





WELCOME
TO SKYCITY
THE HOME OF ENTERTAINMENT

CONTENTS

GENERAL

Report from the Chair and Chief Executive Officer	4
About this Annual Report	8
Year in Review	10
Navigating the COVID-19 Pandemic	12
Creating Value	14
Performance	18
Supporting Our Communities	20
Group Strategy	22
Diversity Snapshot	26
About SkyCity	28
Auckland	30
Adelaide	32
Hamilton	33
Queenstown	34
Online	35
Risk Profile and Management	36
Our Board	44
Our Senior Leadership Team	47

SUSTAINABILITY

Sustainability	51
Our Customers	54
Our People	62
Our Communities	72
Our Suppliers	78
Our Environment	82

CORPORATE GOVERNANCE STATEMENT AND OTHER DISCLOSURES

Corporate Governance Statement	89
Remuneration Report	97
Shareholder and Bondholder Information	107
Directors' Disclosures	109
Company Disclosures	110

FINANCIAL STATEMENTS

Independent Auditor's Report	115
Income Statement	124
Statement of Comprehensive Income	125
Balance Sheet	126
Statement of Changes in Equity	128
Statement of Cash Flows	129
Notes to the Financial Statements	130

RECONCILIATION OF NORMALISED RESULTS TO REPORTED RESULTS

	175
--	-----

GRI CONTENT INDEX

	178
--	-----

GLOSSARY

	182
--	-----

DIRECTORY

	183
--	-----

ANNUAL MEETING

The 2022 SkyCity Annual Meeting will be held virtually via an online platform on 28 October 2022 commencing at 1.00pm (New Zealand time). Instructions and further details on how shareholders can participate in the virtual Annual Meeting will be included in the Notice of Meeting to security holders.



REPORT

from the Chair and Chief Executive Officer

A Challenging Year

The 2022 financial year has been one of the most challenging periods for the SkyCity Board and management to date given the ongoing significant impacts on SkyCity's operations from the COVID-19 pandemic as well as ongoing regulatory and media focus on the casino industry in Australasia.

Throughout the year, the COVID-19 pandemic materially impacted SkyCity's operations in New Zealand and South Australia with Government mandated lockdowns and restrictions in response to the ongoing COVID-19 pandemic and the emergence of the Omicron variant – resulting in the closure of the SkyCity Auckland property for an unprecedented 107 days over the period, the closure of the SkyCity Hamilton property for 65 days, the closure of the SkyCity Queenstown property for 22 days, and the closure of the SkyCity Adelaide property for 8 days. When permitted to reopen, our properties have initially operated with significant operational constraints in place, reduced staff and reduced operating hours.

The SkyCity Auckland property was closed for an unprecedented 107 days over the period

Our key focuses throughout the year have been to keep our people and guests safe, to preserve employment, to meet the expectations of our regulators, and to enhance our governance framework.

Despite the ongoing disruption and volatility, SkyCity maintained a solid financial position over the period, delivered credible operating performance when open, and protected the health and wellbeing of our people. Critically, the Board and management continued to recognise the importance of protecting our casino licences and enhancing our social licence to operate, with a particular focus on uplifting our anti-money laundering (AML) and host responsibility programmes.

Refreshed Board and Committee Structure

There has been significant renewal at Board level over the past 14 months, with the appointment of three new directors and the departure of two directors. In June 2022, the SkyCity Board also announced its intention to appoint to the Board two new Australian-based directors, Kate Hughes and Glenn Davis. Kate and Glenn are experienced professionals who bring considerable expertise to the SkyCity Board across a diverse range of sectors and industries. Their appointments remain subject to obtaining the necessary regulatory approvals, a process which normally takes some months to conclude – however, pending those approvals, they have been assisting the Board in an advisory capacity. We are confident that collectively the refreshed Board has the requisite skills and experience to deal with the current and

emerging issues of the business but remain committed to continuing Board renewal and anticipate appointing an additional director(s) over the next 6–12 months to further strengthen the Board's diverse range of expertise.

In addition to this significant Board renewal, the SkyCity Board also commenced a review of its Board committee structure in late 2021. Following this review, in June 2022, the Board resolved in principle to separate the Board's Audit and Risk Committee into two separate Board committees, an Audit Committee and a Risk and Compliance Committee (recognising the importance of the governance of the Group's risk management function), and to disestablish the Sustainability Committee and reallocate its roles and responsibilities to the other standing Board committees.

The primary objective of the new Risk and Compliance Committee is to assist the SkyCity Board in fulfilling its responsibilities relating to risk management and compliance, including in respect of the company's key compliance obligations, host responsibility, AML, and health and safety matters. The Board intends to appoint Kate Hughes as the Chair of the new Risk and Compliance Committee given her comprehensive experience in risk management, health, safety and environment, business resilience, crisis management, regulatory compliance, privacy and fraud prevention.

