works are undertaken.

Amounts claimed under the Contract Works Insurance policy relate to the following items:

- reconstruction costs paid to the Contractor;
- pre-remediation costs, including site preparation, demolition and clearing costs paid to the Contractor;
- costs of professional advisers assisting the Group as a result of the fire;
- insurance premium increases; and
- project costs for additional periods due to construction delays.

Pre-remediation costs relating to site preparation, and including demolition and clearing costs paid to the Contractor and associated costs incurred by SkyCity, are recognised as expenses when they are incurred. Payments to the Contractor for the reconstruction and associated costs incurred by SkyCity (i.e. remediation costs) are capitalised to property, plant and equipment as the rebuild occurs over time.

Insurers have confirmed that SkyCity's Contracts Works Insurance policy will respond in relation to the damage caused by the fire, and, in the current period, have confirmed a significant portion of the policy. However, the final insurance recovery will be dependent on the final view of the insurers as claims are presented. Accordingly, the Group has had to estimate the level of insurance recovery for the purposes of these accounts, with income not recognised in relation to costs for which the recoverability has not been assessed to be virtually certain at this stage.

The majority of pre-remediation and remediation/reconstruction costs are expected to be incurred by the Contractor. However, costs are also incurred by SkyCity and initial recovery for these items is sought from insurers where appropriate.

To the extent that recovery under the Group's insurance policies is not available, recovery of these costs may be sought from the Contractor.

(b) Expenses

	2023 $'000	2022 $'000
Add back of NZICC and Horizon Hotel capitalised work-in-progress	**(52,752)**	(34,270)
Reversal of release from deferred licence value liability	**42,449**	12,559
Site preparation, demolition and other costs	**74,131**	110,560
Total expenses	**63,828**	88,849

Write-off of NZICC and Horizon Hotel Capitalised Work-in-Progress

The fire led to the disposal of the damaged asset and the purchase of new component parts (or, as applicable, the part replacement of repaired component parts). As a result, the carrying value of the damaged/destroyed parts of the NZICC and Horizon Hotel is expensed.

In the current financial year, final damage assessments for the NZICC and Horizon Hotel have been provided by quantity surveyor Rider Levett Bucknall Auckland Limited (**RLB**). As a result, 37.3% (2022: 51%) of the NZICC and 11.5% (30 June 2022: 13%) of the Horizon Hotel construction work that had been completed to the date of the fire has been written off. In addition, the Group estimates that 21% (2022: 28%) of the associated overheads and direct costs incurred by the Group that were capitalised to the build prior to the fire were destroyed by the fire and those costs have consequently been written off. As a result, approximately $141.6 million of costs capitalised as work-in-progress prior to the fire in property, plant and equipment have been written off (2022: $194.3 million). This has resulted in a decrease of $52.8 million in the current financial year to the impairment expense recognised in relation to the fire (2022: decrease of $34.3 million) (note 24).

Future costs (external and internal) related to rebuilding the NZICC and Horizon Hotel to their level of completion prior to the fire will be capitalised as incurred.

Reversal of Release from Deferred Licence Value Liability

The agreement between SkyCity and the Crown under which the NZICC is being built provides SkyCity with casino licence enhancements in return for SkyCity building the NZICC.

In 2016, SkyCity accounted for the granting of the NZICC Auckland casino licence enhancements and recognised a deferred licence value liability of $405.0 million. Based on the Group's accounting policy, this amount was to be accounted for as a reduction in the carrying value of the NZICC upon completion. Therefore, when derecognising the parts of the building that were destroyed in the fire (as detailed above), there is also a requirement under the Group's accounting policy to release a portion of the deferred licence value liability. The amount of the deferred licence value release at 30 June 2023 is $118.3 million (2022: $160.8 million), which represents 31.1% (2022: 42.2%) of the remaining deferred licence value liability (the NZICC was estimated to be 83% complete prior to the fire). A $42.4 million increase of the deferred licence value liability has been recognised in the current financial year (2022: increase of $12.6 million) (note 17).

Site Preparation, Demolition and Other Costs

These costs primarily relate to site preparation, clearing costs and damage assessment on-charged by the Contractor and various related costs incurred directly by SkyCity relating to site preparation, site clearing and damage assessment. These costs are generally recoverable from the insurers. To the extent that recovery of these costs is considered virtually certain, a matching amount is included in fire income above.

(c) Current Assets

	2023 $'000	2022 $'000
Insurance recoveries for damages to the NZICC and Horizon Hotel	**657,074**	595,191
Payments received from the insurers	**(664,601)**	(365,533)
Payments reclassified as income in advance	**19,140**	–
Reclassification to non-current receivables (refer note below)	**–**	(17,183)
Total current assets	**11,613**	212,475

These assets relate to:

Insurance Recovery for Damage to the NZICC and Horizon Hotel

Insurance recoveries under the Contract Works Insurance policy related to pre-remediation and remediation/reconstruction costs, as noted in section (a) above.

Payments Received from the Insurers

In the current year, insurers have settled a portion of the Contracts Works Insurance policy. To date the Group has received payment from the insurers of $664.6 million (2022: $365.5 million) towards pre-remediation (site preparation and clearing) costs and the cost of remediation. Of this amount, $19.1 million has been recorded as income in advance.

(d) Non-current Assets

	2023 $'000	2022 $'000
Insurance recoveries for damages to the NZICC and Horizon Hotel	**–**	17,183
Total non-current assets	**–**	17,183

The split between current and non-current assets is based on the timing of receipt of funds from insurers. All receivables are now classified as current.

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Expenses

	2023 $'000	2022 $'000
Other Expenses		
Utilities, insurance and rates	**31,515**	24,686
Other property expenses	**18,262**	16,597
ICT related expenses	**19,746**	14,648
Professional fees	**18,279**	10,956
Reinstatement of lease income in advance (note 39)	**13,734**	–
Other items	**32,529**	23,331
Expenses relating to short term leases	**554**	441
Impairment of receivables	**265**	1,891
Total other expenses	**134,884**	92,550
Depreciation and Amortisation (excluding right-of-use assets)		
Depreciation (note 24)	**71,034**	75,491
Casino licence amortisation (Adelaide) (note 25)	**2,712**	2,622
Computer software amortisation (note 25)	**10,490**	10,455
Gaming machine entitlements amortisation (note 25)	**127**	124
Total depreciation and amortisation	**84,363**	88,692
Impairment		
Impairment of property, plant and equipment (note 24)	**1,194**	2,903
Impairment of intangible assets (note 25)	**49,662**	4,390
Total impairments	**50,856**	7,293

Auditor's Fees

During the year, the fees outlined in the table below were incurred for services provided by the Company's auditor and its related practices.

The Group engages PricewaterhouseCoopers (**PwC**) on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important and auditor independence is not impaired. For other work, the Group's External Auditor Independence Policy requires advisers other than PwC to be engaged wherever practicable.

PwC is engaged to provide tax compliance services, which relate to ad-hoc queries covering a range of tax related matters, and market survey data for the purposes of executive remuneration benchmarking.

PwC also undertook:

- agreed-upon procedures in relation to the Group's allocation of revenue from the SkyCity Community Trusts, assessment of the normalised results disclosed in the annual report, verification procedures in relation to share-based payments, and procedures in relation to the vote count at the annual meeting; and
- other assurance, agreed-upon procedure engagements and specified reporting in relation to compliance with banking and debt covenants.

(A) ASSURANCE AND AGREED-UPON PROCEDURE SERVICES	2023 $'000	2022 $'000
Audit and review of financial statements		
PwC New Zealand	**1,264**	1,035
PwC Hong Kong	**31**	29
PwC Malta	**65**	51
Total remuneration for audit services	**1,360**	1,115
Performed by PwC New Zealand		
Other assurance services	**–**	8
Specified reporting to retail bond supervisor	**9**	8
Agreed-upon procedures	**64**	50
Total remuneration for other assurance services	**73**	66
Total remuneration for assurance services and agreed-upon procedures	**1,433**	1,181
(B) OTHER SERVICES		
Performed by PwC New Zealand		
Provision of market survey data relating to executive remuneration levels	**57**	59
Performed by PwC Australia		
Tax compliance services	**58**	60
Total remuneration for other services	**115**	119
Total fees expense	**1,548**	1,300

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Earnings per Share

Accounting Policy

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per Share

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

There are no dilutive potential ordinary shares and therefore basic and diluted earnings per share are the same.

	2023	2022
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**758,117,231**	757,507,871
Profit/(loss) attributable to ordinary equity holders of the Company used in calculating basic and diluted earnings per share	**7,965,000**	(33,595,000)
Basic and diluted earnings (cents) per share	**1.1**	(4.4)

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Dividends

Accounting Policy

Dividends are recognised when declared.

DIVIDENDS PAID	CENTS PER SHARE	$'000
2021 final	7.0	53,082
2022 interim	–	–
30 June 2022	7.0	53,082
2022 final	–	–
2023 interim	6.0	45,533
30 June 2023	**6.0**	**45,533**

During the current year, a supplementary dividend of $4.98 million (1.06 cents per share) was paid on shares held by non-resident shareholders, for which the Group received an equivalent foreign investor tax credit entitlement. The foreign investor tax credit entitlement is included in income taxes paid within the Statement of Cash Flows.

The directors have declared a final dividend of 6.0 cents per share in respect of the 30 June 2023 financial year (note 41).

11

Leases - SkyCity as the Lessee

Accounting Policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If, as is generally the case, that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated as follows:

- where possible, using recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- using a build-up approach that starts with a risk free interest rate adjusted for credit risk; and
- making adjustments specific to the lease (e.g. term, country, currency and security).

The weighted average incremental borrowing rate for the Group's leases is 5.3% (with rates ranging from 3.3% to 6.0%).

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Subsequent to initial recognition:

- lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made; and
- right-of-use assets are amortised on a straight-line basis over the remaining term of the lease (or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term).

A small number of short-term leases have not been included in the calculation of lease liabilities or right-of-use assets. Payments made in relation to these leases are recognised on a straight-line basis over the lease term.

Lease Arrangements

The Group has a small number of long term leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Balance Sheet shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Right-of-use assets net book value		
SkyCity Auckland subsoil	**3,085**	3,089
SkyCity Auckland airbridges	**3,020**	3,117
SkyCity Queenstown - Stratton House	**1,750**	1,660
SkyCity Adelaide - Railway Building and extension	**58,381**	57,202
SkyCity Adelaide - car park	**56,302**	61,344
Total right-of-use assets	**122,538**	126,412
Lease liabilities		
Current	**3,045**	3,576
Non-current	**116,840**	117,530
Total lease liabilities	**119,885**	121,106

The Income Statement shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Depreciation of right-of-use assets	**6,309**	5,968
Interest expense on lease liabilities (part of net finance costs)	**6,378**	6,169

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Net Finance Costs

	2023 $'000	2022 $'000
Finance costs	**36,881**	38,743
Foreign exchange gains	**(291)**	(594)
Interest income	**(6,165)**	(1,901)
Capitalised interest (note 24)	**(6,933)**	(1,204)
Total net finance costs	**23,492**	35,044

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Non-current Liabilities - Interest Bearing Liabilities

Accounting Policy

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. However, the interest margin on US dollar denominated United States private placement notes (**USPP**) maturing in March 2025 and February 2030 are accounted for as a fair value hedge and the carrying value of the borrowings is adjusted for fair value changes attributable to the risk being hedged.

Borrowings are only classified as non-current liabilities if the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

UNSECURED INTEREST BEARING LIABILITIES	2023 $'000	2022 $'000
Car park concession (main site nested car parks)	–	49,195
USPP notes	**353,812**	229,872
New Zealand bonds	**175,000**	175,000
Deferred funding expenses	**(3,146)**	(2,695)
Total non-current interest bearing liabilities	**525,666**	451,372

(a) USPP Notes

As at 30 June 2023, SkyCity had outstanding:

- US$100.0 million maturing on 17 March 2025;
- A$65.4 million maturing on 15 March 2028; and
- US$75.0 million maturing on 28 February 2030.

Movements in the carrying value of the outstanding balance in the current year relate to movements in exchange rates, interest rates and additional debt.

