

22 February 2024



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ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
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AUSTRALIA

Dear Sir/Madam

**RE : SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

Please find **attached** the following information relating to SkyCity Entertainment Group Limited's (**SkyCity**) result for the six months ended 31 December 2023:

1. Results Announcement (as required by NZX Listing Rule 3.5.1);
2. Market Release;
3. Investor Presentation;
4. Financial Statements and Notes; and
5. Distribution Notice (as required by NZX Listing Rule 3.14.1) detailing the interim dividend.

SkyCity is hosting a conference call for investors and analysts today at 11.00am (NZ time) to discuss the 1H24 results. Details for this call were released on the NZX and ASX on 24 January 2024.

Authorised by:

A handwritten signature in blue ink, appearing to be "Julie Amey".

Julie Amey
Chief Financial Officer
Phone: +64 9 363 6047
Email: julie.amey@skycity.co.nz

Results for Announcement to the Market		
Name of issuer	SkyCity Entertainment Group Limited (SkyCity)	
Reporting period	6 months to 31 December 2023	
Previous reporting period	6 months to 31 December 2022	
Currency	New Zealand dollars	
Reported	Amount (million)	Percentage change
Reported revenue from continuing operations ¹	\$445.2	-3.7%
Total reported revenue ¹	\$445.2	-3.7%
Reported profit (loss) from continuing operations	\$22.5	-1.3%
Reported total net profit (loss)	\$22.5	-1.3%
Underlying	Amount (million)	Percentage change ²
Underlying revenue including gaming GST	\$490.2	0.6%
Underlying total net profit (loss)	\$66.5	-8.5%

Notes:

- 'Reported' information is per the financial statements;
- 'Underlying' results adjust for certain revenue and expense items. Reconciliation between reported and underlying financial information is provided at the end of this announcement;
- 'EBITDA' means earnings before interest, tax, depreciation and amortisation;
- 'EBIT' means earnings before interest and tax;
- 'NPAT' means net profit after tax; and
- certain totals, subtotals and percentages may not agree due to rounding.

¹ On the Income Statement, this is the total of revenue, other income and fire related income.

² Calculated against 1H23 restated underlying figures.

Interim Dividend		
Amount per Quoted Equity Security	\$0.0525	
Imputed amount per Quoted Equity Security	\$0.0204	
Record Date	7 March 2024	
Dividend Payment Date	21 March 2024	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$1.2056	\$1.2513
A brief explanation of any of the figures above necessary to enable the figures to be understood	<p>SkyCity's 1H24 performance is set out in the company's Investor Presentation attached to this announcement, which provides detail and explanatory comment on:</p> <ul style="list-style-type: none">- operating and financial performance for each business unit and the SkyCity Group as a whole; and- various other relevant aspects of the financial performance, for the six months ended 31 December 2023. <p>The Investor Presentation is available on the company's website.</p>	
Authority for this announcement		
Name of person authorised to make this announcement	Jo Wong	
Contact person for this announcement	Jo Wong	
Contact phone number	09 363 6143	
Contact email address	jo.wong@skycity.co.nz	
Date of release through MAP	22 February 2024	

Unaudited financial statements accompany this announcement.

Reconciliation between Reported and Underlying Financial Information

The Group's objective in preparing underlying financial information is to enable the investment community to better understand the Group's underlying operational performance.

The Group achieves this objective by providing information that:

- is representative of SkyCity's underlying performance as a potential indicator of future performance;
- enables comparison across financial periods

This objective is achieved by eliminating:

- property valuations, asset impairments and NZICC fire accounting;
- structural differences in the business between financial reporting periods

Underlying results are also used for internal purposes such as budgeting and staff incentives, but not for financing decisions.

Non-GAAP information is prepared in accordance with a Board approved "Non-GAAP Financial Information Policy" and is reviewed by the Board at each reporting period.

Application of the Group's "Non-GAAP Financial Information Policy" is consistent with the Board-approved approach.

\$m	1H24				1H23 (Restated)			
	Revenue	EBITDA	EBIT	NPAT	Revenue	EBITDA	EBIT	NPAT
Reported	445.2	101.0	56.7	22.5	462.6	106.3	60.9	22.8
Premium Table Commissions	1.4	-	-	-	32	-	-	-
Gaming GST	44.0	-	-	-	452	-	-	-
NZICC Fire Impact	(2.4)	5.5	5.5	4.2	(23.7)	43.4	43.4	39.1
Asset Impairment	2.0	2.0	2.0	2.0	-	3.6	3.6	3.6
Property Revaluation	-	-	-	-	-	8.4	8.4	7.2
Regulatory Penalties	-	37.8	37.8	37.8	-	-	-	-
Underlying	490.2	146.3	102.0	66.5	487.2	161.8	116.3	72.8



MARKET RELEASE

SkyCity Entertainment Group Limited
(SKC.NZX/SKC.ASX)

22 February 2024

FY24 INTERIM RESULTS: RESILIENT PERFORMANCE IN CHALLENGING ECONOMIC ENVIRONMENT

SkyCity Entertainment Group Limited (**SkyCity**) today announced its results for the six months ended 31 December 2023.

Key highlights are:

- **Earnings performance resilient** - 1H24 underlying Group EBITDA of \$146.3 million despite the challenging economic environment, with a declaration of a 5.25cps interim dividend
- **Solid progress on AML/Financial Crime and Host Responsibility uplift** – continued investment in compliance capability with new enterprise risk management framework
- **Progressing resolution of regulatory and compliance matters**
- **Major projects on track** - with the repurchase of the Auckland car park, opening of Horizon Hotel in April 2024 and the NZICC on track for 2025 opening
- **Preparing for NZ online gaming regulation** - with dedicated project team in place
- **Balance sheet remains robust**

Underlying Group **revenue** of \$490.2 million was up 0.6% on the prior corresponding period with underlying Group **EBITDA** of \$146.3 million down 9.6% on the prior corresponding period. Reported Group revenue of \$445.2 million was down 3.7% and reported Group EBITDA of \$101.0 million was down 5% compared to the same period last year.

Underlying Group **NPAT** of \$66.5 million was down 8.5% on the prior corresponding period. Reported Group NPAT of \$22.5 million was down 1.3% on the prior corresponding period.

Chief Executive Officer, Michael Ahearne, said “The challenging economic climate impacted our business this half, particularly in domestic Electronic Gaming Machine (**EGM**) revenues. Pleasingly, our hospitality businesses and table games in Auckland have performed well. However, we also see ongoing cost inflation in addition to our further investment in compliance activities.”

Operations and Financial Performance

Visitation trends have been positive across SkyCity's properties with 2.5 million people visiting the Auckland property, which was up 8% on the same period last year and underpinned the improvement in revenue across the hospitality businesses, including the Sky Tower.

The recovery in Auckland table games has continued, reflecting higher opening hours as labour constraints have eased. Over the period, table games opening hours were 17% higher than the prior period. EGM revenues were lower than the prior year driven by lower customer spend levels.

Food and beverage growth was supported by the ongoing refreshment programme which saw the opening of a number of new offerings since the prior period, including Cassia, Metita and SkyBar.

"Cassia, Metita and SkyBar have been great additions to the Auckland precinct over the past six months. It is wonderful to welcome Michael Meredith and Sid and Chand Sahrawat to our already amazing line-up of outlets," said Mr Ahearne.

Auckland hotel revenue growth was driven by a significant improvement in occupancy rates from just over 77% in 1H23 to 87.5% in the current period. The Sky Tower recorded a 31% increase in visitation over the prior period.

Auckland's overall EBITDA margin was c40% and reflected both a change in the revenue mix and a higher cost base, mainly due to additional staffing levels and general inflation.

The Hamilton property saw an impact across all of its revenue lines due to the challenging economic environment. Encouragingly, visitation to the property grew 5.2% over the prior period, but there was a reduction in spend per person across both the gaming and non-gaming business segments.

In Queenstown, the overall reduction in gaming revenue was largely driven by lower premium play during the half. SkyCity has commenced the process for the renewal of the Queenstown casino venue licence to extend the licence for a further period of 15 years from December 2025. SkyCity is also continuing with the process to exit the Wharf casino venue licence and property lease.

The SkyCity Adelaide business continues to be impacted by a challenging operating environment with revenues and profitability declining over the six-month period. Underlying EBITDA of \$16.9 million was 10% lower than the same period last year. Although Adelaide gaming revenues declined, non-gaming revenues increased over the period. The Adelaide business has implemented changes in its cost base to reflect the more challenging operating environment.

Regulatory and Compliance

The casino and gaming industry has continued to see increased levels of scrutiny across Australia and New Zealand.

“Our compliance and uplift activities remain the key priority for the Board and management team as we focus on continuous improvement,” said Mr Ahearne.

SkyCity will engage constructively with its regulators with a view to resolving the current regulatory matters expeditiously, particularly with the Department of Internal Affairs in regard to its application to temporarily suspend SkyCity’s New Zealand casino operator’s licence under the Gambling Act 2003 and the civil penalty proceedings recently filed in the High Court under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.

As previously announced, SkyCity Adelaide Pty Limited (**SkyCity Adelaide**) and AUSTRAC have jointly informed the Federal Court that the parties have come to an agreement in relation to the contraventions that SkyCity Adelaide will admit in the AUSTRAC civil penalty proceedings and the amount of a civil penalty they will jointly propose as appropriate in the circumstances, subject to finalisation of a Statement of Agreed Facts and Admissions.

In Adelaide, Kroll was appointed as the independent expert in August 2023 in relation to SkyCity Adelaide’s AML/CTF and host responsibility programmes and SkyCity Adelaide is advancing the Programme of Work that will be approved by the South Australian Liquor and Gambling Commissioner and monitored by Kroll.

In New Zealand, SkyCity has recently updated its Host Responsibility Programmes. The updated programmes were approved by the Gambling Commission and include a commitment to implement mandatory carded play across SkyCity’s New Zealand properties by July 2025. A project is underway to implement mandatory carded play with dedicated staff in place.

Capital Structure and Dividends

The balance sheet at 31 December 2023 remained robust with net debt of \$500 million and a debt gearing ratio of net debt to EBITDA of 1.75 times. Since the start of 2H24, SkyCity has paid the compensation sum in relation to the termination of the Auckland car park concession, with the car park successfully reintegrated back into the SkyCity Auckland operations from 1 February 2024.

An interim dividend of 5.25 cents per share has been declared by the Board, representing a c70% pay-out ratio and consistent with SkyCity’s dividend policy.

Outlook

“We have a lot to look forward to over the next year. Horizon by SkyCity, our new 5-star hotel in Auckland, is planned to open in April 2024. Along with the opening of Horizon by SkyCity, we will also see the return of The Grill restaurant a favourite of both Kiwis and visitors alike.

“We look forward to the New Zealand International Convention Centre being open and operational in 2025. The international and local demand for conference bookings continues,” said Mr Ahearne.

SkyCity confirms its previous FY24 earnings guidance provided to the market on 8 December 2023 of:

- underlying Group EBITDA of between \$290 million and \$310 million
- underlying Group NPAT of between \$125 million and \$135 million

Reflecting on his time as Chief Executive Officer, Mr Ahearne said, “Having been CEO of SkyCity and having the opportunity to live in New Zealand for the last few years has been a great privilege. I want to thank all the SkyCity team who have supported me and helped make this a great business.”

Due to the uncertainty around the potential adjustments required as part of SkyCity's accounting processes, SkyCity is unable to provide an update for FY24 reported (statutory) results at this time.

Underlying results adjust for certain revenue and expense items, calculated in accordance with SkyCity's Non-GAAP Financial Information Policy.

All figures stated are in NZ\$ dollars.