Regulatory Focus

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

SkyCity continues to cooperate with the Australian Transaction Reports and Analysis Centre (AUSTRAC) in relation to its enforcement investigation (commenced in June 2021) into potential serious non-compliance by SkyCity Adelaide Pty Limited (SkyCity Adelaide) with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No 1). That engagement has included the provision of information and documents required by AUSTRAC. At the date of this annual report, AUSTRAC has not filed proceedings against SkyCity Adelaide or indicated whether it intends to take any enforcement action against SkyCity Adelaide. At this stage, the timetable for completion of the AUSTRAC investigation into SkyCity Adelaide remains unclear.

In the course of its reviews, SkyCity Adelaide has identified certain areas where enhancements to the Adelaide Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Programme are required or appropriate. Consequently, in late 2021, we developed an AML Enhancement Programme for SkyCity Adelaide in response to the concerns raised by AUSTRAC and taking into account the findings and recommendations from an independent expert's review, and our own internal review, of SkyCity Adelaide's AML/CTF Programme and wider AML function. The AML Enhancement Programme is designed to lift the maturity of the SkyCity Adelaide AML/CTF

Programme and broader AML function across certain key areas over a two-year period. SkyCity continues to steadily progress the activities in the AML Enhancement Programme, including the recruitment of additional resourcing, the establishment of a dedicated Programme Management Office to drive the implementation of the AML Enhancement Programme and its initiatives, ongoing improvements in oversight/controls and significant investment in ICT systems and processes. The resulting improvements to the SkyCity Adelaide AML function are being applied across the New Zealand properties where appropriate.

Given that AUSTRAC's enforcement investigation remains ongoing, and we have identified certain areas where enhancements to the Adelaide AML/CTF Programme are required or appropriate, there is a possibility that AUSTRAC could bring an enforcement action against SkyCity Adelaide. Any such action and any associated penalties could have a significant financial and reputational impact on SkyCity.

SkyCity has also made steady progress over the past financial year on initiatives to enhance our host responsibility framework with significant effort, resource and capital allocated to support these initiatives, such as increased resourcing and investment in ICT systems (including facial recognition technology for both carded and uncarded long stay and specialised customer screening tools). These market leading initiatives collectively improve our ability to prevent and minimise harm from problem gambling. We continue to explore available technology solutions, seek expert advice, consult stakeholder groups and source a range of research material to ensure that SkyCity provides safe and responsible experiences and environments for its people and customers.

On 1 July 2022, Consumer and Business Services (the South Australian gaming regulator) advised that it had appointed the Honourable Brian Martin AO QC to undertake an independent review of SkyCity Adelaide in accordance with Part 3 of the Casino Act 1997 (SA) in light of interstate inquiries into various casino operations. We are continuing to cooperate with the review and look forward to the completion of the review and findings, which are due to be reported back to the South Australian Liquor and Gambling Commissioner by 1 February 2023.

Revised Remuneration Framework

Consistent with our ongoing focus on best practice regulatory compliance, we have made changes to the senior executive remuneration framework to introduce specific requirements relating to compliance and introduced "malus" and clawback provisions into incentive plans. These changes ensure that executive remuneration is aligned with SkyCity's performance in relation to AML, host responsibility, and health and safety targets, which are critically important to SkyCity's business. In addition to specific targets set for senior executives, which make up a balanced scorecard, a new compliance gateway has

also been introduced into SkyCity's short term incentive and deferred short term incentive plan framework which will further embed alignment between executive remuneration and SkyCity's key compliance goals.

FY22 Performance

SkyCity achieved Group normalised EBITDA of \$137.9 million and Group normalised NPAT¹ of \$9.7 million for the 2022 financial year, which was at the top end of the guidance provided to the market during June 2022, but still well below the prior comparable period and pre COVID-19 earnings – the financial result having been materially impacted by property closures and other restrictions in response to COVID-19 as noted above.

SkyCity's local gaming businesses performed well when open and operating without restrictions and SkyCity Online Casino continued to perform consistently across the period with strong revenue and EBITDA growth despite operational constraints and an increasingly competitive landscape. SkyCity Online Casino has quickly become a meaningful earnings contributor to the Group.

There has been positive momentum over the period on the New Zealand International Convention Centre project with reinstatement works progressing. The roof construction is due to commence in October 2022 – a significant milestone in the fire remediation works. The latest programme from the contractor indicates completion of the Horizon Hotel during 2024 and the Convention Centre during 2025.

SkyCity secured debt covenant relief from its banking syndicate and United States Private Placement holders for the 31 December 2021 and 30 June 2022 testing periods, reflecting material earnings disruption due to COVID-19, and, in particular, the extended property closures in New Zealand. SkyCity has also prospectively secured an amendment to the debt covenants for the 31 December 2022 testing period (to be based on 2x 1H23 EBITDA) as a matter of prudence to provide the Group with contingency in the event of a further material disruption of the near term operating environment due to COVID-19. Additionally, during August 2022, SkyCity completed a refinancing of \$160 million of bank debt due to mature in May/June 2023 – consequently, SkyCity's next debt maturity is now in mid 2024.