The US dollar USPP notes have been hedged to NZ dollars by way of cross currency interest rate swaps to eliminate foreign exchange exposure to the US dollar. The offsetting changes in the value of the cross currency interest rate swaps are included within derivative financial instruments (note 33).

Fair value of USPP debt is estimated at NZ$375.5 million (2022: NZ$236.7 million) compared to a carrying value of NZ$353.8 million (2022: NZ$229.9 million). Fair value has been calculated based on the present value of future principal and interest cash flows, using market interest rates and credit margins at balance date. This is a level 2 valuation in the fair value hierarchy.

All financial covenants were met at 30 June 2023.

(b) Syndicated Bank Facility

The unsecured syndicated banking facility is provided by ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

As at 30 June 2023, SkyCity had in place revolving credit facilities of:

- NZ$135.0 million maturing on 15 June 2024 (undrawn at the reporting date);
- NZ$175.0 million maturing on 15 June 2025 (undrawn at the reporting date); and
- NZ$80.0 million maturing on 15 June 2026 (undrawn at the reporting date).

(c) New Zealand Bonds

$175.0 million of six year unsubordinated, unsecured redeemable fixed rate bonds were issued on 21 May 2021.

The bonds are quoted on the NZDX. As at 30 June 2023, the closing price was $0.8671 (2022: $0.8981) per $1 bond. The bonds are carried at amortised cost. The total fair value is $151.7 million (2022: $157.2 million) which is a level 1 valuation in the fair value hierarchy as they are listed securities.

(d) Negative Pledge Deeds

A negative pledge deed has been executed in relation to each of the funding facilities - bank facilities, USPP notes and New Zealand bonds. In each deed, there are requirements for minimum guarantee group participation and financial covenants. All requirements of the negative pledge deeds have been met as at 30 June 2023.

(e) Weighted Average Interest Rate

	2023 %	2023 $'000	2022 %	2022 $'000
Interest bearing liabilities	**5.31%**	**694,511**	4.51%	652,554

The weighted average debt interest rate includes lease liabilities and the impact of interest rate and foreign currency hedging.

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Current Liabilities - Interest Bearing Liabilities

Accounting Policy

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

	2023 $'000	2022 $'000
Syndicated bank facility	**–**	78,000
Car park concession (main site nested car parks)	**45,814**	–
Total current interest bearing borrowings	**45,814**	78,000

Refer note 13(b) for details concerning the syndicated bank facility.

As detailed in note 39, a portion of the sale of the Car Park Concession Agreement (note 2) related to 450 car parks for the exclusive use of SkyCity. This portion is accounted for as an interest bearing financial liability.

The $220 million received for the sale of the Car Park Concession Agreement was allocated between the 450 nested car parks and the unnested remaining car parks based on their respective fair values. As a result, at 19 August 2019, $45.8 million was allocated to the nested car parks and was recognised as the initial financial liability. From that date, interest expense has been recognised as an addition to this liability on a yield to maturity basis and payments for the use of the nested car parks have been deducted. Due to Macquarie having served a notice of termination of the Car Park Concession Agreement (note 39), this liability, which was classified as non-current at 30 June 2022 (note 13), is classified as current at 30 June 2023. In addition, this liability is now recognised at the estimated amount that will be paid to settle the obligation when the termination occurs.

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Net Debt Reconciliation

	CASH AND BANK BALANCES $'000	BORROWINGS DUE WITHIN 1 YEAR $'000	BORROWINGS DUE AFTER 1 YEAR $'000	TOTAL $'000
Net debt as at 1 July 2021	(49,940)	51,045	556,756	**557,861**
Movement in cash and cash equivalents	1,242	–	–	**1,242**
Recognition of car park concession liability	–	–	2,028	**2,028**
Revaluation of USPP notes	–	–	8,061	**8,061**
Amortisation of deferred funding expenses	–	–	319	**319**
Net movement in bank drawings	–	29,969	–	**29,969**
Movement in lease liabilities	–	562	1,737	**2,299**
Net debt as at 30 June 2022	(48,698)	81,576	568,901	601,779
Movement in cash and cash equivalents	(196,315)	–	–	**(196,315)**
Movement in car park concession liability	–	45,814	(49,195)	**(3,381)**
Revaluation of USPP notes	–	–	(5,058)	**(5,058)**
Movement in USPP notes	–	–	128,999	**128.999**
Amortisation of deferred funding expenses	–	–	(451)	**(451)**
Net movement in bank drawings	–	(78,000)	–	**(78,000)**
Movement in lease liabilities	–	(531)	(690)	**(1,221)**
Net debt as at 30 June 2023	**(245,013)**	**48,859**	**642,506**	**446,352**

16

Investment Properties

Accounting Policy

Investment property, principally comprising freehold office buildings and display space, is held for long term rental yields.

Completed investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices in less active markets, or discounted cash flow projections which are level 3 valuations in the fair value hierarchy. Changes in fair value are recorded in the Income Statement.

Investment property under construction is carried at cost if its fair value is unable to be reliably determined during construction but will be reliably determinable when construction is complete. The NZICC car park is carried at cost on that basis.

	2023 $'000	2022 $'000
Balance at the beginning of the year	119,720	124,368
Additions	220	752
Net loss from fair value adjustment	(12,252)	(5,400)
Transfer from property, plant and equipment - NZICC car parks	1,115	–
Closing balance at 30 June	108,803	119,720

(a) Amounts Recognised in Profit or Loss for Investment Property

	2023 $'000	2022 $'000
Rental income	2,153	2,323
Direct operating expenses from property that generated rental income	(2,230)	(2,485)
Net loss from fair value adjustment	(12,252)	(5,400)
Total recognised in profit or loss	(12,329)	(5,562)

(b) Investment Properties held at 30 June 2023

With the exception of the NZICC car park (which is referred to below), investment properties were revalued to fair value on 30 June 2022 and 30 June 2023 by CBRE, a registered valuer and member of the New Zealand Institute of Valuers and the Property Institute of New Zealand that has recent experience in the location and category of the property being valued.

At 30 June 2022, the fair value of these investment properties (other than the NZICC car park) was $90.4 million. The significant assumptions used in the valuation were:

- capitalisation rate – range from 4.25% to 6.25%; and
- passing yield (calculated as net rent divided by fair value) – range from 2.80% to 6.00%.

At 30 June 2023, the fair value of these investment properties (other than the NZICC car park) was $78.3 million. The significant assumptions used in the valuation were:

- capitalisation rate – range from 5.0% to 7.0%; and
- passing yield (calculated as net rent divided by fair value) – range from 2.74% to 6.77%.

The 30 June 2022 and 30 June 2023 valuations are sensitive to movements in estimated capitalisation rate. If the assumed capitalisation rate increased, then fair value would decrease.

(c) NZICC Car Park

As outlined in notes 2 and 39, under the Car Park Concession Agreement Macquarie was granted a concession until 2048 over car parks on the SkyCity Auckland main site and the NZICC site. When the Car Park Concession Agreement was brought into effect, 624 car parks on the NZICC site were due to be made available to Macquarie at a future date.

It was initially determined that, when those car parks were made available, the Car Park Concession Agreement in relation to those car parks would be accounted for as a finance lease. However, due to the NZICC fire (note 7), delivery of those car parks was delayed, with the consequence that the Car Park Concession Agreement in relation to those car parks was accounted for as an operating lease, with the underlying car parks classified as investment property. The payment received from Macquarie in relation to those car parks (which was determined by allocation of the payment received from Macquarie in relation to the Car Park Concession Agreement between the various car parks that Macquarie was granted a concession to, based on their respective fair values) was recognised as lease income in advance (notes 22 and 23). On the reclassification of the lease, $27.1 million of costs associated with those car parks was transferred from property, plant and equipment to investment properties. In 2021, an additional $2.2 million was transferred from property, plant and equipment to investment properties, as a result of updated NZICC damage estimates on the car parks prepared by RLB (note 7). In the current year, following final NZICC damage assessments on the car parks by RLB (note 7), a further $1.1 million was transferred from property, plant and equipment to investment properties.

Macquarie has now served a notice of termination in relation to the Car Park Concession Agreement (note 39). When SkyCity regains operating control of the car park, those car parks will be classified as property, plant and equipment.

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Deferred Licence Value

	TOTAL $'000
2023	
Opening balance	219,996
Impact of NZICC fire (note 7)	42,448
Closing balance	262,444
2022	
Opening balance	207,436
Impact of NZICC fire (note 7)	12,560
Closing balance	219,996

As outlined in note 7, in 2016 SkyCity's accounting for the granting of the NZICC Auckland casino licence enhancements resulted in the recognition of a deferred licence value liability of $405.0 million. Based on the Group's accounting policy, this amount was to be accounted for as a reduction in the carrying value of the NZICC upon completion. Following the NZICC fire, the damaged portion of the NZICC was disposed of for financial reporting purposes (note 7). As a result of this disposal and the estimates detailed in note 7, $165.8 million of the deferred licence value was released to the Income Statement in the year ended 30 June 2020 and a further $7.5 million was released in the year ended 30 June 2021.

In the prior financial year, as a result of the damage assessments prepared by RLB (note 7), $12.6 million of the above $173.3 million adjustment was reversed, taking the total adjustment to $160.8 million.

In the current year, as a result of the final damage assessment prepared by RLB (note 7), $42.4 million of the above $160.8 million adjustment was reversed, taking the total adjustment to $118.3 million.

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Income Tax Expense

Accounting Policy

The income tax expense for the year is the tax payable on the current year's taxable income, based on the income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(a) Income Tax Expense

	2023 $'000	2022 $'000
Current tax expense	**54,232**	4,645
Deferred tax benefit	**(10,472)**	(3,818)
Income tax expense	**43,760**	827

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable/(Receivable)

Profit/(loss) from continuing operations before income tax expense	**51,735**	(32,768)
Prima facie income tax @ 28%	**14,486**	(9,175)
Tax effects of:		
Items not deductible for tax purposes	**3,093**	2,287
Items non-assessable for tax purposes	**(4,723)**	(3,150)
Differences in overseas tax rates	**(4,981)**	(3,581)
Assets held for sale	**(503)**	(499)
Prior period adjustments	**3**	322
NZICC fire capital net expenses	**545**	10,182
Non-assessable gain on sale	**–**	(498)
Impairment adjustments	**15,531**	1,746
Fair value adjustments	**2,788**	935
Non-deductible regulatory penalties provision	**14,703**	–
Controlled foreign company regime	**2,806**	3,006
Other	**12**	(748)
Total income tax expense	**43,760**	827

The weighted average applicable tax rate was 84.6% (2022: -2.5%). The weighted average tax rate has been significantly impacted by:

- NZICC fire capital (income)/expenses;
- impairment adjustments;
- fair value adjustments;
- sale of Lets Play Live Media Limited; and
- non-deductible regulatory penalty provision.

Excluding these items, the weighted average tax rate would have been 27.4% (2022: 17.5%).

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Deferred Tax Assets

	2023 $'000	2022 $'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	**6,299**	6,999
Depreciation	**(12,785)**	(13,607)
Foreign exchange variances	**4**	4
Cash flow hedges	**80**	80
Lease accounting	**1,261**	489
Tax losses	**30,606**	25,407
Net deferred tax assets	**25,465**	19,372
Movements:		
Balance at beginning of the year	**19,372**	9,740
Foreign exchange differences	**(321)**	263
Charged to the Income Statement (note 18)	**6,414**	9,742
Tax debited directly to other comprehensive income (note 32)	**–**	(373)
Closing balance at 30 June	**25,465**	19,372

Deferred tax assets relate to the Australian and other foreign operations (excluding Malta).

The Group has recognised a deferred tax asset on tax losses of A$93.7 million (2022: A$76.5 million) in relation to Australia. The tax losses have predominantly arisen as a result of the COVID-19 pandemic impacting SkyCity Adelaide's operations and South Australian tourism, with the expanded SkyCity Adelaide property largely not able to operate at full capacity for the majority of time since opening in December 2020. In addition, accelerated tax depreciation on the Adelaide property expansion and expenditure incurred in relation to ongoing SkyCity Adelaide regulatory reviews have also contributed to the tax loss position. It is possible to carry forward Australian tax losses indefinitely and these losses do not have an expiry date. The Group has determined it is probable that taxable profits will be derived in future periods in addition to profits arising from the reversal of existing taxable temporary differences against which the tax losses can be utilised. As noted in note 25, the Group engaged Deloitte to prepare an independent valuation for the Adelaide cash generating unit for the purposes of impairment testing. A key input into the valuation was the five-year forecast which has been adopted by the Board. This forecast of future earnings has been the basis for the assessment that future taxable profit will be available against which the temporary differences can be utilised. It is anticipated based on the five-year forecast that tax losses will be fully utilised by the year ended 30 June 2028. The Group reviews future loss utilisation at each reporting date.