ENDS

For more information, please contact:

Investors and analysts	Media
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1H24 RESULTS

INVESTOR PRESENTATION

skyCITY
ENTERTAINMENT GROUP

skyCITY



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- A number of non-GAAP financial measures are included in this presentation which are used by management to assess the performance of the business and have been derived from SkyCity's financial statements. You should not consider any such financial measures in isolation from, or as a substitute for, the information provided in the financial statements which are available at www.skycityentertainmentgroup.com
- This presentation has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of SkyCity. The information in this presentation does not constitute financial product, legal, financial, investment, tax or any other advice or a recommendation
- All figures in this presentation are in NZ Dollars (NZ\$) unless stated otherwise
- Some totals may not sum due to rounding




Contents

1	Results Summary	P4
2	Key Messages	P5
3	Regulation & Compliance	P6
4	Group Financial Performance & Capital Allocation	P9
5	Operational Performance	P13
6	FY24 Outlook	P20
7	Appendix	P23

1H24 Results Summary

Challenging economic environment impacted underlying performance

REVENUE

\$445.2  (3.7%) YoY
million

Reported

\$490.2  0.6% YoY
million

Underlying¹

NPAT

\$22.5  (1.3%) YoY
million

Reported

\$66.5  (8.5%) YoY
million

Underlying¹

DIVIDENDS² PER SHARE

5.25 cents per share

DEBT GEARING³

1.75x

NET DEBT⁴

\$500 million

EBITDA

\$101.0  (5.0%) YoY
million

Reported

\$146.3  (9.6%) YoY
million

Underlying¹

EARNINGS PER SHARE

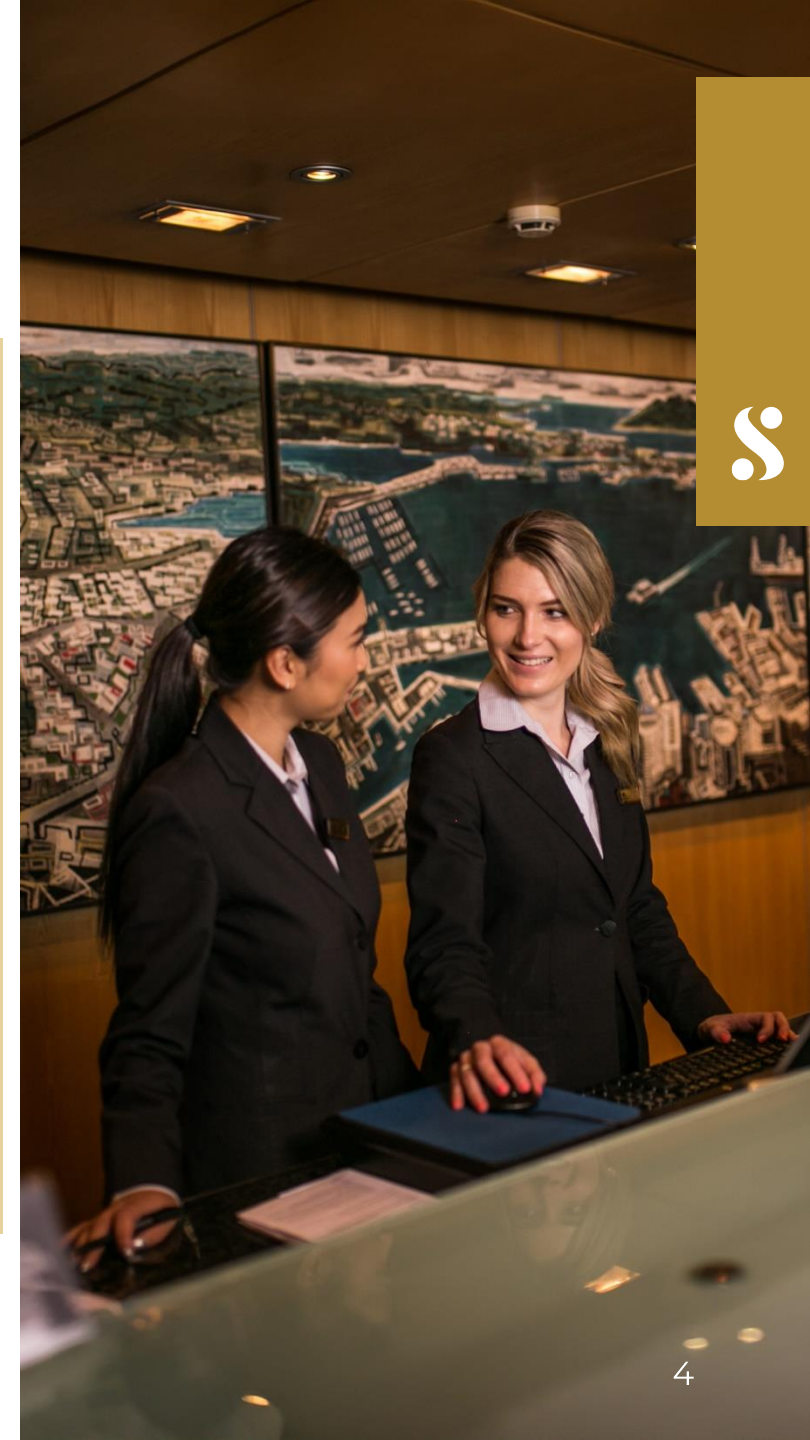
3.0 No change YoY
cents per share

Reported

8.8  (8.3%) YoY
cents per share

Underlying¹

1. Refer to the appendices for a description and further details of SkyCity's underlying results
2. Interim dividend of 5.25 cps, payable on 21 March 2024 with a record date of 7 March 2024
3. Debt Gearing Ratio as per financing agreements
4. Group borrowing plus leases less cash on hand



1H24 Key Messages

Focus remains on progressing key priorities

- **EARNINGS PERFORMANCE RESILIENT** - 1H24 underlying EBITDA of \$146.3m despite the challenging economic environment, with a declaration of a 5.25cps interim dividend
- **SOLID PROGRESS ON AML/FINANCIAL CRIME AND HOST RESPONSIBILITY UPLIFT** – continued investment in compliance capability with new enterprise risk management framework
- **PROGRESSING RESOLUTION OF REGULATORY AND COMPLIANCE MATTERS**
- **MAJOR PROJECTS ON TRACK** - with the repurchase of the Auckland car park, opening of Horizon Hotel in April 2024 and NZICC on track for 2025 opening
- **PREPARING FOR NZ ONLINE GAMING REGULATION** - with dedicated project team in place
- **BALANCE SHEET REMAINS ROBUST**



A photograph of two women standing in a high-rise observation deck with large glass windows overlooking a city. The woman on the left is wearing a black t-shirt with a red heart and the text 'SKI TOWER ALICIA AND ME' and black pants. The woman on the right is wearing a black blazer and black pants. They are both smiling and looking at each other. The background shows a cityscape and a body of water.

Regulatory & Compliance

1H24 RESULTS INVESTOR PRESENTATION



Regulatory Environment and Compliance

SkyCity Adelaide progressing key regulatory enhancements



Australian Regulatory Environment

- The Australian casino sector remains under heavy regulatory scrutiny

AUSTRAC:

- SkyCity Adelaide and AUSTRAC informed the Federal Court of Australia that they have reached an agreement regarding the contraventions that SkyCity Adelaide will admit in the proceedings and the amount of a civil penalty they will jointly propose as appropriate, subject to finalisation of a Statement of Agreed Facts and Admissions
- Penalty hearing set down for 7 June 2024 - the Federal Court has discretion over the final amount

CBS:

- Independent review remains on hold
- Kroll appointed as independent expert in August 2023 in relation to SkyCity Adelaide's AML/CTF and host responsibility programmes
- SkyCity Adelaide is working to agree the Programme of Work that will be approved by the Commissioner and monitored by Kroll
- CBS reviewing penalty regime to align with other States

SkyCity Adelaide Compliance and Enhancement Programmes

AML/CTF

- The AML Enhancement Programme has continued to roll out improvements in structures and processes underpinning AML/CTF compliance
- Embedded the updated AML/CTF Programme (Part B) including new enhanced supporting processes, guides and forms. Refinement of processes is ongoing
- Refreshed and rolled out targeted training across business units
- Developed new technology and systems that enhance transactional monitoring activities and refine customer interactions
- Case management system due to roll out 2H24 allowing more efficient and targeted case management
- Updated risk assessment methodology underway to guide further enhancements

Host Responsibility

- The use of the safer gambling software, the Focal AleRT BETTOR Protection system, approved by the South Australian regulator for use within the casino for implementation in the 2024 calendar year
- Progressing application for regulatory approval to implement facial recognition long stay technology to increase ability to prevent and minimise harm from problem gambling
- Working with the regulator to implement new responsible gaming training changes

Regulatory Environment and Compliance

SkyCity New Zealand progressing key regulatory enhancements

New Zealand Regulatory Environment

DIA/Gambling Commission:

- Ongoing interaction with the DIA, including frequent inspections and regular audit programme
- The DIA's application to temporarily suspend SkyCity's New Zealand casino operator's licence is scheduled to be heard by the Gambling Commission in private in the week of 15 April 2024
- Civil proceedings filed by the DIA in the High Court against SkyCity for non-compliance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009. Intend to cooperate with the DIA to bring this matter to a conclusion expeditiously
- Agreed with the DIA/Gambling Commission to implement mandatory carded play across all New Zealand properties by July 2025

SkyCity New Zealand Compliance and Enhancement Programmes

AML/CFT

- Reduced risk and complexity from the business by changing policies in line with a lower risk tolerance and limiting the ways in which customers can transact
- Reviewed and enhanced specific compliance processes by updating transactional monitoring rules and improving customer due diligence processes
- Expanded the capacity and capability of teams and increased awareness of money laundering risk across the business
- Developed new technology and systems that enhance transactional monitoring activities and refine customer interactions
- Case management system due to roll out in 2H24 allowing more efficient and targeted case management
- Updated risk assessment methodology underway to guide further enhancements

Host Responsibility

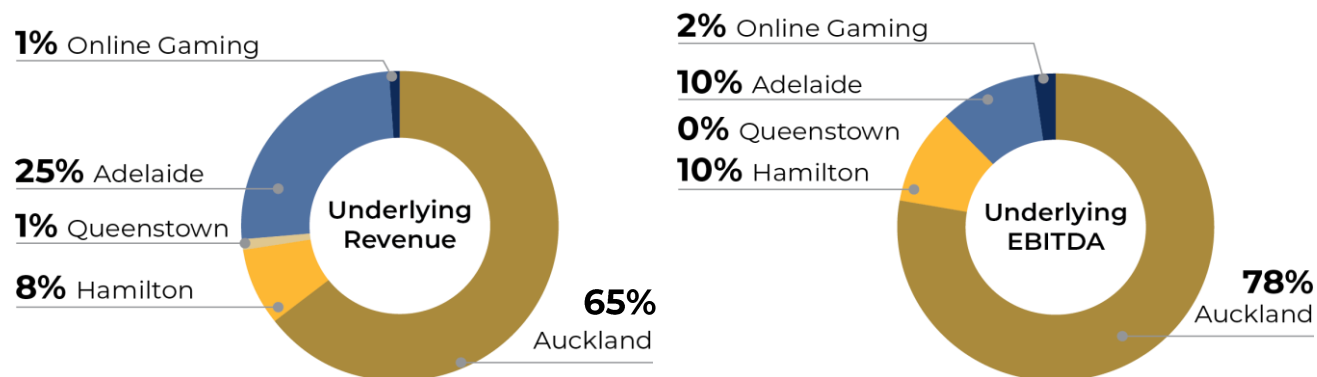
- Updated Host Responsibility Programme approved for each New Zealand site by the Gambling Commission, effective from 15 January 2024
- Additional staff recruited across Responsible Gambling teams to further increase the number of interactions with customers to assess for signs of problem gambling
- A new Advanced Host Responsibility staff training programme rolling out to frontline staff
- Continue to review and increase facial recognition camera coverage across VIP suites and the main gaming floor

