

SkyCity Entertainment Group 2022 Annual Meeting Jennifer Owen - Chair's Address, Audit Committee

The focus areas of the Audit Committee's work in 2022 were in financial reporting and liquidity, the Group AML enhancement program, and Group Risk program.

In the area of financial reporting and liquidity, in 2022, the Audit Committee was responsible for:

- ensuring sufficient funding, in particular an appropriate capital structure, and maintaining open dialogue and support from our investors and lenders;
- maintaining visibility over profitability, particularly given significant closures through the year and operating restrictions when open;
- maintaining adequate insurance coverage for key risk factors, at acceptable pricing;
- ensuring accurate and timely financial reporting; and
- compliance with taxation obligations.

Particular challenges in the year were:

- the FY22 accounts were once again characterised by complexity around the significant reliance on estimates for the NZICC fire, including costs of demolition, estimated cost of reconstruction and completion. Further complexity is expected for the 2023 accounts as work on the project continues;
- the implementation of revised IFRS Interpretation Committee guidance on the treatment of SaaS contracts saw prior year adjustments and implications for current and future years' operating profits; and
- as already highlighted in our financial report, in 1H22, our flagship property in Auckland was closed for 107 days, Hamilton for 65 days and Queenstown for 22 days, with reduced operations once opened for the 3Q22. Thus, management of liquidity to ensure sufficient funding given the operational closures during the year was a critical focus, to ensure uncertainty around the pandemic's ongoing impact on cashflows and contingencies were well covered. Despite these challenges, the company maintained its BBB minus rating with Standard and Poors, with stable outlook.

AML enhancement was a key workstream in 2022 and work continues. The AUSTRAC enforcement investigation around anti-money laundering/counter terrorism financing (referred to as AML/CTF) compliance, and the review launched by the Adelaide Department of Consumer and Business Services in response to other regulatory reviews of casinos across Australia, have both engaged an enormous amount of Board, Committee and Management time during the year.

Given the seriousness of the matter, AML/CTF risk governance was elevated to the full Board for much of the year. The Board, Management and Audit Committee seek to comply at all times with relevant laws and aim for industry best practice in this area.

The third area of the Committee's key focus areas in 2022 was Group Risk. Each year, the top risks, risk appetite and risk culture are assessed and built into the audit plan. The focus of internal audits is to evaluate the adequacy of control design and the operating effectiveness of controls.

Key workstreams in 2022 were:

Firstly, integrity and compliance of the gaming operations across all properties.

The AML Enhancement Program has been a key focus for Adelaide and New Zealand.

In 2022, we improved our processes around the identification of high-risk and politically exposed customers and introduced lower transaction thresholds for enhanced and ongoing due diligence of customers.

Improving procedures, training, documentation, reporting and the improved use of automated systems will continue to be a key focus of business units, and for review and assessment by Group Risk. Additional assurance testing is undertaken by external audits of AML/CTF compliance every two years.

Second key area, the review of our International Business segment.

In readying for border re-openings and the assurance around the amended business model for high-value customers, our International Business operations were reviewed. The Board made the decision to terminate junket relationships, and imposed lower transaction thresholds for enhanced and ongoing due

diligence required of customers, including Source of Wealth/Source of Funds checks at lower customer thresholds.

The increased scrutiny on AML and CTF risks will be a continued focus in this area as borders re-open.

The third key area was our review of host responsibility

Reviews across the properties in areas of host responsibility were conducted during the year. No compliance issues were noted but areas of continuous improvement were raised and activated. The Quality Assurance program is driving an uplift in host responsibility culture and documentation. Additional assurance testing is undertaken through external audits of our Host Responsibility Program which are undertaken every two years.

A number of other reviews were conducted during the year across other aspects of the business operations, with no material compliance breaches noted.

Consolidation of Risk Governance

The decision was taken during 2022 by the Board to establish a Risk Committee to bring together several risk exposures which had been separately considered by the Audit and Risk, Sustainability, and People and Culture Committees. The Audit and Risk Committee has been renamed the Audit Committee to reflect the changed oversight regime.

The financial control environment remains within the ambit of the Audit Committee. The Committee will remain the governing Committee for internal control assessments and assurance around financial controls, preparation of financial statements, the appointment, liaison, assurance and signing-off by external auditors of the financial statements, as well as considerations around capital structure, liquidity, dividend policy and taxation.