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Deferred Tax Liabilities

	2023 $'000	2022 $'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	**(7,633)**	(3,676)
Depreciation	**64,166**	64,314
Lease accounting	**(172)**	(219)
Cash flow hedges	**(2,182)**	(1,749)
Asset revaluation reserve	**1,921**	1,921
Net deferred tax liabilities	**56,100**	60,591
Movements:		
Balance at the beginning of the year	**60,591**	51,975
(Credited)/charged to the Income Statement (note 18)	**(4,059)**	5,924
Tax (credited)/debited directly to other comprehensive income (note 32)	**(432)**	2,681
Transfer out for discontinued operations	**–**	11
Closing balance at 30 June	**56,100**	60,591

Deferred tax liabilities relate to the New Zealand and Malta operations.

21

Imputation and Franking Credits

	2023 $'000	2022 $'000
Balances available for use in subsequent reporting periods		
Imputation credit account (New Zealand)	**71,487**	40,292
Franking credit account (Australia) (A$)	**13,951**	13,951

As required by the Income Tax Act 2007, the imputation credit account had a credit balance as at 31 March 2023.

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Lease Income in Advance - Current

	2023 $'000	2022 $'000
Lease income in advance	**39,815**	–
Total lease income in advance	**39,815**	–

Refer to note 23 for details.

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Lease Income in Advance - Non-current

	2023 $'000	2022 $'000
Lease income in advance	–	29,501
Total lease income in advance	–	29,501

As detailed in note 16, the 624 further NZICC car parks that were to have been delivered as part of the Car Park Concession Agreement are accounted for as an operating lease, with the underlying car parks classified as investment property and the payment received from Macquarie in relation to those car parks (determined by allocating the amount paid by Macquarie under the Car Park Concession Agreement between the various car parks that Macquarie was granted a concession to, based on their respective fair values) recognised as lease income in advance. Macquarie has now served a notice of termination in relation to the Car Park Concession Agreement (note 39). As payment for termination of the Car Park Concession Agreement is expected in the next 12 months (note 39), lease income in advance is now classified as a current liability (note 22).

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Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as below:

Buildings and fitout	5-75 years
Plant, equipment and motor vehicles	2-75 years
Fixtures and fittings	3-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

AT 1 JULY 2021	LAND $'000	BUILDINGS AND FITOUT $'000	PLANT, EQUIPMENT AND MOTOR VEHICLES $'000	FIXTURES AND FITTINGS $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
Cost	185,968	1,001,903	445,398	159,320	359,416	**2,152,005**
Accumulated depreciation and impairment	–	(352,961)	(321,485)	(106,797)	–	**(781,243)**
Net book amount	185,968	648,942	123,913	52,523	359,416	**1,370,762**
YEAR ENDED 30 JUNE 2022						
Opening net book amount	185,968	648,942	123,913	52,523	359,416	**1,370,762**
Exchange differences	–	7,308	1,441	788	441	**9,978**
Net additions/transfers/disposals	–	1,770	18,339	1,290	102,163	**123,562**
Adelaide expansion	–	1,446	1,832	473	(3,751)	–
Transfer of Adelaide deferred licence	–	(1,093)	(891)	(264)	–	**(2,248)**
Impairment (note 8)	(1,846)	(1,057)	–	–	–	**(2,903)**
Assets held for sale (note 29)	(16,370)	–	–	–	1,120	**(15,250)**
NZICC fire adjustment (note 7)	–	–	–	–	34,270	**34,270**
Depreciation charge	–	(28,895)	(36,500)	(10,096)	–	**(75,491)**
Closing net book amount	167,752	628,421	108,134	44,714	493,659	**1,442,680**
AT 30 JUNE 2022						
Cost	167,752	996,587	402,639	146,724	493,659	**2,207,361**
Accumulated depreciation and impairment	–	(368,166)	(294,505)	(102,010)	–	**(764,681)**
Net book amount	167,752	628,421	108,134	44,714	493,659	**1,442,680**

YEAR ENDED 30 JUNE 2023	LAND $'000	BUILDINGS AND FITOUT $'000	PLANT, EQUIPMENT AND MOTOR VEHICLES $'000	FIXTURES AND FITTINGS $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
Opening net book amount	167,752	628,421	108,134	44,714	493,659	**1,442,680**
Exchange differences	–	(3,850)	(694)	(374)	(366)	**(5,284)**
Net additions/transfers/disposals	–	6,039	23,650	1,341	209,090	**240,120**
Transfer to NZICC obligation (note 30)	–	–	–	–	(19,699)	**(19,699)**
(Impairment)/reversal of impairment (note 8)	(2,250)	1,056	–	–	–	**(1,194)**
Transfer to investment properties - NZICC car parks (notes 7 and 16)	–	–	–	–	(1,115)	**(1,115)**
Transfer from assets held for sale (note 29)	14,100	–	–	–	1,150	**15,250**
NZICC fire adjustment (note 7)	–	–	–	–	52,752	**52,752**
Depreciation charge	–	(28,704)	(33,317)	(9,013)	–	**(71,034)**
Closing net book amount	179,602	602,962	97,773	36,668	735,471	**1,652,476**
AT 30 JUNE 2023						
Cost	179,602	999,241	420,326	147,236	735,471	**2,481,876**
Accumulated depreciation and impairment	–	(396,279)	(322,553)	(110,568)	–	**(829,400)**
Net book amount	179,602	602,962	97,773	36,668	735,471	**1,652,476**

(a) Capitalised Borrowing Costs

Borrowing costs of $6.9 million have been capitalised in the current year relating to capital projects (2022: $1.2 million) using the Group's weighted average cost of debt of 5.31% across the year (2022: 4.51%).

(b) Impairment

Queenstown Land

At 30 June 2023, the Queenstown land was reclassified to property, plant and equipment from assets held for sale (note 29), as a sale is no longer expected within the next year. At 30 June 2023, the land was revalued to fair value, which has resulted in impairment of property, plant and equipment of $2.25 million being recognised in the Income Statement.

(c) Encumbrances

A memorandum of encumbrance is registered against the certificate of title for the Auckland casino in favour of Auckland Council. Auckland Council requires prior written consent before any transfer, assignment or disposition of the land. The intent of the covenant is to protect the Council's rights under the resource consent, relating to the provision of the bus terminus, public car park and public footpaths around the complex.

A further encumbrance records the Council's interest in relation to the subsoil areas under Federal and Hobson Streets used by SkyCity as car parking and a vehicle tunnel. The encumbrance is to notify any transferee of the Council's interest as lessor of the subsoil areas.

There are four encumbrances relating to the NZICC site land. One encumbrance protects the rights of the Crown under the agreement between the Crown and the Group for the construction of the NZICC (**NZICC Agreement**), two relate to firewalls between buildings that have now been demolished and the final encumbrance protects the underground vehicle entrance to the car park on the main Auckland casino site. The NZICC site land is also subject to a covenant in favour of the Crown which restricts the subdivision and use of the site to that permitted under the NZICC Agreement.

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Intangible Assets

Accounting Policy

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is included in intangible assets. Goodwill is not amortised but is instead tested for impairment annually (or more frequently if events or changes in circumstances indicate that it might be impaired) and is carried at cost less accumulated impairment losses.

(ii) Acquired Software

Acquired computer software (other than that licensed under a software as a service arrangement) is capitalised at cost (which includes acquisition cost and any costs incurred in bringing the software into use). Subsequent to initial recognition, it is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the useful life, which ranges from three to 15 years.

(iii) Gaming Machine Entitlements

Gaming machine entitlements (**GMEs**) are required to operate gaming machines in South Australia. Each GME gives the licensee the right to own and operate a single gaming machine at the licensee's venue.

The number of GMEs held by a licensee cannot exceed the maximum number of gaming machines which have been approved for the venue. SkyCity Adelaide currently owns 1,080 GMEs and is licensed to hold a maximum of 1,500.

GMEs can be purchased or sold during trading rounds by an eligible person via the South Australian Government's approved trading system. Trading rounds are usually held at least twice a year at the discretion of the Liquor and Gambling Commissioner. The trading price of a GME is determined by a number of factors, including the number of sellers and buyers and the minimum and maximum prices offered.

SkyCity Adelaide's GMEs are carried at cost less accumulated amortisation and impairment losses. They are amortised over the term of the exclusivity period (which is the period over which SkyCity Adelaide is exclusively permitted to provide casino gaming, except for interactive gaming, in South Australia), which is to 30 June 2035.

(iv) Casino Licences and Regulatory Reforms

The Group's casino licences that have:

- a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the legal licence term; and
- an indefinite useful life are carried at cost less accumulated impairment losses.

Determining whether a casino licence has a finite or indefinite useful life is a key judgement and involves assessment of the terms and conditions, and in particular the renewal terms, of the relevant licence.

Regulatory reforms granted by a government that are specific to the Group are accounted for as intangible assets arising from a government grant and included within the value of casino licences. The reforms are initially recognised at their fair value when there is reasonable assurance that the reforms will be received, and the Group will comply with all conditions attached to them.

Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to completion of the related property, plant and equipment, the value of the regulatory reforms is accounted for as deferred licence value.

(v) Impairment of Intangible Assets

The Queenstown Wharf casino has remained closed since 23 March 2020 (at the commencement of the first COVID-19 lockdown in New Zealand) due to the detrimental effect on the local Queenstown economy from the COVID-19 pandemic's ongoing impacts on the international tourism market. In the prior period, the Queenstown Wharf casino licence was fully impaired (which resulted in the recognition of an impairment loss of $4.4 million) due to management's decision not to reopen the Queenstown Wharf casino in the foreseeable future.

AT 1 JULY 2021	GOODWILL $'000	CASINO LICENCES $'000	COMPUTER SOFTWARE $'000	GAMING MACHINE ENTITLEMENTS $'000	TOTAL $'000
Cost	35,786	778,303	135,611	1,823	**951,523**
Accumulated amortisation and impairment	–	(228,642)	(95,743)	(73)	**(324,458)**
Net book amount	35,786	549,661	39,868	1,750	**627,065**
MOVEMENTS IN THE YEAR ENDED 30 JUNE 2022					
Exchange differences	–	4,238	235	49	**4,522**
Additions	–	–	9,822	–	**9,822**
Transfer of Adelaide deferred licence	–	–	95	–	**95**
Adelaide expansion	–	–	(16)	–	**(16)**
Impairment charge	–	(4,390)	–	–	**(4,390)**
Amortisation charge	–	(2,622)	(10,455)	(124)	**(13,201)**
Closing net book amount	35,786	546,887	39,549	1,675	**623,897**
AT 30 JUNE 2022					
Cost	35,786	785,310	132,656	1,879	**955,631**
Accumulated amortisation and impairment	–	(238,423)	(93,107)	(204)	**(331,734)**
Net book amount	35,786	546,887	39,549	1,675	**623,897**
MOVEMENTS IN THE YEAR ENDED 30 JUNE 2023					
Exchange differences	–	(2,322)	(103)	(27)	**(2,452)**
Additions	–	–	8,099	–	**8,099**
Impairment charge	–	(49,662)	–	–	**(49,662)**
Amortisation charge	–	(2,712)	(10,490)	(127)	**(13,329)**
Closing net book amount	35,786	492,191	37,055	1,521	**566,553**
AT 30 JUNE 2023					
Cost	35,786	779,055	140,450	1,848	**957,139**
Accumulated amortisation and impairment	–	(286,864)	(103,395)	(327)	**(390,586)**
Net book amount	35,786	492,191	37,055	1,521	**566,553**