Group Financial Performance & Capital Allocation

1H24 Group Underlying Profit

Challenging economic environment impacted underlying performance

- Visitation trends positive across the Group, with noticeable recovery of international tourism in Auckland
- Local gaming machine revenue impacted by economic uncertainty across the Group, but continues to track well above pre COVID levels
- Local table games revenue reflecting strong recovery in Auckland whilst Adelaide continues to adjust to the new operating environment
- Modest premium table games performance, benefitting from a favourable win-rate in Auckland
- Non-gaming revenue reflects increased visitation, particularly tourism in Auckland, coupled with improvements to offerings and pricing strategy
- Manpower cost ramp up against prior period reflects a more sustainable labour level and broader inflationary pressure
- Compliance and related costs of \$11m were up 20% on last year



1H24 RESULTS INVESTOR PRESENTATION

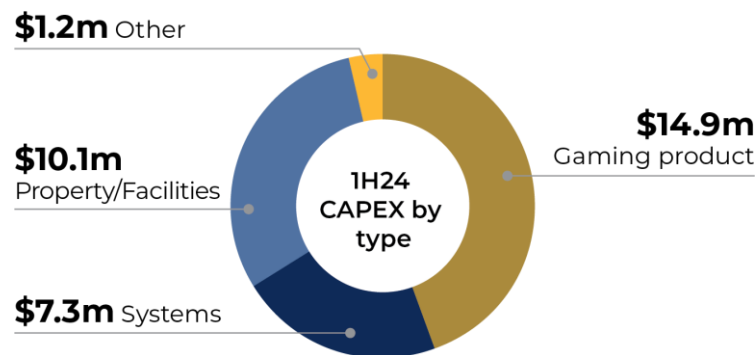
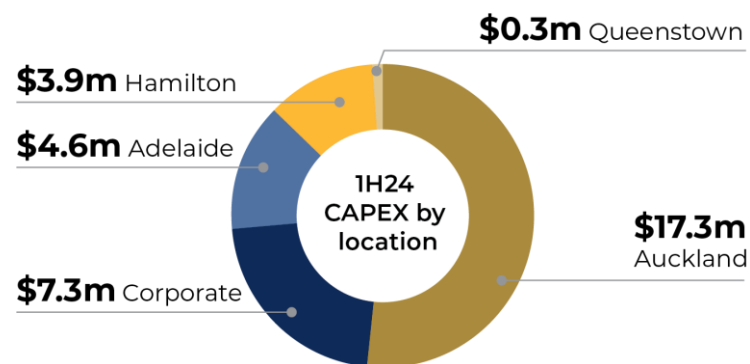
\$m	1H24 Underlying	1H23 ² Underlying	Movement
Gaming Machines Revenue	228.9	245.6	(6.8%)
Table Games Revenue	115.6	117.7	(1.8%)
Premium Tables Revenue	22.1	16.3	35.6%
Online Gaming Revenue	5.6	7.9	(29.1%)
Gaming Revenue (including GST)	372.2	387.5	(4.0%)
Non-Gaming Revenue	118.0	99.7	18.4%
Total Revenue (including Gaming GST)	490.2	487.2	0.6%
Expenses	(299.9)	(280.3)	(7.0%)
EBITDA	146.3	161.8	(9.6%)
<i>EBITDA Margin¹</i>	29.8%	33.2%	(3.4%pts)
EBIT	102.0	116.3	(12.3%)
<i>EBIT Margin</i>	20.8%	23.9%	(3.1%pts)
NPAT	66.5	72.8	(8.5%)

1. EBITDA margin calculated as EBITDA divided by Revenue including GST
2. 1H23 restated to remove normalisation

1H24 Capital Projects

Conservative management of capital spend continued into 1H24

- 1H24 BAU CAPEX of \$33.5m reflects prioritisation of spend to gaming product, property maintenance and technology investment
- A modest increase expected in 2H24 BAU CAPEX, with some key multi-year projects commencing, including Auckland property upgrade, NZICC integration and gaming transformation programme (encompassing mandatory carded play project)



NZICC and Horizon Hotel Construction Project

- No material change to previous guidance of total project costs to SkyCity (around \$750m)
- Horizon Hotel on target for April 2024 opening with operations team in place and integration requirements on track
- SkyCity remains comfortable with the contractual position on the project
- NZICC expected opening in 2025
- International and local demand for conference bookings continues, with sales and operations teams ramping up

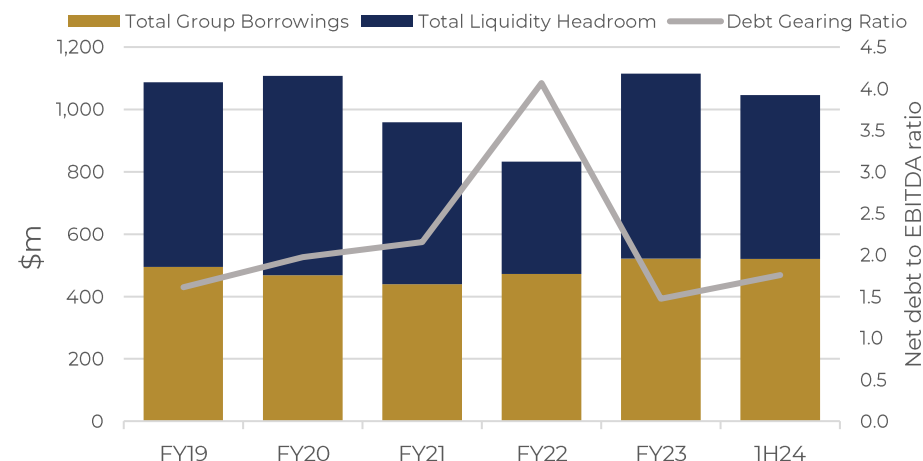


Financial Resilience

Balance sheet strength maintained, with greater certainty emerging

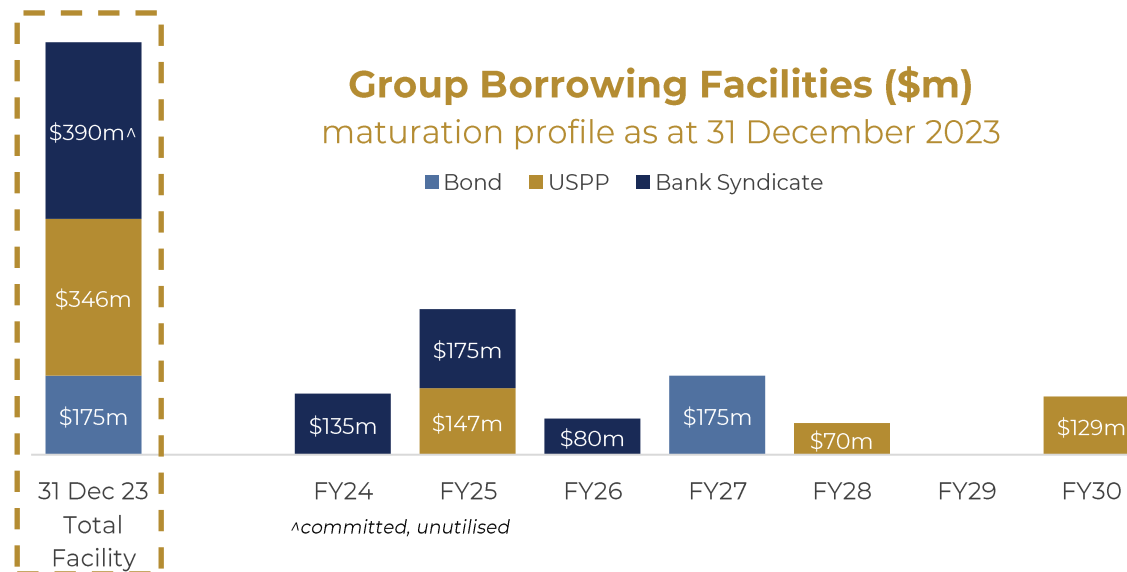
- Group net debt of **\$500m** at 31 December 2023, representing borrowings (\$521m) and leases (\$167m), offset by cash (\$188m)
- Liquidity headroom of **\$525m** at 31 December 2023, reflecting unutilised, committed syndicated debt facility (\$390m) and cash reserves
- Net debt gearing of **1.75x** at 31 December 2023, slightly up from 30 June 2023 but well within covenants and investment grade credit rating range
- Cash requirements for future obligations secured, with 30 June 2024 debt gearing expected to rise to between **2.3-2.5x**
- Successful early refinance of selected tranches of syndicated debt maturing June 2024, including extension of maturation by 1 and 3 years respectively
- The next significant maturity is March 2025 (USPP c\$147m) followed by syndicated debt tranches in June 2025 (c\$175m)
- A prudent interim dividend of 5.25cps declared, equivalent to c70% of underlying NPAT

Group Liquidity Headroom & Debt Gearing



Group Borrowing Facilities (\$m)

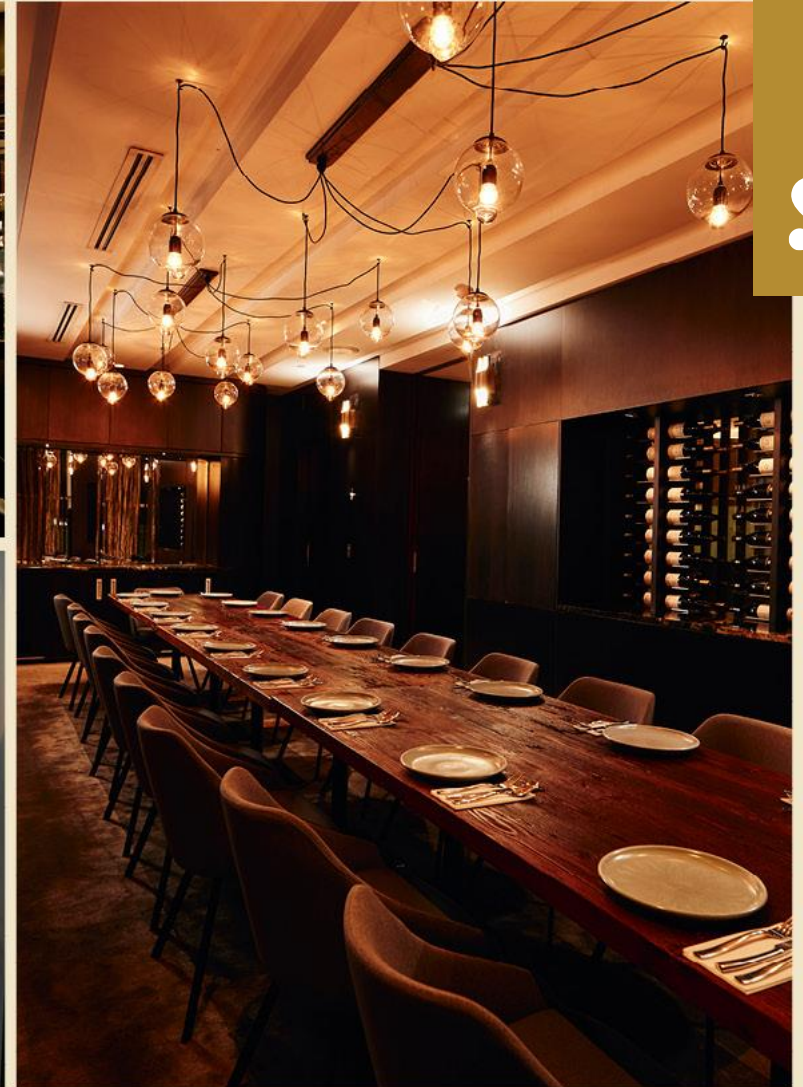
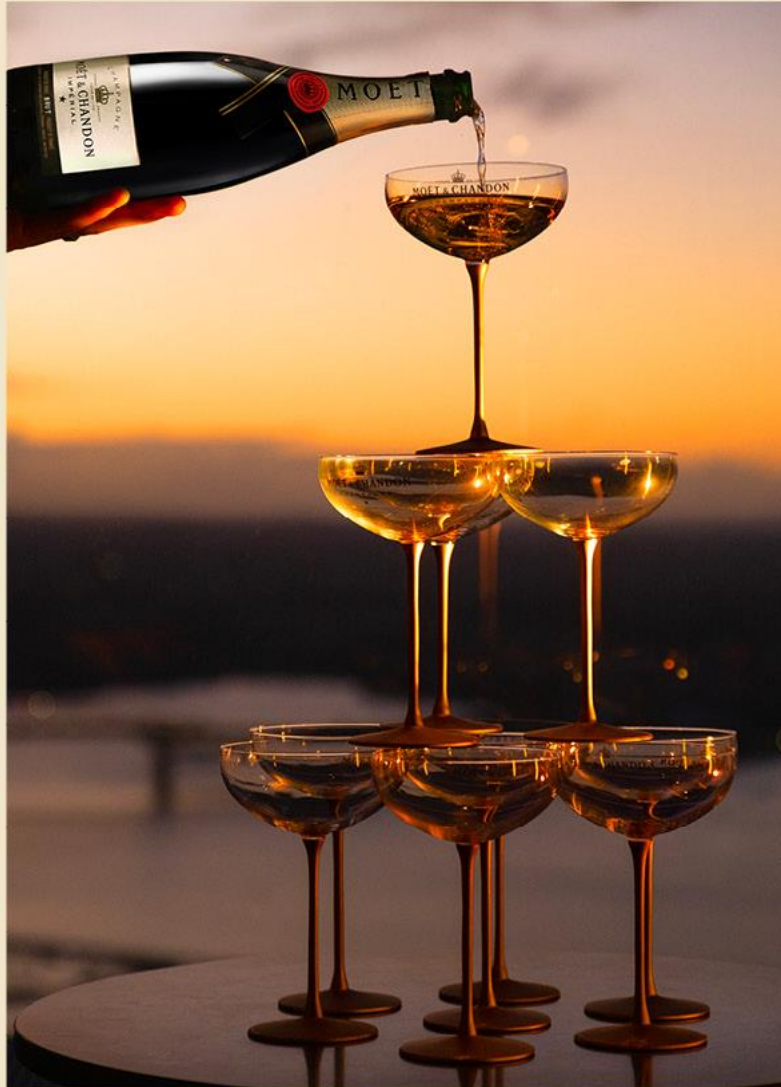
maturation profile as at 31 December 2023





Operational Performance

SkyCity Auckland



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1H24 SkyCity Auckland Result

Local economic conditions impacting gaming, with tourism uplift across non-gaming

- Visitation up 8.2% on prior period, with over 2.5m people visiting the precinct, including international tourism recovery
- Gaming machines revenue impacted by challenging economic environment impacting customer spend levels
- Table games uplift reflects higher opening hours enabled by labour availability. Overall revenue still below pre COVID levels
- Premium table games revenue assisted by higher than theoretical win rate of 3.13% against theoretical 1.35%
- Food & beverage revenue uplift from increased visitation and a well received refresh of customer offerings and availability of staff (Cassia, Metita & SkyBar)
- Growth in hotel revenue from higher occupancy (~87%) - rate consistent with prior period in a highly competitive market, with increasing cost base
- Sky Tower revenue benefitting from tourism uplift coupled by revised pricing strategy
- Increase in expenses reflecting both increased labour costs and general inflation
- EBITDA margin was above 40% and reflected a more sustainable cost base plus a revenue mix change

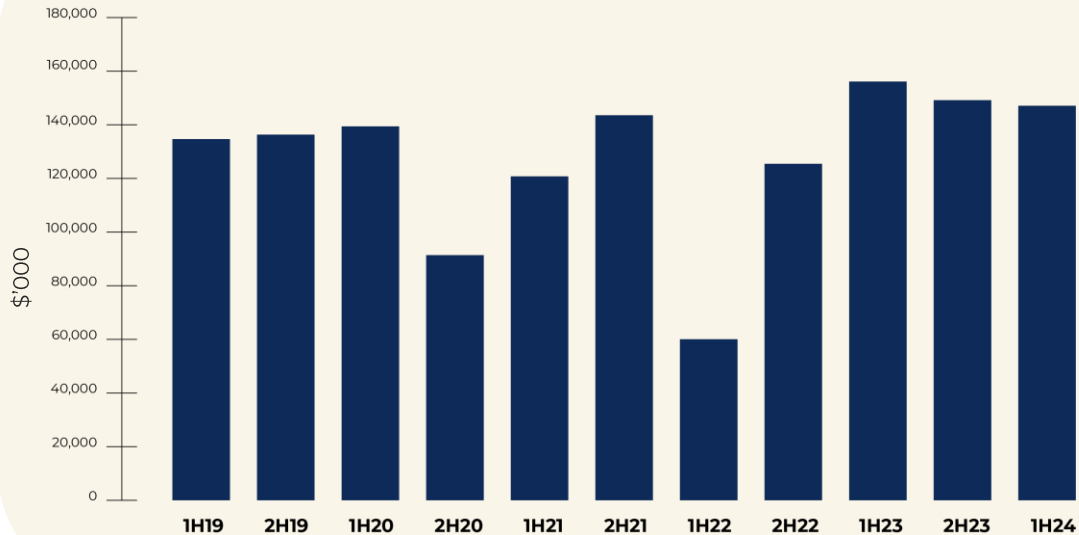
\$m	1H24	1H23 ²	Movement
Gaming Machines Revenue	147.1	156.1	(5.8%)
Local Tables Revenue	76.2	66.2	15.0%
Premium Tables Revenue	15.7	10.1	55.0%
Gaming Revenue (including GST)	239.0	232.5	2.8%
Food & Beverage Revenue	34.5	26.4	30.9%
Hotel Revenue	23.9	20.4	17.1%
Sky Tower Revenue	9.7	6.5	48.2%
Other Revenue	5.6	5.3	5.9%
Total Non-Gaming Revenue	73.7	58.6	25.7%
Total Property Revenue	312.7	291.1	7.4%
Gaming GST	(30.9)	(30.1)	(2.6%)
Expenses	(156.0)	(130.4)	(19.7%)
EBITDA	125.7	130.6	(3.7%)
EBITDA Margin ¹	40.2%	44.9%	(4.7%pts)
Depreciation & Amortisation	(18.9)	(19.2)	1.9%
EBIT	106.8	111.3	(4.0%)

1. EBITDA margin calculated as EBITDA divided by Revenue including GST
2. 1H23 restated to remove normalisation

SkyCity Auckland – Gaming Revenue Trends

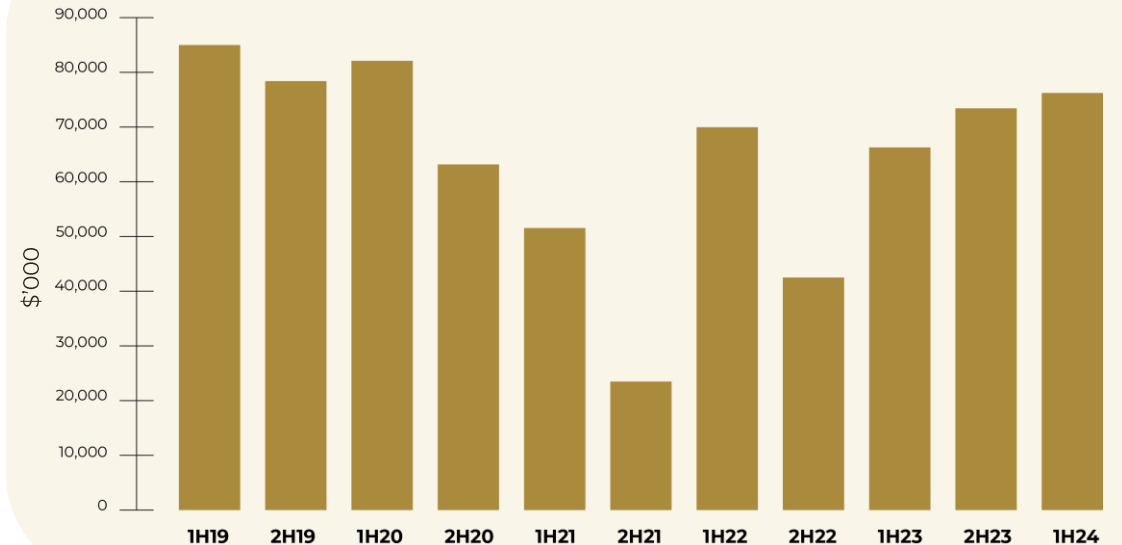
Strong revenue recovery post COVID continues

Auckland Gaming Machines Revenue Trends



- Gaming machines revenue continues to be ahead of pre COVID levels
- 1H24 impacted by economic environment

Auckland Table Games Revenue Trends



- Table games revenue continues its recovery path with good growth achieved across the last three 6-month periods as extra capacity has been added following an improvement in labour availability from the end of 1H23

1H24 SkyCity Hamilton & Queenstown Results

Impact of local economic environment reflected in lower earnings

Hamilton

- Impact from economic environment on customer spend levels evident across both gaming and non-gaming areas
- Both gaming machines and table games revenue remain above pre COVID levels
- Enhanced customer offerings include a revamped Amuse Bar on the main gaming floor and the new Shanghai restaurant

Queenstown

- Gaming revenue impacted by lower visitation, particularly in premium tables
- Queenstown casino venue licence renewal process well underway
- Exit of Wharf casino venue licence and property lease progressing with further one-off costs recognised in the period

\$m	Hamilton			Queenstown		
	1H24	1H23 ²	Movement	1H24	1H23 ²	Movement
Gaming Machines Revenue	26.7	28.3	(5.6%)	3.7	4.2	(11.8%)
Local Tables Revenue	5.5	6.2	(10.8%)	1.9	1.4	37.2%
Premium Tables Revenue	0.2	0.0	435.8%	0.3	1.9	(82.7%)
Gaming Revenue (including GST)	32.4	34.5	(6.2%)	5.9	7.5	(20.5%)
Non-Gaming Revenue	4.7	5.0	(5.0%)	0.7	0.7	4.0%
Total Property Revenue	37.1	39.5	(6.0%)	6.7	8.2	(18.4%)
Gaming GST	(4.2)	(4.5)	6.2%	(0.8)	(1.0)	20.6%
Expenses	(16.5)	(15.6)	(5.6%)	(5.5)	(3.6)	(51.6%)
EBITDA	16.4	19.3	(15.4%)	0.4	3.6	(89.8%)
<i>EBITDA Margin¹</i>	44.1%	49.0%	(4.9pts)	5.5%	43.5%	(38.0pts)
Depreciation & Amortisation	(1.9)	(2.1)	6.9%	(0.6)	(0.6)	(3.5%)
EBIT	14.4	17.3	(16.4%)	(0.3)	2.9	nm³

- EBITDA margin calculated as EBITDA divided by Revenue including GST
- 1H23 restated to remove normalisation
- Nm = not meaningful