CASINO LICENCE	CONTRACT TERM
SkyCity Auckland Casino (indefinite useful life)	SkyCity Auckland Limited holds a casino premises licence for the Auckland premises. The initial licence was granted in 1996 for nil consideration, and hence there was no associated initial carrying value. Pursuant to the terms of the NZICC Agreement, the initial term of the licence was extended to 30 June 2048. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). In addition to the licence extension, the casino premises licence was amended to (a) permit the implementation of account-based cashless gaming and ticket in ticket out (TITO) gaming systems; (b) permit an increase in the number of gaming machines, gaming tables and automated table games; and (c) implement various other operational improvements. Under the NZICC Agreement, the Company has agreed to construct the NZICC for a total cost of at least $430.0 million. The reforms (a to c above) are exclusive to the Group and were recorded at fair value based on the estimated incremental benefit over the life of the reforms. The fair value was determined using a discounted cash flow model falling within level 3 of the fair value hierarchy over the life of the reforms. The carrying amount of the casino licence is $405.0 million (2022: $405.0 million).
SkyCity Adelaide Casino (finite useful life)	The casino and associated operations are carried out by SkyCity Adelaide Pty Limited under a casino licence (the Approved Licensing Agreement (**ALA**)) dated October 1999 (as amended). Unless terminated earlier, the expiry date of the ALA is 30 June 2085. The term of the ALA can be renewed for a further fixed term pursuant to section 9 of the Casino Act 1997 (SA). The carrying value of the casino licence is amortised over the life of the ALA. The casino licence and associated regulatory reforms asset are amortised over 20 years or 71 years depending on whether the incremental benefit is associated with the exclusivity period (which is to 30 June 2035 and is the period over which SkyCity Adelaide is exclusively permitted to provide casino gaming, except for interactive gaming, in South Australia) or the full licence period. The carrying value of the casino licence is A$80.1 million (2022: A$128.1 million) (NZ$87.2 million and NZ$141.9 million respectively).
SkyCity Hamilton Casino (indefinite useful life)	SkyCity Hamilton Limited holds a casino premises licence for the Hamilton premises. The casino premises licence is for an initial 25 year term from 19 September 2002. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.
SkyCity Queenstown Casino (indefinite useful life)	Queenstown Casinos Limited holds a casino premises licence for the Queenstown premises. The casino premises licence is for an initial 25 year term from 7 December 2000. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.
SkyCity Wharf Casino (Queenstown) (indefinite useful life)	Otago Casinos Limited holds a casino premises licence for the Queenstown Wharf premises. The casino premises licence is for an initial 25 year term from 11 September 1999. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). The carrying value of the casino licence which arose on SkyCity's acquisition of Otago Casinos Limited is $0.0 million (2022: $0.0 million).

(a) Impairment Tests for Intangibles Assets with Indefinite Useful Lives

Goodwill and the casino licences of SkyCity Auckland, SkyCity Hamilton and SkyCity Wharf have indefinite useful lives and consequently are tested annually for impairment.

2023	SKYCITY AUCKLAND $'000	SKYCITY HAMILTON * $'000	TOTAL $'000
Goodwill	–	35,786	**35,786**
Casino licence	405,000	–	**405,000**
Total	405,000	35,786	**440,786**
2022			
Goodwill	–	35,786	**35,786**
Casino licence	405,000	–	**405,000**
Total	405,000	35,786	**440,786**

* SkyCity Hamilton is included within the "Other Operations" segment in note 4.

These intangible assets are tested for impairment in the cash generating unit (**CGU**) to which they belong. The recoverable amount of each CGU is determined on the basis of value in use. These calculations use cash flow projections using updated five-year forecasts for each site. For all of these assets, the calculated value in use significantly exceeds carrying value.

The entire Auckland precinct is treated as a single CGU due to the close and interconnected relationship of the cash flows across all of SkyCity's Auckland businesses.

(b) Key Assumptions used for Value in Use Calculations of Cash Generating Units

	EBITDA MARGIN		TERMINAL GROWTH RATE		PRE-TAX DISCOUNT RATE	
	2023	2022	2023	2022	2023	2022
SkyCity Auckland	**43.4%**	29.7%	**2.5%**	2.5%	**14.2%**	13.9%
SkyCity Hamilton	**47.0%**	43.5%	**2.5%**	2.5%	**14.2%**	13.9%

These assumptions are consistent with past experience adjusted for economic indicators. The discount rates are pre-tax and reflect specific risks relating to the relevant CGU.

For each CGU, there is sufficient headroom between the value in use of the CGU and the carrying value of the related CGU assets that significant changes in the assumptions used would not require an impairment.

(c) Impairment Review of the Adelaide Casino Licence

During the financial year ended 30 June 2020, the Group engaged Deloitte to independently determine the recoverable amount of the Adelaide CGU for the purpose of determining whether the SkyCity Adelaide casino licence was impaired, which resulted in a A$150 million (NZ$160.6 million) impairment of the SkyCity Adelaide casino licence. Additional independent valuations were obtained from Deloitte in 2021 and 2022, but these did not result in the recognition of further impairment, or the reversal of any previously recognised impairment.

In the current financial year, Deloitte was again engaged to independently determine the recoverable amount of the Adelaide CGU for the purpose of determining whether the SkyCity Adelaide casino licence was impaired. A key input for Deloitte's assessment was the updated Board approved five-year forecast for SkyCity Adelaide. The recoverable amount for the current financial year was determined using the fair value less costs of disposal approach (with the valuation being a level 3 measurement in the fair value hierarchy). The valuation resulted in a range. Taking the midpoint of the range implies an increase in impairment of A$45.6 million (NZ$49.7 million), taking the low end of the range implies an increase in impairment of A$60.4 million (NZ$65.8 million) and taking the high end of the range implies an increase in impairment of A$29.2 million (NZ$31.8 million). As a result of this valuation, a further impairment of A$45.6 million (NZ$49.7 million), at the midpoint of the valuation range, has been recognised at 30 June 2023.

The 2023 independent valuation was based on the following key estimates:

- compound annual EBITDA growth rate from 2024 to 2028 = 6.0% (2022: 2023 to 2027 = 10.2%);
- terminal growth rate = 2.5 % (2022: 2.5%); and
- post-tax discount rate = 12.0% (2022: 11.0%).

EBITDA Growth

Determining an appropriate growth rate has been made difficult by the impact of COVID-19 on the results of prior periods, which has meant that the expanded Adelaide property has not been able to operate at full capacity for the majority of the time since opening in December 2020. In addition, the unknown future impact of regulatory matters and customer responses to ongoing enhancements to SkyCity Adelaide's anti-money laundering and countering the financing of terrorism (**AML/CFT**) practices create a heightened level of uncertainty that makes forecasting challenging. The valuation performed at 30 June 2023 assumes an initial EBITDA uplift from current performance over the financial years ending 30 June 2024 and 30 June 2025, with growth expected to level off from then onwards. Growth estimates have considered a number of factors, including an expected increase in gaming machine market share and an expected increase in visitors to the SkyCity Adelaide property due to ongoing developments in the surrounding precinct. However, growth expectations are lower than they were at 30 June 2022, due to the decision made at the end of the current financial year to materially reduce SkyCity's international activities. The impairment assessment is sensitive to changes in EBITDA and information on this sensitivity is provided below.

Discount Rate

The discount rate, which has been independently calculated by Deloitte, is post-tax. It reflects the current market assessment of the increased uncertainty in the Australian casino industry and risks specific to SkyCity Adelaide, taking into account the time value of money and individual risks of the underlying assets, including those arising from regulatory reviews, that have not been incorporated into the cash flow estimates. The impairment assessment is sensitive to changes in this discount rate and information on this sensitivity is provided below.

Valuation Sensitivities

The valuation of the CGU is highly sensitive to changes in the key estimates on which it is based. Small changes in assumptions could lead to an increase or decrease in the impairment of the CGU.

The sensitivities below illustrate the impact on the impairment assessment of changes in the key assumptions:

- an EBITDA increase/decrease of 5.0% would lead to an increase/decrease in the enterprise value of approximately A$21.7 million/NZ$23.6 million (2022: an EBITDA increase/decrease of 5.0% would have led to an increase/decrease in enterprise value of approximately A$23.0 million/NZ$25.5 million);
- a 0.5% increase in terminal growth rate (to 3.0%) would lead to an increase in the enterprise value of approximately A$14.6 million/NZ$15.9 million (2022: a 0.5% increase in terminal growth rate to 3.0% would have led to an increase in enterprise value of approximately A$20.0 million/NZ$22.1 million);
- a decrease in terminal growth rate of 0.5% (to 2.0%) would lead to a decrease in the enterprise value of approximately A$13.2 million/NZ$14.4 million (2022: a 0.5% decrease in terminal growth rate to 2.0% would have decreased the enterprise value by approximately A$18.0 million/NZ$19.9 million);
- a 0.5% increase in the post-tax discount rate (to 12.5%) would lead to a decrease in the enterprise value of approximately A$15.1 million/NZ$16.4 million (2022: a 0.5% increase in the post-tax discount rate to 11.5% would have led to an approximately A$21.0 million/NZ$23.3 million decrease in the enterprise value); and
- a decrease in the post-tax discount rate of 0.5% (to 11.5%) would lead to an increase in the enterprise value of approximately A$16.7 million/NZ$18.2 million (2022: a 0.5% decrease in the post-tax discount rate to 10.5% would have led to an approximately A$23.0 million/NZ$25.5 million increase in enterprise value).

Annual Impairment Review

The Group will continue to complete annual impairment reviews of the SkyCity Adelaide casino licence. Increases in the fair value less costs of disposal could result in a partial reversal of impairment recognised to date. Decreases in the fair value less costs of disposal may result in the recognition of an additional impairment charge.

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Investments in Associates

An associate is an entity over which the Group is able to exert significant influence. Investments in associates are equity accounted.

On 1 April 2022, the Group made an equity investment of €25 million (NZ$42.1 million) in GiG, in return for which GiG issued 13,487,500 ordinary shares to SkyCity. At the time of issue, these shares represented approximately 11.0% of GiG's equity and voting rights. In the current financial year, GiG issued additional shares. SkyCity did not acquire additional shares and consequently its shareholding now represents approximately 10.46% of GiG's equity and voting rights. The investment includes notional goodwill of €23.6 million (NZ$39.7 million). Under the terms of the share purchase agreement, SkyCity also appointed a director to GiG on 4 April 2022. That director resigned in January 2023 and was replaced by another SkyCity appointed director in May 2023.

Although the Group holds less than 20% of the equity shares of GiG, the Group exercises significant influence by virtue of its appointment of a director to GiG's Board, which gives the Group the power to participate in the financial and operating policy decisions of GiG.

GiG is a European-based online gaming platform provider and media services operator that is listed on the Oslo and Stockholm stock exchanges. As outlined in note 5, the Group earns revenue from an online casino using technology developed by GiG and under a Malta gaming licence held by Silvereye Entertainment Limited (a subsidiary of GiG).

The carrying value of SkyCity's investment in GiG is:

	2023 $'000	2022 $'000
Investment in associates (cost of acquisition plus share of profits)	**43,200**	42,136

For the 12-months ended 31 March 2023, GiG had:

- total revenue of €116.5 million; and
- total net profit/(loss) after tax of €5.7 million.

As at 31 March 2023, GiG had:

- total current assets of €33.3 million (31 March 2022: €35.7 million);
- total non-current assets of €189.2 million (31 March 2022: €60.6 million):
- total current liabilities of €46.9 million (31 March 2022: €25.9 million); and
- total non-current liabilities of €96.3 million (31 March 2022: €57.2 million).

As at 30 June 2023, the fair value of the Group's interest in GiG, which is listed on the Oslo Stock Exchange, was €28.3 million (NZ$50.4 million) (2022: €21.1 million NZ$35.5 million).

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Receivables and Prepayments

Accounting Policy

Trade receivables are recognised initially at transaction value and subsequently measured at amortised cost less impairment.

	2023 $'000	2022 $'000
Trade receivables (gross)	**8,867**	10,827
Impairment	**(876)**	(4,543)
Trade receivables (net)	**7,991**	6,284
Sundry receivables	**5,230**	1,776
Prepayments	**37,612**	17,766
Total receivables and prepayments	**50,833**	25,826

Due to the short term nature of these receivables, and the fact that they are assessed for impairment, their carrying value approximates fair value.

Included in prepayments is $27.1 million paid to FCC as a result of the settlement of a portion of the Contracts Works Insurance policy for the fire at the NZICC construction site (note 7).

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Cash and Cash Equivalents

	2023 $'000	2022 $'000
Cash at bank	**202,965**	8,779
Cash in house	**42,048**	39,919
Total cash and cash equivalents	**245,013**	48,698

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Assets Held for Sale

Accounting Policy

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

	2023 $'000	2022 $'000
Land	–	24,492
Buildings	–	2,151
Plant and equipment	–	3
Total assets held for sale	–	26,646

There are no assets held for sale at 30 June 2023. At 30 June 2022, the assets held for sale were the Little Mindil site in Darwin and development land in Queenstown.

At the prior reporting date, the Little Mindil site in Darwin was subject to a sale and purchase agreement and the purchaser had partially paid the purchase price. In the current year, the balance of the purchase price was received, title was transferred to the purchaser and the asset was derecognised.

At 30 June 2023, the Queenstown land was reclassified to property, plant and equipment (note 24), as a sale is no longer expected within the next year. At 30 June 2023, the land was revalued to fair value on a comparable sales basis by Bower Valuations Limited, which has recent experience in the location and category of the property being valued. The fair value of the land at 30 June 2023 is $2.25 million lower than it was at 30 June 2022, which has resulted in impairment of property, plant and equipment of $2.25 million being recognised in the Income Statement.

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Payables and Provisions

Accounting Policy

Accounts payable are initially recognised at fair value, net of transaction costs, and thereafter carried at amortised cost.

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

	2023 $'000	2022 $'000
Trade payables	23,639	21,128
Deferred income	36,671	21,899
Accrued expenses	36,226	67,733
Employee benefits	51,686	45,227
NZICC obligation	10,788	30,487
Provisions	7,978	725
Regulatory penalties provision	49,009	–
Total payables and provisions	215,997	187,199

The carrying amounts of trade and other payables approximates their fair value, due to their short term nature.

Provisions

Provisions are recognised in relation to a number of matters, including the obligation to complete the car park associated with the Car Park Concession Agreement (note 39), the onerous contract for the Queenstown Wharf, a workers' compensation claim in Adelaide and the civil penalty proceedings commenced by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) against SkyCity Adelaide.

NZICC Obligation

The Group has recognised a liability to reconstruct the assets associated with the initial 600 NZICC car parks that were transferred to Macquarie under the Car Park Concession Agreement (note 39) but subsequently damaged in the NZICC fire (note 7). The Group has estimated the liability for the remaining works to be $10.8 million (2022: $30.5 million), based on an estimate prepared by RLB and the Group's assessment of the remediation works carried out to date on the car parks. This liability is reduced as remediation occurs and will be extinguished when the termination of the Car Park Concession Agreement is completed (note 39).

AUSTRAC Proceedings

In June 2021, SkyCity Adelaide was notified by AUSTRAC that it had identified potential serious non-compliance by SkyCity Adelaide with the Australian Anti-Money Laundering and Counter Terrorism Financing Act 2006 (**Act**) and Anti-Money Laundering and Counter Terrorism Financing Rules Instrument 2007 (No. 1). The potential serious non-compliance noted by AUSTRAC included concerns relating to ongoing customer due diligence and adopting and maintaining an anti-money laundering and counter terrorism financing (**AML/CTF**) programme in compliance with the Act.

Following an investigation, on 7 December 2022 AUSTRAC commenced civil penalty proceedings in the Federal Court of Australia (**Court**) against SkyCity Adelaide for alleged serious and systemic non-compliance with the Act. AUSTRAC alleges the following specific breaches of the Act:

- that SkyCity Adelaide contravened section 81 of the Act (which relates to the requirement to adopt and maintain an AML/CTF programme) on an innumerable number of occasions on and from 7 December 2016; and
- that SkyCity Adelaide contravened section 36 of the Act (which relates to the requirement to undertake customer due diligence) on 124 occasions in the period on and from 7 December 2016.

Each of the alleged contraventions referred to above attracts a maximum civil penalty of between A$18 million and A$22.2 million per contravention. As AUSTRAC alleges that SkyCity Adelaide contravened section 81 of the Act on an innumerable number of occasions, it is not possible to determine a theoretical maximum penalty for the alleged breaches.

The proceedings remain at a relatively early stage with AUSTRAC and SkyCity Adelaide currently working toward agreeing facts and potential admissions before the Court identifies a process for any remaining disputed issues (if any) and potential penalty to be determined.

At 30 June 2023, SkyCity has recognised a provision of A$45.0 million (NZ$49.0 million) in relation to the proceedings. This provision is for an estimate of the potential exposure to penalties and legal costs arising from the proceedings and has had regard to a wide range of factors relevant to the determination of any penalty that may ultimately become payable by SkyCity Adelaide. SkyCity and SkyCity Adelaide have also obtained external legal advice on the issue. Estimating the potential exposure for SkyCity Adelaide to penalties in the proceedings at this stage of that process remains highly dependent on a range of factors which are not yet known and, as such, the size of any penalty SkyCity Adelaide is exposed to could vary materially from the amount of the provision recognised. In particular, significant uncertainties remain as to:

- the nature and characterisation of any contraventions that will inform the Court's decision as to appropriate penalty;
- the attitude and approach that AUSTRAC will take to the questions of the seriousness, nature and extent of SkyCity Adelaide's alleged contraventions and the amount of any penalty it will submit SkyCity Adelaide should be ordered to pay; and
- the attitude and approach of the Court to the seriousness of SkyCity Adelaide's alleged contraventions, comparisons with the positions of Crown Melbourne Limited and Burswood Nominees Limited (trading as Crown Perth) (together, Crown), The Star Pty Limited and The Star Entertainment QLD Limited and, ultimately, the level of any penalty it may order SkyCity Adelaide to pay.

Judgments in civil penalty proceedings brought by AUSTRAC to date demonstrate that the Court's determination of the appropriate penalty (where contraventions are admitted or established) is very specific to the facts in each case and that the Court will have regard to all relevant matters in determining an appropriate penalty, including the nature and extent of any contravention(s), loss and damage suffered as a result of any contravention(s), steps taken to improve existing systems, and relative size and financial position of the business.

Any eventual civil penalty applied to SkyCity Adelaide in relation to the proceedings may be significantly higher or lower than the provision recognised in these financial statements. The timing of any civil penalty payable by SkyCity Adelaide is also uncertain.

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Share Capital

	2023 SHARES	2022 SHARES	2023 $'000	2022 $'000
Opening balance of ordinary shares issued	**760,205,209**	760,205,209	**1,340,556**	1,338,223
Shares issued under employee share schemes	**–**	–	**2,446**	2,292
Net issue of treasury shares	**–**	–	**25**	41
	760,205,209	760,205,209	**1,343,027**	1,340,556

All ordinary shares rank equally, carry one vote per share and carry the right to dividends.

Included within the number of shares is 2,087,978 treasury shares (2022: 2,697,338) held by a third party in connection with the Company's employee share schemes. The movement in treasury shares during the year related to the issuance of shares under the employee incentive plans, purchases of shares by the external trustee company in relation to employee incentive plans and the exercise of share rights/options.

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Reserves

	2023 $'000	2022 $'000
Asset revaluation reserve	**12,770**	12,770
Hedging reserve - cash flow hedges	**(3,359)**	(4,564)
Foreign currency translation reserve	**(16,674)**	(11,797)
Cost of hedging reserve	**(3,172)**	(854)
Total reserves	**(10,435)**	(4,445)
MOVEMENTS		
Asset Revaluation Reserve		
Opening balance	**12,770**	12,770
Closing balance	**12,770**	12,770
Hedging Reserve - Cash Flow Hedges		
Opening balance	**(4,564)**	(12,058)
Revaluation	**(10,734)**	13,777
Transfer to net profit - finance costs (net)	**12,408**	(3,369)
Deferred tax	**(469)**	(2,914)
Closing balance	**(3,359)**	(4,564)
Foreign Currency Translation Reserve		
Opening balance	**(11,797)**	(22,478)
Exchange difference on translation of overseas subsidiaries	**(4,877)**	10,681
Closing balance	**(16,674)**	(11,797)
Cost of Hedging Reserve		
Opening balance	**(854)**	(1,213)
Revaluations	**(3,913)**	37
Transfer to finance costs	**694**	462
Deferred tax	**901**	(140)
Closing balance	**(3,172)**	(854)

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Derivative Financial Instruments

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(2) hedges of exposures to variability in cash flows associated with recognised assets or liabilities or highly probable forecast transactions (cash flow hedges).

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised as equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recognised in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

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

Derivatives that do not Qualify for Hedge Accounting

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

CURRENT ASSETS	2023 $'000 NOTIONAL VALUE	2022 $'000 NOTIONAL VALUE	2023 $'000 FAIR VALUE	2022 $'000 FAIR VALUE
Interest rate swaps - cash flow hedges	–	50,000	–	200
Forward foreign exchange contracts	**40,371**	20,946	**489**	163
Total current derivative financial instrument assets	**40,371**	70,946	**489**	363
NON-CURRENT ASSETS				
Interest rate swaps - cash flow hedges	**80,000**	80,000	**2,407**	1,134
Cross currency interest rate swaps - cash flow hedges*	**146,630**	160,927	**9,536**	10,464
Total non-current derivative financial instrument assets	**226,630**	240,927	**11,943**	11,598
Total derivative financial instrument assets			**12,432**	11,961
CURRENT LIABILITIES				
Forward foreign currency contracts	**5,352**	51,943	**17**	12
Total current derivative financial instrument liabilities	**5,352**	51,943	**17**	12
NON-CURRENT LIABILITIES				
Cross currency interest rate swaps - cash flow hedges*	**128,999**	–	**5,617**	–
Total non-current derivative financial instrument liabilities	**128,999**	–	**5,617**	–
Total derivative financial instrument liabilities			**5,634**	12
Total net derivative financial instruments			**6,798**	11,949

** A component of the interest margin in US$175.0 million of these cross currency interest rate swaps (CCIRS) is treated as a fair value hedge.*

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Financial Risk Management

The Group's activities expose it to a variety of financial risks - market risks (including currency and interest rate risk), liquidity risk, and credit risk. The Group's overall risk management programme recognises the nature of these risks and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under a formal Treasury Policy approved by the Board. The Treasury Policy sets out written principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, and credit risk.

(a) Market Risk

(i) Currency Risk

The Group operates internationally and is exposed to currency risk, primarily with respect to Australian and US dollars. Exposure to the Australian dollar arises from the Group's investment in, and intercompany loans to, its Australian operations.

Exposure to the US dollar arises from USPP funding denominated in that currency.

The Group utilises natural hedges wherever possible with forward foreign exchange contracts used to manage any significant residual risk to the Income Statement.

The Group's exposure to the US dollar (refer to the USPP notes detailed in note 13) has been fully hedged by way of cross currency interest rate swaps (**CCIRS**), hedging US dollar exposure on both principal and interest. The CCIRS correspond in amount and maturity to the US dollar borrowings with no residual US dollar exposure.

(ii) Interest Rate Risk

The Group's interest rate risk arises from long term borrowings.

Interest rate swaps (**IRS**) and CCIRS are utilised to modify the interest repricing profile of the Group's debt to match the profile required by the Treasury Policy. All IRS and CCIRS are in designated hedging relationships that are highly effective.

As the Group has no significant interest bearing assets, the Group's income is substantially independent of changes in market interest rates.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its financial obligations. SkyCity is largely a cash-based business and its material credit risks arise mainly from financial instruments utilised in funding and from International Business activity.

Financial instruments (other than those that relate to International Business which are discussed below) that potentially create a credit exposure can only be entered into with counterparties that are explicitly approved by the Board.

The maximum credit risk of any financial instrument at any time is the fair value where that instrument is an asset. All derivatives are carried at fair value in the Balance Sheet. Trade receivables are presented net of impairment.

International Business activity is managed in accordance with accepted industry practice. Settlement risk associated with International Business customers is minimised through credit checking and a formal review and approval process.

(c) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.

Maturities of Committed Funding Facilities

Debt maturities are detailed in note 13.