1H24 SkyCity Adelaide Result

Challenging operating environment continues to impact earnings and margin performance

- Visitation marginally lower on the prior period, with interstate and international tourism in South Australia slower to recover
- Gaming machines revenue impacted by a lower win-rate against theoretical hold and lower spend per customer
- Table games revenue consistent with 2H23 trend which was rebased with operational changes, including reduced opening hours and the introduced cash limits
- Premium table games revenue uplift based on interstate visitation with an actual win rate of 1.63% against theoretical 1.35%
- Eos hotel remains the market leader in Adelaide, although occupancy slightly lower at 73.5% reflecting softer leisure market
- An 8% reduction in expenses driven by a range of cost take-out initiatives including reduced VIP table games opening hours, 63 FTE reduction across the property, improved utility pricing and targeted marketing spend

A\$m	1H24	1H23 ²	Movement
Gaming Machines Revenue	47.6	51.6	(8.0%)
Local Tables Revenue	29.5	39.7	(25.7%)
Premium Tables Revenue	5.5	3.9	41.1%
Gaming Revenue (Including GST)	82.6	95.2	(13.3%)
Food & Beverage Revenue	21.9	20.5	6.7%
Hotel Revenue	6.8	7.0	(3.5%)
Other Revenue	4.4	4.2	6.7%
Total Non-Gaming Revenue	33.1	31.7	4.4%
Total Property Revenue	115.7	126.9	(8.9%)
Gaming GST	(7.5)	(8.7)	13.6%
Expenses	(91.3)	(99.5)	8.2%
EBITDA	16.9	18.7	(10.1%)
<i>EBITDA Margin¹</i>	14.6%	14.8%	(0.2%pts)
Depreciation & Amortisation	(14.7)	(15.4)	4.1%
EBIT	2.2	3.4	(37.2%)

1. EBITDA margin calculated as EBITDA divided by Revenue including GST
2. 1H23 restated to remove normalisation

1H24 SkyCity Online Result

Longer term opportunity remains very attractive for SkyCity

- New Zealand online gaming market continues to grow and is being heavily targeted by offshore operators
- SkyCity not operating in a level playing field hence lower market share
- SkyCity continues to actively engage regulators and Government on potential regulation
- Visitation remains robust with First-Time-Depositors (FTDs) stable and a strong customer database
- Online casino content is consistently upgraded, including the launch of Bingo in September 2023
- Further uplift in the compliance regulatory framework which increased expenses
- Increasing the project team and actively working to progress New Zealand online gaming regulation opportunity
- GiG equity earnings of \$2.9m in 1H, reflecting strong performance across GiG's Media and Platform businesses

\$m	1H24	1H23	Movement
Gaming Revenue (net of jackpots and bonusing)	11.8	15.4	(23.0%)
GiG costs	(4.7)	(5.5)	14.3%
NZ GST	(1.5)	(2.0)	23.1%
Gaming Revenue (attributable to SkyCity)	5.6	7.9	(29.2%)
Expenses	(2.6)	(2.2)	(14.4%)
EBITDA (attributable to SkyCity)	3.0	5.6	(46.5%)
EBITDA Margin ¹	25.4%	36.6%	(11.2pts)
GiG equity earnings	2.9	0.4	692.4%
EBITDA (including equity earnings)	5.9	6.0	(1.3%)

1. EBITDA margin calculated as EBITDA divided by gaming revenue (net of jackpots and bonusing)



FY24 Outlook

FY24 Outlook

Expect the challenging economic and operating environment to continue in 2H24. SkyCity remains cautious about the FY24 outlook

- Operating performance for 2H24 will reflect a continuation of the challenging economic environment
- Horizon Hotel planned to open in April 2024 - expect a small positive contribution for 2H24
- Car park earnings have been integrated into the Auckland property's operational earnings since 1 February 2024
- Confirm previous FY24 earnings guidance provided on 8 December 2023 of:
 - Underlying Group EBITDA for FY24 of between \$290 million and \$310 million
 - Underlying Group NPAT for FY24 of between \$125 million and \$135 million



CEO Transition Update

Continue to progress the CEO recruitment process – relatively well advanced

Callum Mallett will commence as interim CEO on 9 March 2024

Julian Cook will act as Executive Chair on a part-time basis from 26 February 2024 until new CEO confirmed





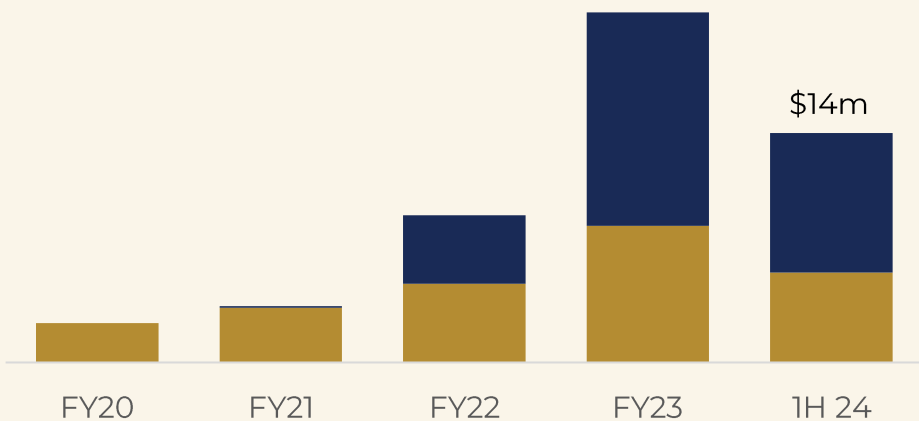
Appendix

Compliance/AML Costs

SkyCity continues to invest significantly in its AML, financial crime and host responsibility enhancements

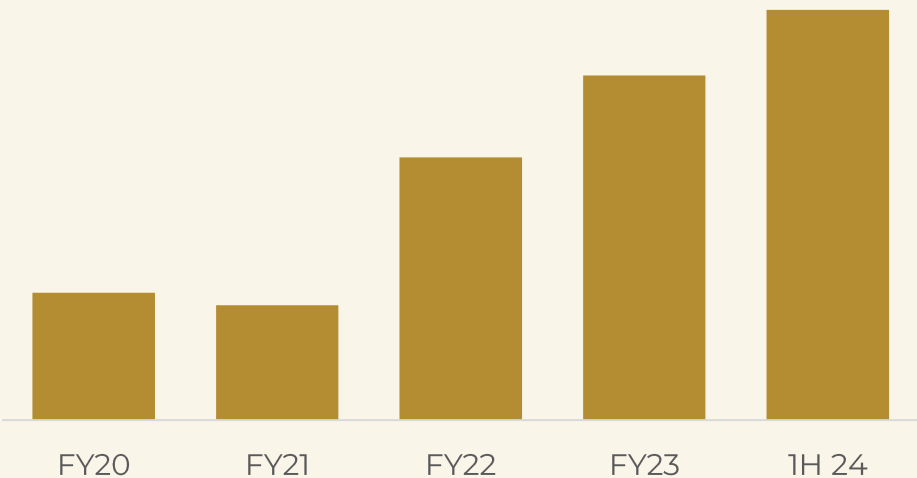
Group Compliance Investment Trend

Ongoing BAU One Off



AML, Compliance and Host Responsibility Headcount Trend

Headcount 100



NZ Host Responsibility Programmes

SkyCity's continuous improvement

2019	<ul style="list-style-type: none">• NOVEMBER – Stage 1 of Facial Recognition (FR) technology was implemented at all SkyCity NZ sites to ensure that banned or excluded patrons could not access gaming areas without being identified
2020	<ul style="list-style-type: none">• JANUARY – SkyCity expanded its use of Focal by introducing the Alert Bettor Protection system• MARCH – Live Floor View (LFV) was launched to assist SkyCity to monitor uncarded continuous play on gaming machines• NOVEMBER – SkyCity introduced a new Head of Host Responsibility (NZ) role to provide strategic leadership across the organisation
2021	<ul style="list-style-type: none">• FEBRUARY – An enhanced Host Responsibility Training Programme (HRT) was launched• APRIL – Stage 2 of FR technology was implemented at SkyCity Auckland to monitor continuous presence• JULY – Host Responsibility KPI introduced into all SkyCity staff performance reviews
2022	<ul style="list-style-type: none">• FEBRUARY – iTrak system upgraded to improve data entry and reporting functionality• MAY – Increased FTEs in Responsible Gambling Host teams in Hamilton and Auckland• MAY – Introduction of anniversary host responsibility interactions and welfare checks for Black and Ultra VIP customers• JUNE – Continuous presence policy updated to 12 hours maximum time onsite

NZ Host Responsibility Programmes cont.

SkyCity's continuous improvement

2023

- MARCH – Official opening of a designated Host Responsibility “Welcome Room” at SkyCity Auckland
- JUNE – Stage 4 of FR technology implemented at SkyCity Auckland to monitor repeat ATM visits (excl car park ATMs)
- JULY – Introduced PatronScan at casino main entrances (automated ID scan and verification)
- SEPTEMBER – Introduced guidelines for carded play in VIP rooms
- OCTOBER – Stage 4 implementation of FR technology continued at SkyCity Auckland with monitoring of repeat car park ATM visits
- OCTOBER – Stage 4 implementation of FR technology continued at SkyCity Hamilton with monitoring of repeat ATM visits onsite
- NOVEMBER – Expansion of Host Responsibility Executive team with 3 new roles
- DECEMBER – Refreshed scrolling messaging on gaming machines to remind customers to take regular breaks
- DECEMBER – External review of Host Responsibility against global peers completed

2024 + future

- JANUARY – Expansion of Responsible Gaming Hosts team with 5 new roles
- JANUARY – New Host Responsibility Programmes effective for SkyCity Auckland, Hamilton and Queenstown

Future Focus

- Across 2024/2025 – Development of the Host Responsibility processes and technology to support mandatory carded play, including proof of concept
- FEBRUARY – Additional programme levels of Host Responsibility training undertaken
- FEBRUARY – Creation of Host Responsibility Data Analysis and Insights roles (2 FTE)
- MARCH /APRIL – Installation of additional FR technology cameras in VIP rooms and on main gaming floor

NZ Anti-Money Laundering

SkyCity's continuous improvement

EDD = enhanced due diligence
CDD = customer due diligence
KYC = know your customer

2021

- Ceased dealing with junkets
- Prevented the depositing of cash into SkyCity's player accounts at New Zealand bank branches
- Restricted customer's ability to transfer money between their personal SkyCity account and third party accounts
- Reviewed and enhanced training material
- Lowered cash thresholds before EDD commences

2022

- Enhanced the EDD process – introduced a time limited pass/fail process
- Increased staff engagement via targeted communications strategy
- Refresh of AML standard operating procedures
- Proactive KYC review of top tier customers
- New Head of Financial Crime appointed

2023

- Developed case management workflow system to better capture and manage financial crime activity
- Development of data management and analytics tool for enhanced transactional monitoring
- Recruited new analysts to expand capacity for ongoing CDD work
- Developed new approval process for the upgrade of customers across VIP tiers
- Introduced mandatory stand-downs for customers until EDD completed
- Ceased the provision of Cheque Cashing Facilities (credit) for customers

**2024 +
future**

- Recruited new senior manager to increase financial crime leadership capability

Future Focus

- Roll out case workflow management system – Phase 1 due April 2024
- Deployment of data management and analytics platform – due May 2024
- New enterprise-wide risk assessment methodology – due March 2024
- Finalise Group-wide Financial Crime target operating model
- Ongoing increase in Financial Crime team capacity and capability