30 JUNE 2023	LESS THAN 6 MONTHS $'000	6 - 12 MONTHS $'000	BETWEEN 1 AND 2 YEARS $'000	BETWEEN 2 AND 5 YEARS $'000	OVER 5 YEARS $'000	TOTAL
Bank facility	–	135,000	175,000	80,000	–	**390,000**
USPP	–	–	156,112	71,210	126,490	**353,812**
New Zealand bonds	–	–	–	175,000	–	**175,000**
Car park concession liability	45,814	–	–	–	–	**45,814**
Lease liabilities	1,119	3,045	4,416	12,481	98,824	**119,885**
Total committed debt facilities	46,933	138,045	335,528	338,691	225,314	**1,084,511**
Total drawn debt	46,933	3,045	160,528	258,691	225,314	**694,511**
Future contracted interest on drawn debt	12,024	23,918	39,408	62,374	14,190	**151,914**
Future interest of lease liabilities	3,160	3,135	6,155	17,302	312,179	**341,931**
Future contracted interest on CCIRS/IRS	3,134	6,234	8,979	15,154	5,043	**38,544**
Total drawn debt and derivatives	65,251	36,332	215,070	353,521	556,726	**1,226,900**
30 JUNE 2022						
Bank facility	–	160,730	115,000	115,000	–	**390,730**
USPP	–	–	–	157,471	72,401	**229,872**
New Zealand bonds	–	–	–	175,000	–	**175,000**
Car park concession liability	–	–	–	–	49,195	**49,195**
Lease liabilities	1,764	1,812	3,947	14,444	99,139	**121,106**
Total committed debt facilities	1,764	162,542	118,947	461,915	220,735	**965,903**
Total drawn debt	1,751	79,798	3,917	346,809	220,278	**652,553**
Future contracted interest on drawn debt	8,043	7,562	15,291	30,704	2,594	**64,194**
Future interest of lease liabilities	3,155	3,133	6,142	17,171	300,966	**330,567**
Future contracted interest on CCIRS/IRS	427	522	1,053	560	–	**2,562**
Total drawn debt and derivatives	13,376	91,015	26,403	395,244	523,838	**1,049,876**

(d) Fair Value Estimation

Other than the New Zealand bonds, which are listed on the NZDX and therefore level 1 in the fair value hierarchy, all SkyCity financial instruments that are carried at fair value, which includes CCIRS, IRS and forward foreign currency contracts, are valued using level 2 in the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:

- the fair value of IRS and CCIRS is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

Further details on derivatives are provided in note 33.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise returns for shareholders and benefits for other stakeholders over the long term.

In order to optimise its capital structure, the Group manages actual and forecast operational cash flows, capital expenditure and equity distributions.

The Group primarily manages capital on the basis of gearing measured as a ratio of net debt (debt at hedged exchange rates less cash at bank) to normalised EBITDA and interest coverage (normalised EBITDA relative to net interest cost). Normalised EBITDA is a non-GAAP measure used to report to the market. It is based on EBITDA as shown in the Income Statement with adjustments to eliminate fair value movements, impairments and impacts of unusual events such as the fire at the NZICC construction site.

The primary ratios were as follows at 30 June:

	2023	2022
Gearing ratio	**1.6x**	4.6 x
Interest cover ratio	**10.1x**	3.8 x

Ratios for 2022 were significantly distorted due to the impact of COVID-19 on 2022 EBITDA due to closures.

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Share-Based Payments

Accounting Policy

SkyCity operates equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the share rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each reporting date, the Company revises its estimates of the number of shares expected to be distributed. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period.

Current Plans

Executive Long Term Incentive Restricted Share Rights Plan (LTI RSR Plan)

Under the LTI RSR Plan, certain senior executives are granted with restricted share rights (**RSRs**). The grant is subject to the rules of the SkyCity Restricted Share Rights Long Term Incentive Plan (FY23). Each RSR granted confers a right to receive one ordinary share in the Company, which will only vest if the relevant employee remains continuously employed by the Company (or a company within the Group) from the date of issue until the relevant vesting date and provided that certain performance measures are met. Performance measures for FY23 relate to the total shareholder return relative to the cost of equity for the Group and other comparable companies. If those vesting conditions are not met, the RSRs will lapse and no shares will be awarded to the participating executives. No dividends will be paid on the RSRs.

2021 Chief Executive Officer Incentive Shares (CEO Plan)

Under the terms of his employment agreement, the CEO was issued 157,347 ordinary shares of the Company on 16 November 2022. There were no performance targets associated with these shares (other than continued employment during the period from his commencement date to November 2022). The CEO also received a cash payment equivalent to the cash dividends declared and paid by SkyCity on shares during the 12-month period preceding the anniversary of the commencement date.

CEO Restricted Share Rights (CEO RSR Grant)

On 21 December 2021, a one-off issue of RSRs was granted to the CEO. This grant is subject to the rules of the SkyCity Restricted Share Rights Plan, as amended by the specific terms of the CEO RSR Grant.

Each RSR confers a right to receive one ordinary share in the Company. There are no performance measures associated with the vesting of the RSRs under the CEO RSR Grant (other than continued employment by the Company at the respective vesting dates being):

- 8 September 2024 in respect of 50% of the RSRs; and
- 8 September 2025 in respect of the remaining 50% of the RSRs.

Each vested RSR may be exercised on or before the termination date (being 8 September 2026) by paying the exercise price of NZ$3.237 per RSR, as reduced by the aggregate cash amount per share of any dividends paid by the Company between 8 September 2021 and the relevant date of exercise of the RSR. No dividends will be paid on the RSRs.

Long Term Incentive Retention Restricted Share Rights (LTI Retention RSRs)

On 30 November 2022, a one-off issue of RSRs was granted to the New Zealand Chief Operating Officer in lieu of an entitlement to LTI RSRs. The grant is subject to the rules of the SkyCity Restricted Share Rights Long Term Incentive Plan (FY23), as amended by the specific terms of the LTI Retention RSRs grant.

Each RSR confers a right to receive one ordinary share in the Company. There are no performance measures associated with the vesting of the RSRs under the LTI Retention RSRs grant (other than continued employment by the Company at the respective vesting dates being):

- 8 September 2025 in respect of 50% of the RSRs; and
- 8 September 2026 in respect of the remaining 50% of the RSRs.

Each vested RSR may be exercised on or before the termination date (being 8 September 2027) by paying the exercise price of $2.85657 per RSR, as reduced by the aggregate cash amount per share of any dividends paid by the Company between 8 September 2022 and the relevant date of exercise of the RSR. No dividends will be paid on the RSRs.

Performance Incentive Plan (PIP)

The PIP includes both cash (the short term incentive scheme component of the PIP) and deferred equity components (the deferred short term incentive component of the PIP).

The deferred short term incentive scheme under the PIP offers participants, subject to the relevant performance conditions being met, the opportunity to acquire RSRs of an amount equivalent to between 10% and 50% of their base salary. RSRs (if any) issued to a participant on a short term incentive cash payment date (**Declaration Date**) will only vest if that participant remains an employee up and until:

- the first anniversary of the Declaration Date in respect of 50% of the RSRs; and
- the second anniversary of the Declaration Date in respect of the remaining 50% of the RSRs.

However, if a participant's deferred short term incentive entitlement in any financial year is to RSRs having a value of $10,000 or less (calculated using the volume-weighted average sale price of the Company's shares used to determine the number of RSRs to be issued to the participant), the RSRs will not be split out equally into two separate tranches, but will instead comprise one tranche and (subject to the vesting criteria being satisfied) vest to the participant on the first anniversary of the Declaration Date. These RSRs will be issued to staff after the finalisation of the Group's results.

Executive Long Term Incentive Plan (LTI Plan)

A prior plan, the LTI Plan, was replaced with the LTI RSR plan for 2023. Under the LTI Plan, executives purchased ordinary shares of the Company funded by an interest-free loan from the Group. The shares purchased by the executives are held by a trustee company with executives entitled to exercise the voting rights attached to the shares and receive dividends, the proceeds of which are used to repay the interest-free loan.

At the end of the restricted period (three years), the Group pays a bonus to each executive to the extent their performance targets have been met which is sufficient to repay the initial interest-free loan associated with the shares which vest. The shares upon which performance targets have been met will then fully vest to the executives. The loan owing on shares upon which performance targets have not been met (the forfeited shares) will be novated from the executives to the trustee company and will be fully repaid by the transfer of the forfeited shares. Performance measures relate to the total shareholder return relative to the cost of equity for the Group and other comparable companies.

At 30 June 2023, the interest-free loans relating to the LTI Plan total $1,883,607 (2022: $3,889,982).

Outstanding Share Rights

Movements in the number of RSRs outstanding are as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT END OF THE YEAR
		NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
2023						
LTI PLAN						
28/08/19	28/08/22	420,418	–	(70,070)	(350,348)	-
17/09/20	17/09/23	556,986	–	–	(58,858)	498,128
08/09/21	08/09/24	233,805	–	–	(83,115)	150,690
LTI RSR PLAN		–	–	–	–	–
08/09/22	08/09/25	–	198,596	–	(61,786)	136,810
CEO PLAN						
16/11/21	16/11/22	157,347	–	(157,347)	–	–
CEO RSR GRANT						
08/09/21	08/09/26	3,947,368	–	–	–	3,947,368
LTI RETENTION RSRs		–	–	–	–	-
08/09/22	08/09/27	–	675,676	–	–	675,676
PIP						
07/09/21	07/09/22	390,044	–	(381,943)	(8,101)	–
07/09/21	07/09/23	379,550	–	–	(63,261)	316,289
21/09/22	21/09/23	–	262,027	–	(43,169)	218,858
21/09/22	21/09/24	–	109,017	–	(21,477)	87,540
Total		6,085,518	1,245,316	(609,360)	(690,115)	6,031,359

GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT END OF THE YEAR
		NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
2022						
LTI PLAN						
23/08/17	23/08/21	750,883	–	–	(750,883)	–
22/08/18	22/08/21	376,019	–	(62,670)	(313,349)	–
28/08/19	28/08/22	420,418	–	–	–	420,418
17/09/20	17/09/23	556,986	–	–	–	556,986
08/09/21	08/09/24	–	233,805	–	–	233,805
CEO PLAN						
16/11/20	16/11/21	166,003	–	(166,003)	–	–
16/11/21	16/11/22	–	157,347	–	–	157,347
CEO RSR GRANT						
08/09/21	08/09/26	–	3,947,368	–	–	3,947,368
PIP						
06/09/19	06/09/21	459,327	–	(459,327)	–	–
10/09/19	10/09/21	8,720	–	(8,720)	–	–
07/09/21	07/09/22	–	416,587	–	(26,543)	390,044
07/09/21	07/09/23	–	404,815	–	(25,265)	379,550
Total		2,738,356	5,159,922	(696,720)	(1,116,040)	6,085,518

The weighted average remaining contractual life of rights outstanding at the end of the period was 2.66 years (2022: 3.00 years).

Fair Values

Fair Value of Share Rights Granted (LTI RSR Plan)

The assessed fair value at grant date of the rights granted on 8 September 2022 was $0.78. This was calculated using the single index model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 8 September 2022 included:

(a) rights are granted for no cash consideration;

(b) exercise price: nil; and

(c) share price at grant date: $2.79.

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of LTI Retention Restricted Share Rights (LTI Retention RSRs)

The assessed fair value at grant date of the rights granted on 30 November 2022 was $0.76. This was calculated using the Black Scholes model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 30 November 2022 included:

- rights are granted for no consideration;
- exercise price: $2.86 per RSR pre-adjustments for cash dividends paid throughout the period; and
- share price at grant date: $2.79.

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of SkyCity Deferred Share Rights (PIP Plan)

The assessed value of each 2022 right was determined by Ernst & Young Transaction Advisory Services Limited. RSRs vesting one year after year-end were valued at $2.65 (2022: $2.84) and RSRs vesting two years after-year end were valued at $2.35 (2022: $2.57).

Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2023 $'000	2022 $'000
Rights issued under share rights plans	**2,446**	2,292

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Related Party Transactions

(a) Key Management Personnel Compensation

Key management personnel compensation is set out below. The key management personnel are all the directors of the Company, the CEO and the Senior Leadership Team.

	SHORT-TERM BENEFITS $'000	SHARE-BASED PAYMENTS $'000	TOTAL $'000
2023	10,156	1,958	**12,114**
2022	8,087	2,132	**10,219**

(b) Other Transactions with Key Management Personnel or Entities Related to Them

Certain directors and management have relevant interests in a number of companies with which SkyCity has transactions in the normal course of business. A number of SkyCity directors are also non-executive directors of other companies, and a register of directors' interests is maintained. Any transactions undertaken with these entities have been entered into in the normal course of business.