Important Information

- Average NZ\$ vs. A\$ cross-rate for 1H24 = 0.9246 and 1H23 = 0.9061
- Weighted average number of shares excludes executives shares held on trust under the Group's executive incentive schemes:
 - 1H24 = 758,733,593
 - 1H23 = 758,117,231
- GST rates: NZ 15%; AU 10%
- EBITDA margin % is calculated on revenue, including gaming GST
- Certain totals, subtotals and percentages may not agree due to rounding



Reconciliation of Group Results

Guide to understanding the basis of underlying earnings

- The Group's objective in preparing underlying financial information is to enable the investment community to better understand the Group's underlying operational performance
- The Group achieves this objective by providing information that:
 - is representative of SkyCity's underlying performance as a potential indicator of future performance; and
 - enables comparison across financial periods
- This objective is achieved by eliminating:
 - property valuations and NZICC fire accounting; and
 - structural differences in the business between financial reporting periods
- Underlying results are also used for internal purposes such as budgeting and staff incentives, but not for financing decisions
- Non-GAAP information is prepared in accordance with a Board approved "Non-GAAP Financial Information Policy" and is reviewed by the Board at each reporting period
- Application of the Group's "Non-GAAP Financial Information Policy" is consistent with the Board-approved approach

Reconciliation of Group Results

\$m	1H24				1H23 (Restated)			
	Revenue	EBITDA	EBIT	NPAT	Revenue	EBITDA	EBIT	NPAT
Reported	445.2	101.0	56.7	22.5	462.6	106.3	60.9	22.8
Premium Table Commissions	1.4	-	-	-	3.2	-	-	-
Gaming GST	44.0	-	-	-	45.2	-	-	-
NZICC Fire Impact	(2.4)	5.5	5.5	4.2	(23.7)	43.4	43.4	39.1
Asset Impairment	2.0	2.0	2.0	2.0		3.6	3.6	3.6
Property Revaluation	-	-	-	-	-	8.4	8.4	7.2
Regulatory Penalties	-	37.8	37.8	37.8	-	-	-	-
Underlying	490.2	146.3	102.0	66.5	487.2	161.8	116.3	72.8

- 1. Premium Table Commissions:** to report premium commissions paid to customers as an expense rather than a revenue reduction, which reduces both reported revenue and operating expenses. This adjustment effectively reverses the impact of IFRS 15 Revenue from Contracts with Customers
- 2. Gaming GST:** to add gaming GST to reported revenue
- 3. NZICC Fire Impact:** to reverse the fire accounting and related entries arising from the NZICC fire
- 4. Asset Impairment:** to reverse the impairment of LPL notes and the investment property floors not held for third party tenancy
- 5. Property Revaluation:** to reverse the investment property fair value adjustments based on market valuation
- 6. Regulatory Penalties:** to eliminate the provision in connection with any civil penalties imposed by the Courts relating to the AUSTRAC civil penalty proceedings against SkyCity Adelaide, and the Department of Internal Affairs' civil penalty proceedings against SkyCity Casino Management Limited

SkyCity Entertainment Group Limited
Interim Financial Statements
for the six month period ended
31 December 2023

For and on behalf of the Board:



Julian Cook
Chair of the SkyCity Board



Chad Barton
Chair of the Audit Committee

21 February 2024



Independent auditor's review report

To the shareholders of SkyCity Entertainment Group Limited

Report on the interim financial statements

Our conclusion

We have reviewed the interim financial statements of SkyCity Entertainment Group Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, and the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six month period ended on that date, and notes, comprising material accounting policy information and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and cash flows for the six-month period then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out other services for the Group in the areas of tax compliance, tax advisory, provision of market survey data relating to executive remuneration levels, specified reporting to the Supervisor of the Group's retail bond, and agreed-upon procedures in relation to: compliance with banking and debt covenants, the allocation of Community Trust revenue, the shareholder vote count at the Annual General Meeting, share-based payment calculations, and the reconciliation of underlying results to reported results. The provision of these other services has not impaired our independence.

Emphasis of matter - uncertainty regarding the outcome of regulatory proceedings

We draw attention to Note 9 in the interim financial statements, which indicates that the Group has recognised a provision of \$78.7 million for a potential civil penalty and legal costs associated with the civil penalty proceedings filed by the Australian Transaction Reports and Analysis Centre (AUSTRAC) against SkyCity Adelaide Pty Ltd (SkyCity Adelaide) on 7 December 2022 alleging contraventions by SkyCity Adelaide under the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006. Note 9 also describes that SkyCity Adelaide and AUSTRAC have now jointly informed the Court that the parties have come to an agreement in relation to the contraventions of and the amount of civil penalty they would jointly propose as appropriate in the circumstances subject to finalisation of a Statement of Agreed Facts and Admissions. Notwithstanding the indication provided to the Court, the final amount of any civil penalty and associated legal cost that SkyCity Adelaide may be required to pay remains uncertain and is a matter for the discretion of the Court. Any eventual civil penalty applied by the Court may be significantly different than the provision. Refer to Note 9 for further information regarding the associated uncertainties.



We also draw attention to Note 12(a), which indicates that SkyCity operates in a highly regulated industry and has seen continued focus on the casino industry in both New Zealand and Australia. Note 12(a), in conjunction with Note 9, provides further details on certain ongoing matters for which the final outcomes are uncertain and of which the impacts, if any, are currently uncertain.

Our conclusion is not modified in respect of these matters.

Responsibilities of the Directors for the interim financial statements

The Directors of the Group are responsible on behalf of the Company for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Richard Day.

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Richard Day'.

Chartered Accountants
21 February 2024

Auckland

SkyCity Entertainment Group Limited
Income Statement
For the six month period ended 31 December 2023

		Unaudited 6 months 31 December 2023 \$'000	Unaudited 6 months 31 December 2022 \$'000
	Notes		
Revenue	5	440,426	437,128
NZICC fire related income		2,422	21,968
Other income		1,488	3,128
NZICC fire related expenses		(3,329)	(50,100)
Employee benefits expense		(161,011)	(149,480)
Impairment		-	(3,568)
Other expenses		(66,140)	(71,094)
Directors' fees		(597)	(542)
Gaming taxes and levies		(26,484)	(27,302)
Direct consumables		(32,960)	(29,292)
Marketing and communications		(10,788)	(11,459)
Regulatory penalties	9	(37,758)	-
Community contributions, sponsorships and donations		(5,171)	(4,949)
Fair value losses on investment properties		-	(8,447)
Share of profits from associates		892	349
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		100,990	106,340
Depreciation and amortisation		(41,067)	(42,343)
Depreciation on right-of-use assets		(3,180)	(3,121)
Earnings before interest and tax (EBIT)		56,743	60,876
Net finance costs		(8,715)	(15,848)
Profit Before Income Tax		48,028	45,028
Income tax expense	6	(25,482)	(22,179)
Profit for the Period Attributable to Shareholders of the Company		22,546	22,849

Earnings per share for Profit Attributable to the Shareholders of the Company

Basic and diluted earnings per share	3.0	3.0
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The above income statement should be read in conjunction with the accompanying notes.

SkyCity Entertainment Group Limited
Statement of Comprehensive Income
For the six month period ended 31 December 2023

	Unaudited 6 months 31 December 2023 \$'000	Unaudited 6 months 31 December 2022 \$'000
Profit for the Period	22,546	22,849
Other Comprehensive Income		
Items that may be subsequently reclassified to profit or loss		
Foreign Currency Translation Reserve		
Exchange differences on translation of overseas subsidiaries	(2,921)	(12,463)
Cash Flow Hedge Reserve		
Cash flow hedges - revaluations	(9,313)	(7,425)
Cash flow hedges - transfer to finance costs	8,297	13,015
Cash flow hedges - income tax	285	(1,565)
Cost of Hedging Reserve		
Cost of hedging reserve - revaluations	(268)	(4,127)
Cost of hedging reserve - transfer to finance costs	579	462
Cost of hedging reserve - income tax	(87)	1,026
Other Comprehensive Income for the Year, Net of Tax	<u>(3,428)</u>	<u>(11,077)</u>
Total Comprehensive Income for the Year	<u>19,118</u>	<u>11,772</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

SkyCity Entertainment Group Limited
Balance Sheet
As at 31 December 2023

	Unaudited 31 December 2023 \$'000	30 June 2023 \$'000
Notes		
ASSETS		
Current Assets		
Cash and cash equivalents	188,216	245,013
Receivables and prepayments	32,188	50,833
Inventories	8,656	8,582
Derivative financial instruments	-	489
Current tax receivables	-	12
NZICC fire recoveries	8,335	11,613
Other current assets	-	2,000
Assets classified as held for sale	8 13,000	-
Total Current Assets	250,395	318,542
Non-current Assets		
Deferred tax assets	7 27,882	25,465
Finance lease receivable	14,270	13,978
Derivative financial instruments	8,732	11,943
Investments in associates	46,092	43,200
Investment properties	108,812	108,803
Property, plant and equipment	1,696,837	1,652,476
Intangible assets	562,867	566,553
Right-of-use assets	122,693	122,538
Total Non-current Assets	2,588,185	2,544,956
Total Assets	2,838,580	2,863,498
LIABILITIES		
Current Liabilities		
Payables and provisions	9 237,035	215,997
Current tax liabilities	18,999	42,849
Derivative financial instruments	465	17
Lease liabilities	2,254	3,045
Interest bearing liabilities	45,814	45,814
Lease income in advance	39,815	39,815
Total Current Liabilities	344,382	347,537
Non-Current Liabilities		
Interest bearing liabilities	10 521,172	525,666
Non-current payables	19,611	19,097
Deferred tax liabilities	57,947	56,100
Lease liabilities	119,008	116,840
Deferred licence value	262,444	262,444
Derivative financial instruments	8,479	5,617
Total Non-current Liabilities	988,661	985,764
Total Liabilities	1,333,043	1,333,301
Net Assets	1,505,537	1,530,197
EQUITY		
Share capital	1,344,790	1,343,027
Reserves	(13,863)	(10,435)
Retained earnings	174,610	197,605
Total Equity	1,505,537	1,530,197

The above balance sheet should be read in conjunction with the accompanying notes.

SkyCity Entertainment Group Limited
Statement of Changes in Equity
For the six month period ended 31 December 2023

	Share Capital \$'000	Reserves \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 July 2023	1,343,027	(10,435)	197,605	1,530,197
Total comprehensive income	-	(3,428)	22,546	19,118
Dividends paid	-	-	(45,541)	(45,541)
Share rights issued for employee service	1,727	-	-	1,727
Net movement in treasury shares	36	-	-	36
Balance as at 31 December 2023	1,344,790	(13,863)	174,610	1,505,537
Balance as at 1 July 2022	1,340,556	(4,445)	235,163	1,571,274
Total comprehensive income	-	(11,077)	22,849	11,772
Share rights issued for employee service	1,648	-	-	1,648
Net movement in treasury shares	(17)	-	-	(17)
Balance as at 31 December 2022	1,342,187	(15,522)	258,012	1,584,677

The above statement of changes in equity should be read in conjunction with the accompanying notes.