Certain directors and management hold shares in SkyCity and receive dividends in the normal course of business.

In the current year, consultancy services of $49,022 (2022: $8,769) were paid to incoming directors, for the period from 1 July to 7 September 2022 and from 1 March to 2 March 2023 (inclusive), prior to their appointment.

From time to time, certain directors provide additional consultancy services to the Group outside of their capacity as directors. No additional fees were paid in the current year (2022: Nil).

(c) Subsidiaries

Interests in subsidiaries are set out in note 37.

(d) Associates

As outlined in note 26, the Group acquired an associate, GiG, on 1 April 2022. As outlined in note 5, the Group also earns revenue from online gaming under a gaming licence held by GiG. For the year ended 30 June 2023, the Group earned revenue of €9.0 million (NZ$15.4 million) (2022: 1 April 2022 to 30 June 2022 €2.4 million (NZ$4.0 million)) from online gaming under the gaming licence held by GiG. At 30 June 2023, the Group has a receivable of €0.8 million (NZ$1.3 million 30 June 2022: €1.4 million (NZ$2.3 million) from GiG in relation to online gaming.

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Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3(a):

NAME OF ENTITY	PRINCIPAL PLACE OF BUSINESS	CLASS OF SHARES	EQUITY HOLDING	
			2023 %	2022 %
Cashel Asset Management Limited	New Zealand	Ordinary	**100%**	100%
Horizon Tourism New Zealand Limited (formerly SkyCity Wellington Limited)	New Zealand	Ordinary	**100%**	100%
New Zealand International Convention Centre Limited	New Zealand	Ordinary	**100%**	100%
Otago Casinos Limited	New Zealand	Ordinary	**100%**	100%
Queenstown Casinos Limited	New Zealand	Ordinary	**100%**	100%
Sky Tower Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Action Management Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Auckland Holdings Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Auckland Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Casino Management Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Development Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Enterprises Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Hamilton Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Holdings Limited	New Zealand	Ordinary	**100%**	100%
SkyCity International Holdings Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Investments Australia Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Investments Queenstown Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Management Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Precinct Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Projects Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Properties Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Properties Albert St Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Properties Victoria St Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Ventures Limited	New Zealand	Ordinary	**100%**	100%
SkyCity Adelaide Pty Limited	Australia	Ordinary	**100%**	100%
SkyCity Australia Finance Pty Limited	Australia	Ordinary	**100%**	100%
SkyCity Australian Limited Partnership	Australia	Ordinary	**100%**	100%
SkyCity Australia Pty Limited	Australia	Ordinary	**100%**	100%
SkyCity Treasury Australia Pty Limited	Australia	Ordinary	**100%**	100%
Horizon Tourism Limited	Hong Kong	Ordinary	**100%**	100%
SkyCity Investment Holdings Limited	Hong Kong	Ordinary	**100%**	100%
SkyCity Malta Holdings Limited	Malta	Ordinary	**100%**	100%
SkyCity Malta Limited	Malta	Ordinary	**100%**	100%
SkyCity Management (UK) Limited	United Kingdom	Ordinary	**100%**	100%

All subsidiaries have balance dates of 30 June.

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Contingencies

(a) Contingent Liabilities

SkyCity operates in a highly regulated industry. During the current financial year, there has been continued focus on the casino industry in both New Zealand and Australia.

SkyCity takes its regulatory obligations seriously and continues to engage proactively with its regulators and respond to their inquiries.

(i) Independent Review

On 1 July 2022, the Company and SkyCity Adelaide were advised by Consumer and Business Services (**CBS**) (the South Australian gaming regulator) that the South Australian Liquor and Gambling Commissioner (**Commissioner**) had appointed the Honourable Brian Martin AO KC to undertake an independent review of SkyCity Adelaide in accordance with Part 3 of the Casino Act 1997 (SA).

In its media release dated 1 July 2022, CBS noted that it was commissioning an independent review of the casino operations in South Australia "in light of interstate inquiries into various casino operations" given "a number of the matters raised to date extend beyond any one organisation and point instead to broader systemic issues within the casino industry". Mr Martin was asked to consider, amongst other things, whether SkyCity Adelaide is a suitable person to continue to hold the casino licence in South Australia, whether the Company is a suitable person to continue to be a close associate of SkyCity Adelaide, and, if SkyCity Adelaide or the Company is not a suitable person, what changes (if any) are required for that party to become a suitable person. Mr Martin was due to report back to the Commissioner by 1 February 2023. However, as at 30 June 2023, Mr Martin had not delivered his report to the Commissioner.

On 6 February 2023, CBS advised the Company and SkyCity Adelaide that:

- Mr Martin had formed the view that, until the resolution of the civil penalty proceedings filed by AUSTRAC against SkyCity Adelaide on 7 December 2022, it was not possible to reliably determine the question of suitability; and
- on that basis, the Commissioner had decided to put the independent review on hold and had extended the timeframe for the provision of a written report of the findings of the independent review until after the conclusion of those civil penalty proceedings.

The Commissioner also advised that he was considering his options regarding any action he should take whilst the independent review was on hold, including whether he will seek that SkyCity Adelaide undertake any actions in the interim.

SkyCity Adelaide continues a constructive dialogue with the Commissioner.

On 26 May 2023, the Commissioner issued a direction notice to SkyCity Adelaide under section 10 of the Gambling Administration Act 2019 (SA), requiring SkyCity Adelaide to appoint a suitably qualified independent expert approved by the Commissioner to:

- review SkyCity Adelaide's AML/CTF and host responsibility enhancement programmes and, if required, make amendments to those enhancement programmes;
- monitor the implementation of those enhancement programmes by SkyCity Adelaide and SkyCity Adelaide's compliance with its AML/CTF and gambling harm minimisation obligations; and
- report to the Commissioner in relation to the above matters.

The Commissioner advised that the appointment of an independent expert would provide an independent perspective of SkyCity Adelaide's AML/CTF and host responsibility enhancement programmes and an additional layer of assurance. SkyCity Adelaide is working with the Commissioner to finalise the appointment of the independent expert.

Prior to any findings being made or a final report being provided by Mr Martin, it is not possible to determine what regulatory action, if any, might be applied to SkyCity Adelaide as a result of the independent review. Consequently, at the reporting date there is no present obligation and a provision has not been recognised.

The Company and SkyCity Adelaide will continue to cooperate with CBS and any further requests for information and documents.

(ii) Casino Duty

SkyCity Adelaide has had an ongoing contractual dispute with Revenue South Australia concerning the interpretation of the Casino Duty Agreement (**CDA**) in relation to the treatment of loyalty points converted to gaming machine play and the deduction of loyalty points earned for the purpose of calculating casino duty at the SkyCity Adelaide casino.

Both parties have agreed to seek declaratory relief from the South Australian Courts as to the proper construction of the CDA to determine the correct interpretation on both issues.

On 9 September 2022, SkyCity Adelaide filed a Statement of Claim in the Supreme Court of South Australia seeking relief in the nature of declarations relating to the dispute. On 16 November 2022, the Crown Solicitor's Office filed a cross claim which formulates Revenue South Australia's claim for the unpaid duty and interest in the event that Revenue South Australia's position on SkyCity's main claim is accepted.

The parties subsequently agreed that it would be appropriate to refer the questions of law to the Court of Appeal of South Australia and sought the approval of the Supreme Court to reserve the questions of law to the Court of Appeal. At directions hearings on 26 May 2023 and 9 June 2023, the Supreme Court considered and agreed to the parties' request for the questions of law to be heard directly by the Court of Appeal given the complexity of the issues involved and the likelihood of appeal from the Supreme Court. The proceedings have been listed for a hearing in the Court of Appeal on 13 October 2023.

There are a range of potential outcomes of the Court of Appeal's decision including an unfavourable ruling that would result in additional casino duty being payable by SkyCity Adelaide. However, no present obligation exists in connection with the dispute at 30 June 2023 and, consequently, the Group has not recognised a provision.

(iii) Other Regulatory Matters

In addition to the matters outlined above and in note 30, the Group receives correspondence from and engages with its regulators from time to time as required regarding the Group's business operations, including in relation to regulator audits/reviews, adverse media about the Group's operations, and complaints made about the Group's business operations. In relation to these matters, the Group engages with the relevant regulator and responds to requests for information and documents as they arise.

In the case of any alleged wrongdoing by the Group, the appropriate regulatory response or action by a regulator (where contraventions are admitted or established) is very specific to the facts in each case and may include no action, a formal warning or, where the matter relates to the Group's casino operations, an application to suspend and/or cancel the relevant casino licence under the New Zealand Gambling Act 2003, South Australian Casino Act 1997 and/or South Australian Gambling Administration Act 2019 as applicable. Provisions are recognised in relation to such matters only where an obligation exists at the reporting date.

(b) Contingent Assets

The Group will seek recovery from the Contractor for additional costs and losses associated with the NZICC fire that are not covered by the insurers. These include insurance excesses, payments to Macquarie under the Car Park Concession Agreement, additional project costs, and other items.

The Group has identified $55.8 million (2022: $68.7 million) of costs incurred to date where it does not believe that recovery is virtually certain at this time given the position currently being taken by the Contractor and by the insurers, and therefore no income has been recognised. However, recovery of these costs is considered probable and they are therefore included as a contingent asset. This does not include the full extent of the costs and losses that have been incurred or that could be claimed from the NZICC and Horizon Hotel contractor relating to the fire and construction delays.

There are no other significant contingent assets at year-end.

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Commitments

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as set out below:

	2023 $'000	2022 $'000
Property, plant and equipment	**296,377**	296,575

Capital commitments largely comprise estimations for NZICC and Horizon Hotel construction completion, the sale and purchase agreement for 15% of the AA Building and the termination of the Car Park Concession Agreement.

Car Parks

As outlined in note 2, in April 2019 SkyCity entered into the Car Park Concession Agreement with Macquarie. The Car Park Concession Agreement allowed Macquarie to operate car parks at the SkyCity Auckland main site and the under construction NZICC site until 2048 for consideration of $220 million.

Under the Car Park Concession Agreement:

- SkyCity retained exclusive access to 450 car parks for VIP customers and non-exclusive access to further car parks at the SkyCity Auckland main site at agreed rates;
- 600 car parks at the NZICC site were transferred to Macquarie; and
- an additional 624 car parks at the NZICC site were to be made available to Macquarie by 31 December 2020.

Following the October 2019 fire at the NZICC site (note 7), the 600 car parks at the NZICC site that had been made available to Macquarie were no longer able to be accessed by Macquarie and the additional 624 car parks at the NZICC site were not able to be made available to Macquarie by 31 December 2020. Under the terms of the Car Park Concession Agreement, the Group undertook to remediate the damage to the car parks, with Macquarie able to terminate the Car Park Concession Agreement if access to the car parks was not made available by 22 October 2022.

The Group was unable to provide access to the car parks within the required timeframe and Macquarie served a notice of termination of the Car Park Concession Agreement on 27 October 2022. As a result, the Group will take back the operation of all of the car parks that were the subject of the Car Park Concession Agreement, in return for a consideration determined by a methodology and process detailed in the Car Park Concession Agreement. At 30 June 2023, the amount of consideration to be transferred had not been determined.

The termination of the Car Park Concession Agreement will be accounted for when the Group has taken back the operation of all of the car parks that were the subject of the Car Park Concession Agreement and paid the associated consideration. As this is expected to occur within the next year, at 30 June 2023 all liabilities associated with the Car Park Concession Agreement are classified as current. As a result, the liability for lease income in advance (notes 22 and 23), which had been decreased by the regular payment made to Macquarie as compensation for the non-availability of the associated car parks, has been increased to the amount initially recognised resulting in $13.7 million being recognised as an other expense in the current period. In addition, the interest bearing liability for the nested car parks which was classified as non-current at 30 June 2022, has been revalued and is classified as current at 30 June 2023 (note 14). The finance lease receivable is considered to be an executory contract and has not been revalued.