SkyCity Entertainment Group Limited
Statement of Cash Flows
For the six month period ended 31 December 2023

	Unaudited 6 months 31 December 2023 \$'000	Unaudited 6 months 31 December 2022 \$'000
Cash Flows from Operating Activities		
Receipts from customers	432,495	429,808
Payments to suppliers and employees	(264,436)	(240,260)
Government grants	260	331
Other insurance income	-	1,744
Gaming taxes and levies paid	(30,899)	(30,815)
Income taxes paid	(49,958)	(940)
Net Cash Inflow from Operating Activities	87,462	159,868
Cash Flows from Investing Activities		
Proceeds from disposal of assets held for sale	-	7,812
Capital additions	(77,321)	(81,686)
Purchased intangible assets	(3,461)	(2,966)
NZICC fire related income	-	160,030
NZICC fire related expenses	(797)	(58,758)
Net Cash (Outflow)/Inflow from Investing Activities	(81,579)	24,432
Cash Flows from Financing Activities		
Cash flows associated with net derivatives	810	1,371
Proceeds from new borrowings	-	20,000
Repayment of borrowings	-	(98,000)
Movement in treasury shares	36	(17)
Interest paid	(12,694)	(14,819)
Dividends paid to company shareholders	(45,541)	-
Lease interest paid	(3,299)	(3,220)
Repayment of lease liabilities	(1,992)	(1,789)
Net Cash Outflow from Financing Activities	(62,680)	(96,474)
Net (Decrease)/Increase in Cash and Cash Equivalents	(56,797)	87,826
Cash and cash equivalents at the beginning of the period	245,013	48,698
Cash and Cash Equivalents at End of the Period	188,216	136,524

The above statement of cash flows should be read in conjunction with the accompanying notes.

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 interim financial statements of the Group for the six months ended 31 December 2023 have been reviewed but have not been audited. They were approved for issue by the Board of Directors (**Board**) on 21 February 2024.

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

These interim financial statements have been prepared in accordance with GAAP. They comply with the New Zealand equivalent to International Accounting Standard (NZ IAS) 34 Interim Financial Reporting, International Accounting Standard (IAS) 34 Interim Financial Reporting and the NZX Listing Rules.

These interim financial statements do not include all the notes normally included in the annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Group's annual report for the year ended 30 June 2023.

Measurement Basis

These interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities, as identified in the 30 June 2023 annual financial statements.

Presentation Currency

These interim 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 period. When discussing financial performance, the Group also uses non-GAAP financial information, which is not prepared in accordance with GAAP 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 the 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

Critical Accounting Estimates and Judgements

The preparation of interim financial statements requires the use of certain critical accounting estimates and the exercise of judgement regarding the application of accounting policies.

These interim financial statements are prepared using the same significant judgements and estimates as were used in the preparation of the 30 June 2023 annual financial statements and as disclosed below:

- the SkyCity Adelaide Pty Limited (**SkyCity Adelaide**) casino licence, which has a finite useful life, is tested for impairment at each reporting period. There is no recognition of impairment in the current period;

2 Basis of Preparation (continued)

- 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 9 and information on the Group's contingent liabilities is provided in note 12; and
- judgement and estimation are required when determining the amount of deferred tax assets to be recognised. Further information is provided in note 7.

3 Material Accounting Policies

All material accounting policies applied in these interim financial statements are consistent with those applied in the audited 30 June 2023 annual financial statements and are consistently applied to all periods presented, unless otherwise stated.

4 Segment Information

Operating segments are reported in a manner consistent with the internal reports that the Chief Executive Officer, who is the chief operating decision maker, uses to assess performance and allocate resources.

From 1 July 2023, the Group restructured to reflect its decision to materially reduce SkyCity's international activities. As a consequence of this restructure, there is no longer a separate International Business operating segment. Comparative information has been restated and amounts previously recognised in the International Business segment are incorporated into the operating segment to which they now relate.

Online gaming historically included in the Other NZ Operations segment is now shown separately to better reflect its potential for material growth in the future. Comparative information for the Other NZ Operations segment has been restated to reflect that change.

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 New Zealand International Convention Centre (**NZICC**), food and beverage, the Sky Tower, investment properties and a number of other related activities.

Other NZ Operations

This segment consists of the Group's operations at SkyCity Hamilton, SkyCity Queenstown and SkyCity Wharf.

SkyCity Adelaide

This segment consists of the Group's Adelaide operations, which comprise casino operations, a hotel and food and beverage.

Online

This segment comprises the Group's online gaming operations.

Corporate/Group

This segment includes head office functions, funding entities and the investment in the Group's associate (Gaming Innovation Group Inc (**GiG**)). It is not considered an operating segment.

SkyCity Entertainment Group Limited
Notes to the Financial Statements
For the six month period ended 31 December 2023
(continued)

4 Segment Information (continued)

Six Months Ended 31 December 2023	SkyCity Auckland \$'000	Other NZ Operations \$'000	SkyCity Adelaide \$'000	Online \$'000	Corporate/ Group \$'000	Total \$'000
Gaming revenue	208,006	33,293	81,131	-	-	322,430
Online revenue	-	-	-	5,567	-	5,567
Non-gaming revenue	72,473	5,463	35,858	-	39	113,833
Other income	1,254	-	-	-	234	1,488
NZICC fire income	2,422	-	-	-	-	2,422
Share of net profit of associate	-	-	-	-	892	892
Total Income	284,155	38,756	116,989	5,567	1,165	446,632
Expenses	(162,424)	(22,027)	(98,782)	(2,555)	(18,767)	(304,555)
Regulatory penalties and fees	(5,000)	-	(32,758)	-	-	(37,758)
NZICC fire expenses	(3,329)	-	-	-	-	(3,329)
Depreciation and amortisation	(18,876)	(2,584)	(15,939)	-	(6,848)	(44,247)
Segment Profit/(Loss) (EBIT)	94,526	14,145	(30,490)	3,012	(24,450)	56,743
Net finance costs						(8,715)
Profit Before Income Tax						48,028

Restated Six Months Ended 31 December 2022	SkyCity Auckland \$'000	Other NZ Operations \$'000	SkyCity Adelaide \$'000	Online \$'000	Corporate/ Group \$'000	Total \$'000
Gaming revenue	202,290	36,479	95,506	-	-	334,275
Online revenue	-	-	-	7,867	-	7,867
Non-gaming revenue	57,492	5,659	35,001	-	36	98,188
Other income	2,899	26	-	-	202	3,128
NZICC fire income	21,968	-	-	-	-	21,968
Share of net profit of associate	-	-	-	-	349	349
Total Income	284,649	42,164	130,507	7,867	587	465,775
Expenses	(157,477)	(19,265)	(109,788)	(2,234)	(17,003)	(305,767)
NZICC fire expenses	(50,100)	-	-	-	-	(50,100)
Impairment	(3,568)	-	-	-	-	(3,568)
Depreciation and amortisation	(19,234)	(2,706)	(16,966)	(21)	(6,537)	(45,464)
Segment Profit/(Loss) (EBIT)	54,270	20,193	3,753	5,612	(22,953)	60,876
Net finance costs						(15,848)
Profit Before Income Tax						45,028

5 Revenue

	6 months 31 December 2023 \$'000	6 months 31 December 2022 \$'000
Gaming	321,026	331,073
Non-gaming	113,833	98,188
Online gaming	5,567	7,867
Total Revenue	440,426	437,128

Gaming revenue represents the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons. Gaming rebates are accounted for as a reduction in gaming revenue.

Online revenue represents New Zealand online casino revenue generated from New Zealand players, using technology developed by GiG, and operating under a Malta gaming licence held by Silvereye Entertainment Limited (a subsidiary of GiG). Revenue is reported net of GiG's costs allowable under the arrangement. SkyCity is not the principal transacting with online casino customers.

Non-gaming revenue includes revenue generated from hotels and conventions, food and beverage, the Sky Tower, car parking and other sources.

5 Revenue (continued)

		6 months 31 December 2023 \$'000	6 months 31 December 2022 \$'000
	Notes		
Reconciliation to the Segment Note			
Total revenue	5	440,426	437,128
Other income		1,488	3,128
Share of net profit of associate		892	349
NZICC fire related income		2,422	21,968
Total Income		445,228	462,573
Gaming rebates		1,404	3,202
Total Income as per Segment Note		446,632	465,775

6 Income Tax Expense

	31 December 2023 \$'000	31 December 2022 \$'000
Profit before tax	48,028	45,028
Prima facie income tax @ 28%	13,448	12,607
Items non-deductible for tax purposes	1,092	1,361
Items non-assessable for tax purposes	(1,868)	(1,611)
Differences in overseas tax rates	(1,571)	(1,416)
Investment property adjustments	(132)	(30)
Prior period adjustments	2,169	(18)
NZICC fire capital (income)/expenses	254	7,877
Fair value adjustment on investment property	-	2,123
Non-deductible regulatory penalties provision	11,228	-
Controlled foreign company regime	844	1,366
Other	18	(80)
Income Tax Expense	25,482	22,179

The weighted average applicable tax rate is 53.1% (six months to 31 December 2022: 49.3%). The weighted average tax rate has been impacted by:

- non-deductible regulatory penalties provision;
- fair value adjustments (comparative period only); and
- NZICC fire capital (income)/expense (comparative period only).

Excluding these items, the weighted average tax rate would have been 29.4% (six months to 31 December 2022: 27.6%).

7 Deferred Tax Assets

Deferred tax assets relate to the Group's Australian tax group and other foreign operations (excluding Malta).

The Group has recognised a deferred tax asset on tax losses of A\$95.9m (30 June 2023: A\$93.7m) in relation to its Australian entities. 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 the 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 against which the tax losses can be utilised. 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 is 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 2030. The Group reviews future loss utilisation at each reporting date.

8 Assets Classified as Held for Sale

	31 December 2023	30 June 2023
	\$'000	\$'000
Land	<u>13,000</u>	-
Total Assets Held for Sale	<u>13,000</u>	<u>-</u>

In October 2023, a conditional sale and purchase agreement was entered into in relation to development land in Queenstown and, consequently, the land has been reclassified from property, plant and equipment to held for sale at 31 December 2023.

9 Payables and Provisions

	31 December 2023	30 June 2023
	\$'000	\$'000
Trade payables	25,309	23,639
Deferred income	29,841	36,671
Accrued expenses	45,102	36,226
Employee benefits	50,996	51,686
NZICC car park obligation	-	10,788
Other provisions	2,115	7,978
Regulatory penalties provision	<u>83,672</u>	<u>49,009</u>
Total Payables and Provisions	<u>237,035</u>	<u>215,997</u>

Provisions

Provisions are recognised in relation to a number of matters, including the civil penalty proceedings commenced by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) against SkyCity Adelaide and the civil penalty proceedings commenced by the Department of Internal Affairs (**Department** or **DIA**) against SkyCity Casino Management Limited (**SCML**).

9 Payables and Provisions (continued)

NZICC Car Park Obligation

As at 30 June 2023, the Group had recognised a provision to reconstruct the assets associated with the initial 600 NZICC car parks that were transferred to MPF Parking NZ Limited (**Macquarie**) under a concession agreement signed in April 2019, 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 NZICC construction site in return for consideration of \$220.0 million (plus GST) (**Car Park Concession Agreement**), but were subsequently damaged in the NZICC fire in October 2019.

The assets associated with those car parks were fully repaired in the current period, and accordingly, there is no provision recorded in respect of them as at 31 December 2023.

The Car Park Concession Agreement was terminated on 31 January 2024.

Regulatory Penalties Provision - AUSTRAC Proceedings

As detailed in the Group's financial statements for the year ended 30 June 2023, 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 Australian Anti Money Laundering and Counter Terrorism Financing Act 2006.

As at 30 June 2023, SkyCity had recognised a provision of A\$45.0 million (NZ\$49.0 million) in relation to the potential exposure to penalties and legal costs associated with the proceedings. This represented an estimate at the time of the potential exposure to penalties and legal costs arising from the proceedings having regard to a wide range of factors relevant to the determination of any penalty that may ultimately become payable by SkyCity Adelaide and external legal advice obtained by SkyCity and SkyCity Adelaide.