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Reconciliation of Profit After Income Tax to Net Cash Inflow from Operating Activities

	2023 $'000	2022 $'000
Profit/(loss) for the year	**7,975**	(33,595)
Depreciation and amortisation	**90,672**	94,660
Net finance costs	**23,492**	35,044
Current period employee share expense	**2,446**	2,292
Gain on sale of fixed assets	**(108)**	(634)
Fair value losses to investment property	**12,252**	5,400
NZICC fire related income	**(61,882)**	(52,483)
NZICC fire related costs	**63,828**	88,849
Asset impairment	**50,856**	7,293
Share of profits of associates	**(1,064)**	–
Change in operating assets and liabilities		
Change in receivables and prepayments	**(25,007)**	7,579
Change in inventories	**(1,054)**	(341)
Change in deferred tax asset	**(6,093)**	(9,632)
Change in current payables	**28,798**	(12,966)
Change in deferred tax liability	**(4,491)**	8,616
Change in tax receivable - current	**4,419**	(4,431)
Change in non-current payables	**(5,460)**	4,240
Change in tax payable - current	**42,755**	(16,162)
Investing and financing items included in working capital movements	**57,763**	(32,608)
Net cash inflow from operating activities	**280,097**	91,121

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Events Occurring after the Reporting Date

Dividend

On 22 August 2023, the directors resolved to provide for a final dividend to be paid in respect of the year ended 30 June 2023. The fully imputed, unfranked dividend of 6.0 cents per share will be paid on 22 September 2023 to all shareholders on the Company's register at the close of business on 8 September 2023.

Reconciliation

of Normalised Results to Reported Results

SkyCity's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group – the intention is to provide information which:

- is representative of SkyCity's underlying performance (as a potential indicator of future performance);
- can be compared across years; and
- can assist with comparison between publicly listed casino companies in New Zealand and Australia.

This objective is achieved by:

- eliminating the inherent volatility, or "luck" factor, from International Business, which has variable turnover and actual win % from period to period; and
- eliminating structural differences in the business between periods.

SkyCity believes that making these adjustments enables users of the financial information to better understand the underlying performance of the Group and form a view on future performance. For internal purposes, including budgeting and determination of staff incentives, normalised results are used.

Non-GAAP information is prepared in accordance with a Board approved Non-GAAP Financial Information Reporting Policy and is reviewed by the Board at each reporting period. Application of SkyCity's Non-GAAP Financial Information Reporting Policy is consistent with the approach adopted in FY22.

	FY23				FY22			
	REVENUE $m	EBITDA $m	EBIT $m	NPAT $m	REVENUE $m	EBITDA $m	EBIT $m	NPAT $m
Reported	**926.2**	**165.9**	**75.2**	**8.0**	639.0	96.9	2.3	(33.6)
IB revenue adjustment	**7.0**	–	–	–	3.8	–	–	–
Gaming GST	**87.5**	–	–	–	57.1	–	–	–
IB at theoretical win rate	**9.6**	**8.5**	**8.5**	**6.0**	(5.2)	(3.8)	(3.8)	(2.7)
NZICC fire impacts	**(63.6)**	**22.8**	**22.8**	**12.3**	(63.2)	32.1	32.1	33.3
Asset impairment	–	**50.8**	**50.8**	**50.8**	–	7.3	7.3	7.3
Property revaluation	–	**12.3**	**12.3**	**12.0**	–	5.4	5.4	5.4
Labour restructure	–	**1.0**	**1.0**	**0.7**	–	–	–	–
Regulatory penalties	–	**49.0**	**49.0**	**49.0**	–	–	–	–
Normalised	**966.7**	**310.3**	**219.6**	**138.8**	631.5	137.9	43.3	9.7

ADJUSTMENT	DISCUSSION
Treat IB rebates as an expense rather than reduction in revenue, which reduces both reported revenue and operating expenses within IB (by $7.0 million in FY23 and $3.8 million in FY22)	• This adjustment adds back International Business rebates (treated as a reduction from revenue in the reported results) and increases both revenue and expenses. This adjustment does not impact EBITDA, EBIT or NPAT. This adjustment has been made to maintain the relationship between turnover and the theoretical win rate of 1.35% when determining normalised revenue.
Add gaming GST to reported revenue (increasing reported revenue by $87.5 million in FY23 and $57.1m in FY22)	• Reported revenue included within the financial statements of the Group excludes gaming GST, because including gaming GST within reported revenue is not consistent with GAAP. • This adjustment adds back GST associated with gaming, so that normalised revenue equals the amount bet by gaming customers. • This adjustment does not impact EBITDA, EBIT or NPAT.
Apply theoretical win rate of 1.35% for IB vs. actual win rate of 0.98% (FY23) and 1.77% (FY22)	• This adjustment recalculates gaming win from International Business to the theoretical win rate. The vast majority of International Business play is baccarat. Statistically, over the long term the casino expects to win 1.35% of all bets taken on baccarat. However, in any particular reporting period the actual results of play will vary depending on "luck". • In order to understand the long term results within International Business there is the need to eliminate the inherent volatility or "luck" factor.
Eliminate net loss ($12.3 million post-tax) arising from impacts of NZICC fire, which includes recoveries of compensation payments made to Macquarie for car parks compromised by reinstatement of NZICC/Horizon Hotel ($33.3 million loss in FY22) and to eliminate the impact of accounting adjustments made as a result of Macquarie issuing a notice of termination in relation to the Car Park Concession Agreement	• On 22 October 2019, there was a significant fire at the construction site of the NZICC in Auckland. This fire has caused extensive damage to the NZICC and damage to the Horizon Hotel which is being constructed on the adjacent site. Both buildings are insured, and all significant costs associated with the fire are expected to be covered. Any costs not covered by insurance are expected to be sought from the Contractor. • The fire has significant implications for the financial statements for the Group which were recognised in FY20 – these impacts are explained further on pages 184-188 in SkyCity's FY20 financial statements which have been released to the NZX and ASX. • The FY20 financial statements included a number of significant judgements and estimates to determine the appropriate accounting. These judgements and estimates have continued to be reviewed as new information has become available – following a final damage assessment for the NZICC/Horizon Hotel, the expected insurance recovery relating to the asset has increased and is required to be recognised as income as SkyCity is principal in the insurance relationship. This income has been offset by an increase in costs relating to demolition and deconstruction of the site post fire that are required to be expensed as incurred. • The NZICC fire (and associated accounting impact) is a significant, one-off event that has impacted the comparability of the FY23 result with the prior year.
Reverse impact of revaluation (decrease of $12.0 million post-tax) of Auckland investment properties (FY22: decrease of $5.4 million)	• SkyCity has a number of investment properties in Auckland. In accordance with the appropriate accounting standard, these investment properties will be revalued by an independent expert every year and the carrying value adjusted within the Group's financial statements. • This adjustment reverses the recognised decline in value of these properties. • The revaluation is non-cash and unrelated to the operations of the Group. • This adjustment will be made each year to determine the Group's normalised results.

ADJUSTMENT	DISCUSSION
AA Building (SkyCity HQ) impairment (decrease of $1.1 million FY22: increase of $1.1 million)	**AA Building** • In FY22, the Group impaired the AA Building by $1.1 million following valuation by an independent expert; this impairment has been reversed in FY23 to meet the requirements of applicable accounting standards.
SkyCity Queenstown land impairment (decrease of $2.3 million FY22: decrease of $1.8 million)	**Queenstown Land** • During FY22, SkyCity concluded that it was no longer feasible to develop land it owns in Queenstown into a VIP gaming and hotel resort. The land was consequently marketed for sale in FY22 and reclassified as held for sale (with a $1.8 million downwards revaluation recognised). In FY23, SkyCity concluded that sale was no longer probable within a year and reclassified the land as property, plant and equipment. An impairment of $2.3 million was recognised at the time of the reclassification to property, plant and equipment.
SkyCity Adelaide licence impairment (decrease of A$45.6 million FY22: SkyCity Wharf licence decrease of $4.4 million)	**Adelaide Licence** • At 30 June 2023, a valuation of SkyCity Adelaide resulted in a A$45.6 million (NZ $49.7 million) impairment of the casino licence. **Wharf Licence** • In FY22, SkyCity decided to not reopen the Queenstown Wharf casino in the foreseeable future (it had been closed since 23 March 2020, which was the commencement of the first COVID-19 lockdown in New Zealand) and fully impaired the casino licence, which resulted in the recognition of an impairment loss of $4.4 million. • These adjustments eliminate these non-cash expenses, which are unrelated to the operations of the Group.
Eliminate labour restructure costs $0.7 million post-tax	• At the end of the current year, a decision was made to materially reduce SkyCity's international activities. As a result, the International Business team was restructured, resulting in redundancy payments being made. These payments are eliminated to allow comparability between FY23 and prior years.
Eliminate regulatory penalties $49.0 million	• This adjustment removes the provision recognised in relation to regulatory penalties and associated legal costs. This has been eliminated to allow comparability between FY23 and prior years.

GRI Content Index

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Ethics and Integrity	102-16	Values, principles, standards and norms of behaviour	SkyCity Code of Conduct	www.skycityentertainmentgroup.com	
Governance	102-18	Governance structure	Annual Report 2023: Our Senior Leadership Team Annual Report 2023: Corporate Governance Statement and Other Disclosures	47-50 102-135	
Stakeholder Engagement	102-40	List of stakeholder groups	Annual Report 2023: Our Sustainability	www.skycityentertainmentgroup.com	
	102-41	Collective bargaining agreements	Annual Report 2023: Our People	52-63	
	102-42	Identifying and selecting stakeholders	SkyCity Code of Conduct	www.skycityentertainmentgroup.com	
	102-43	Approach to stakeholder engagement	SkyCity Code of Conduct	www.skycityentertainmentgroup.com	
	102-44	Key topics and concerns raised	Annual Report 2023: Sustainability	64-67	
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	102-46	Defining report content and topic boundaries	Annual Report 2023: About this Annual Report Annual Report 2023: Sustainability	8-9 64-67	
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	102-51	Date of most recent report	Annual Report 2023: About this Annual Report	8	
	102-52	Reporting cycle	Annual Report 2023:	Cover page	
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Reporting Practice	102-54	Claims of reporting in accordance with the GRI standards	Annual Report 2023: About this Annual Report	8	

Limitations:
Note 1 – The reporting on GRI 102-8 on employees and other workers does not include 'activities performed by workers who are not employees' and 'significant variations in numbers reported'.

Specific Standard Disclosures (2016 Standards)

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	GRI 302-3	Energy intensity	Annual Report 2023: Our Environment	90-101	
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	GRI 405-1	Governance and employee diversity	Annual Report 2023: Our Workforce SkyCity Diversity and Inclusion Policy	52-63 www.skycityentertainmentgroup.com	
Host Responsibly	GRI 103	Customer health and safety management approach	Annual Report 2023: Risk Management Annual Report 2023: Our Customers	38-43 68-81	
	GRI 416-1	Assessment of health and safety of products and services	Annual Report 2023: Our Risk Profile and Management Annual Report 2023: Our Customers	38-43 68-81	
	GRI 416-2	Non-compliance incidents related to health and safety of products and services	Annual Report 2023: Our Customers	68-81	
	GRI 103	Socio-economic compliance management approach	Annual Report 2023: Our Customers	68-81	
	GRI 419-1	Non-compliance with socio-economic laws and regulations	Annual Report 2023: Our Customers	68-81	Note 2

Limitations:
Note 2 – The reporting of GRI 419-1 on Non-compliance with Socio-Economic Laws and Regulations does not include economic laws and regulations.

Glossary

Casino Win	the amount lost or spent by players, calculated as Turnover minus amounts awarded to players
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
GAAP	generally accepted accounting principles
Hold or Win Rate	casino win expressed as a percentage of turnover
Normalised EBITDA	earnings before interest, tax, depreciation and amortisation adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy
Normalised NPAT	net profit/(loss) after tax adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy
Normalised Revenue	revenue adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy
Normalised Win Rate	the expected long term average hold
NPAT	net profit/(loss) after tax
Reported EBITDA	earnings before interest, tax, depreciation and amortisation calculated in accordance with GAAP in New Zealand
Reported NPAT	net profit after tax calculated in accordance with GAAP in New Zealand
Reported Revenue	revenue calculated in accordance with GAAP in New Zealand
RevPar	revenue per available room
Turnover	total amount wagered by players

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