As at 31 December 2023, SkyCity increased the provision to A\$73.0 million (NZ\$78.7 million) following discussions with AUSTRAC and a case management hearing on 1 February 2024. SkyCity Adelaide and AUSTRAC have jointly informed the Court that the parties have come to an agreement in relation to the contraventions that SkyCity Adelaide would admit in the proceedings and the amount of a civil penalty they would jointly propose as appropriate in the circumstances subject to finalisation of a Statement of Agreed Facts and Admissions.

Notwithstanding the indication provided to the Court, the final amount of any civil penalty and associated legal costs that SkyCity Adelaide may be required to pay remains uncertain. The level of any penalty is a matter for the discretion of the Court and any eventual civil penalty applied by the Court to SkyCity Adelaide in relation to the proceedings may be significantly different than the provision. The timing of any civil penalty to be paid by SkyCity Adelaide is also uncertain.

Regulatory Penalties Provision - DIA Proceedings

On 16 February 2024 the Department filed civil penalty proceedings in the New Zealand High Court against SCML for non-compliance by SCML with the New Zealand Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**AML/CFT Act**). The Department's enforcement response follows a review of SCML's compliance with the AML/CFT Act.

SCML is a subsidiary of SkyCity and the holder of the casino operator's licence for the SkyCity Auckland, SkyCity Hamilton and SkyCity Queenstown casinos in New Zealand.

The pleadings set out five separate causes of action, being that SCML did not meet its obligations relating to its risk assessment, establishing, implementing and maintaining an AML/CFT compliance programme, monitoring accounts and transactions, conducting enhanced customer due diligence, and terminating existing business relationships. These alleged failures relate to largely, although not exclusively, historical matters. Some matters relate to incidents of non-compliance which have previously been self-reported to the Department.

In the event the Department's claim was to be accepted in whole or in part by the High Court, SCML would be subject to a civil penalty to be imposed by the Court as set out in subpart 3 of the AML/CFT Act. Under the AML/CFT Act and relevant case law, SkyCity and the Department assess SkyCity's maximum liability in relation to these claims as being NZ\$8.0 million in aggregate.

At 31 December 2023, SkyCity has recognised a provision for a potential civil penalty and associated legal fees of \$5.0 million in relation to the proceedings. This represents an estimate of the potential exposure to penalties and legal costs arising from the proceedings having regard to a wide range of factors relevant to the determination of any penalty that may ultimately become payable by SCML and external legal advice obtained by SkyCity. The final amount of any civil penalty and associated legal costs that SCML may be required to pay remains uncertain. The level of any penalty is a matter for the discretion of the High Court and any eventual civil penalty applied by the High Court to SCML in relation to the proceedings may be significantly different than the provision. The timing of any civil penalty to be paid by SCML is also uncertain.

10 Non-current Interest Bearing Liabilities

	31 December 2023 \$'000	30 June 2023 \$'000
USPP notes	348,867	353,812
New Zealand bonds	175,000	175,000
Deferred funding expenses	<u>(2,695)</u>	<u>(3,146)</u>
Total Non-current Interest Bearing Liabilities	<u>521,172</u>	<u>525,666</u>

(a) USPP Notes

The USPP fixed rate US dollar borrowings have been hedged and converted to New Zealand dollar floating rate borrowings by using cross-currency interest rate swaps to eliminate foreign exchange exposure to the US dollar.

USPP notes mature in March 2025 (US\$100.0 million), March 2028 (A\$65.4 million) and February 2030 (US\$75.0 million).

The movement in the amount of the USPP notes from 30 June 2023 relates to foreign exchange and interest rate movements.

(b) Syndicated Bank Facility

The 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 31 December 2023, SkyCity had in place revolving credit facilities of:

- NZ\$135.0 million maturing 15 June 2024 (undrawn at the reporting date);
- NZ\$175.0 million maturing 15 June 2025 (undrawn at the reporting date); and
- NZ\$80.0 million maturing 15 July 2026 (undrawn at the reporting date).

In January 2024, certain tranches of the syndicated banking facility were restructured to extend the terms of facilities and in February 2024, one unutilised tranche of the syndicated banking facility was released early.

Post the above restructures, the syndicated bank facilities consist of:

- NZ\$175.0 million maturing 15 June 2025;
- NZ\$20.0 million maturing 15 July 2025;
- NZ\$80.0 million maturing 15 June 2026; and
- NZ\$57.5 million maturing 15 July 2027.

(c) New Zealand Bonds

\$175.0 million of six-year unsubordinated, unsecured redeemable fixed rate bonds were issued on 21 May 2021.

11 Commitments

Capital Commitments

Capital commitments largely comprise estimations for NZICC and Horizon Hotel construction completion and settlement of the termination of the Car Park Concession Agreement.

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	31 December 2023 \$'000	30 June 2023 \$'000
Property, plant and equipment	266,368	296,377

Car Parks

As outlined in note 9, 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 \$220.0 million (plus GST).

As a result of the October 2019 fire at the NZICC site, 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. On 11 December 2023, the Group and Macquarie agreed that the Group would take back the operation of all of the car parks that were the subject of the Car Park Concession Agreement on 31 January 2024, in return for a consideration of \$204.0 million (plus GST).

On 31 January 2024, all of the car parks under the Car Park Concession Agreement were returned to the Group and the Group paid \$204.0 million (plus GST) to Macquarie (note 13).

12 Contingencies

(a) Contingent Liabilities

SkyCity operates in a highly regulated industry. During the current period, 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

As detailed in the Group's financial statements for the year ended 30 June 2023:

- on 1 July 2022, Consumer and Business Services (CBS) (the South Australian gaming regulator) advised 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) 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;
- on 6 February 2023, CBS advised that Mr Martin was of the view that it was not possible to reliably determine the question of suitability until the resolution of the civil penalty proceedings filed by AUSTRAC against SkyCity Adelaide on 7 December 2022 and, accordingly, the Commissioner had decided to put the independent review on hold until after the conclusion of those proceedings; and

12 Contingencies (continued)

- on 26 May 2023, the Commissioner issued a direction notice 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, amongst other things, review SkyCity Adelaide's anti-money laundering and counter terrorism (**AML/CTF**) and host responsibility enhancement programmes (together the **enhancement programmes**) and, if required, make amendments to those enhancement programmes, and monitor the implementation of those enhancement programmes by SkyCity Adelaide and SkyCity Adelaide's compliance with its AML/CTF and gambling harm minimisation obligations.

On 25 August 2023, Kroll Australia Pty Limited (**Kroll**) was appointed as the independent expert by SkyCity Adelaide.

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 in relation to this matter.

The Company and SkyCity Adelaide will continue to cooperate with CBS and Kroll and any further requests for information and/or 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 17 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 as to the interpretation of the CDA 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 were heard in the Court of Appeal on 13 October 2023 and a decision is expected on 22 February 2024.

There are a range of potential outcomes of the Court of Appeal's decision, including an unfavourable ruling that complimentary bets on gaming machines arising from the conversion of loyalty points should be included in gaming revenue, and/or that loyalty points earned from electronic gaming are not deductible from gaming revenue for the purpose of calculating casino duty. The estimated range of casino duty payable from the potential outcomes is from A\$0 to A\$13m, excluding any penalty interest if deemed applicable. However, no present obligation exists in connection with the dispute at 31 December 2023 and, consequently, the Group has not recognised a provision in relation to this matter.

(iii) Suspension Application

In September 2023, the Secretary for the Department of Internal Affairs (**Secretary**) made an application to the Gambling Commission (**Commission**) to temporarily suspend SCML's New Zealand casino operator's licence for a period "in the range of 10 days" pursuant to section 144(a) of the New Zealand Gambling Act 2003 (**Gambling Act**).

The application was made by the Secretary following a complaint made in February 2022 to the Department by a former customer who gambled at the SkyCity Auckland casino over the period from August 2017 to February 2021. The Secretary stated in the application that SCML did not comply with requirements in its SkyCity Auckland Host Responsibility Programme relating to the detection of incidents of continuous play by the customer.

Under section 144(a) of the Gambling Act, the Secretary may apply to the Commission for an order to suspend a casino licence if the Secretary is satisfied that the licence holder is breaching or has breached the Gambling Act or a condition of the casino licence or minimum operating standards. The Commission must then decide whether or not to grant the order sought by the Secretary and, if so, the duration of any such suspension after following the procedure set out in the Gambling Act, including considering written submissions and (if applicable) convening a hearing. The suspension application is scheduled to be heard in private in the week of 15 April 2024. The Commission's decision may not be forthcoming for a number of months following the hearing.

12 Contingencies (continued)

There are a range of potential outcomes of the Commission's decision, including an unfavourable ruling that would result in the temporary closure of the SkyCity Auckland, SkyCity Hamilton and SkyCity Queenstown casinos in New Zealand. The Group has not recognised a provision in relation to this matter.

(iv) Other Regulatory Matters

In addition to the matters outlined above and in note 9, 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 Gambling Act, 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 Fletcher Construction Company Limited (**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 \$60.5 million (30 June 2023: \$55.8 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 Contractor relating to the fire and construction delays.

There are no other significant contingent assets at 31 December 2023 (30 June 2023: no additional contingent assets).

13 Events Occurring after the Reporting Date

Syndicated Bank Facility

On 26 January 2024, SkyCity's syndicated bank facility was restructured to extend the terms of the facilities (note 10).

On 15 February 2024, one unutilised tranche of the syndicated banking facility was released early (note 10).

Auckland Car Park

On 31 January 2024, all of the car parks that were the subject of the Car Park Concession Agreement were returned to the Group and the Group paid \$204.0 million (plus GST) to Macquarie.

AUSTRAC Proceedings

On 1 February 2024, a case management hearing was held in relation to the AUSTRAC civil penalty proceedings at which the Court listed the matter for a hearing in relation to the civil penalty to be imposed on 7 June 2024 (note 9).

DIA Proceedings

On 16 February 2024, the Department filed civil penalty proceedings in the New Zealand High Court against SCML for non-compliance with the AML/CFT Act (note 9).

Dividend

On 21 February 2024, the Board of Directors resolved to pay an interim dividend in respect of the six months ended 31 December 2023. The unfranked, fully imputed dividend of 5.25 cents per share will be paid on 21 March 2024 to all shareholders on the Company's register at the close of business on 7 March 2024.

Section 1: Issuer information				
Name of issuer	SkyCity Entertainment Group Limited			
Financial product name/description	Ordinary Shares			
NZX ticker code	SKC.NZ			
ISIN	NZSKCE0001S2			
Type of distribution	Full Year		Quarterly	
	Half Year	X	Special	
	DRP applies			
Record date	07 March 2024			
Ex-Date (one business day before the Record Date)	06 March 2024			
Payment date (and allotment date for DRP, if applicable)	21 March 2024			
Total monies associated with the distribution	\$39,841,425			
Source of distribution	Profit			
Currency	NZD			
Section 2: Distribution amounts per financial product				
Gross distribution	\$0.07291667			
Total cash distribution	\$0.05250000			
Excluded amount (applicable to listed PIEs)	\$ -			
Supplementary distribution amount	\$0.00926471			
Section 3: Imputation credits and Resident Withholding Tax				
Is the distribution imputed	Fully imputed	X		
	Partial imputation			
	No imputation			
If fully or partially imputed, please state imputation rate as % applied	100%			
Imputation tax credits per financial product	\$0.02041667			
Resident Withholding Tax per financial product	\$0.00364583			

Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	N/A	
Start date and end date for determining market price for DRP		
Date strike price to be announced (if not available at this time)		
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)		
DRP strike price per financial product		
Last date to submit a participation notice for this distribution in accordance with DRP participation terms		
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Jo Wong	
Contact person for this announcement	Jo Wong	
Contact phone number	09 363 6143	
Contact email address	jo.wong@skycity.co.nz	
Date of release through MAP	22 February 2024	