We are appreciative of the continued support from our financiers as we continue to navigate the impacts of COVID-19 disruptions. During the waiver relief period, SkyCity is unable to make distributions to shareholders or secure new debt facilities.

SkyCity's BBB- credit rating from Standard & Poor's was reconfirmed as "Stable" Outlook during May 2022 and SkyCity has around \$300 million of available funding liquidity as at the date of this annual report.

Outlook

Following the relaxation of operating restrictions during the final quarter of the 2022 financial year, SkyCity has seen

the strong performance from its local gaming businesses in New Zealand continue into the 2023 financial year and improved performance from SkyCity Adelaide. SkyCity's tourism-related businesses continue to recover and are benefiting from positive domestic visitation, particularly during weekend and holiday periods.

Provided there are no material changes to the current operational environment/settings and trading conditions, SkyCity sees a credible pathway for a return to pre COVID-19 earnings during FY23, underpinned by the ongoing recovery of local gaming, particularly in New Zealand, optimising SkyCity Adelaide post expansion, the reopening of international borders and robust cost control to counteract inflationary pressure on costs. SkyCity expects to largely offset cost pressures (including additional AML and compliance costs) through operational efficiencies, productivity gains and optimising its operating model.

SkyCity remains committed to its existing dividend policy

(paying out 60-90% of normalised NPAT per annum).

We wish to thank the SkyCity Board and management team and, in particular, the broader SkyCity team for their collective efforts in navigating the challenges over the past financial year and for their continuing support of the business. Thank you also to our external stakeholders – from our shareholders, financiers, suppliers to our customers - for your ongoing support of the SkyCity business. We look forward to welcoming you all to our vibrant places over the course of the year.

Julian Cook
Chair of the
SkyCity Board

Michael Ahearne
Chief Executive Officer



**We look forward to welcoming
you all to our vibrant places**

¹ Due to the impact of tax accounting following the year end, FY22 Group normalised NPAT is slightly above the market guidance provided during June 2022.

ABOUT this Annual Report



This annual report is a review of SkyCity Entertainment Group Limited (**SkyCity** or the **company** and, together with its subsidiaries, the **Group**) and its subsidiary companies' performance for the financial year ended 30 June 2022. Where appropriate, information is also provided in relation to activities that have occurred after 30 June 2022, but prior to publication of this annual report.

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

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

The non-financial information in this annual report has been informed by the principles and disclosures of the Global Reporting Initiative's (**GRI**) Sustainability Reporting Standards. A GRI reference index based on the GRI Sustainability Reporting Standards is included on pages 178-181 of this annual report.

The financial statements have been prepared in accordance with the International Financial Reporting Standards. This annual report includes both reported and normalised financial information. Our objective in providing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the SkyCity Group – the intention being to provide information which is representative of SkyCity's underlying performance (as a potential indicator of future performance), can be compared across years and can assist

with comparison between publicly listed casino companies in New Zealand and Australia. This objective is achieved by:

- eliminating the inherent volatility (or 'luck' factor) from International Business, which has variable turnover and actual win percentage period to period;
- eliminating structural differences in the business between periods; and
- eliminating known different treatments with other New Zealand and Australian publicly listed casino companies.

Normalised numbers are a non-GAAP financial measure. A reconciliation of reported and normalised earnings and a description of the differences are provided on pages 175-177 of this annual report.

Unless otherwise stated, all dollar amounts in this annual report are expressed in New Zealand dollars. Certain totals, subtotals and percentages stated in this annual report may not agree throughout due to rounding.

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

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

This annual report is dated 25 August 2022 and is signed on behalf of the SkyCity Board by:

Julian Cook
Chair of the
SkyCity Board

Jennifer Owen
Chair of the Audit
and Risk Committee

YEAR in Review

2021

JULY

- The 'long stop date' under the New Zealand International Convention Centre Project and Licensing Agreement (for completion of the New Zealand International Convention Centre project) is extended from 2 January 2025 to 15 December 2027

AUGUST

- FY21 full year result announced* with reported NPAT of \$156.1 million (down 33.7% from the prior period) and normalised NPAT of \$90.3 million (up 36.3% from the prior period)

SEPTEMBER

- Ordinary dividend of \$0.07 per ordinary share paid to shareholders
- SkyCity sells its interest in esports provider Let's Play Live Media to Esports International Limited

OCTOBER

- SkyCity Chair, Rob Campbell, announces his intention to retire from the SkyCity Board

NOVEMBER

- Julian Cook appointed as Chair-elect to replace Rob Campbell upon his retirement
- SkyCity secures debt covenant relief from its banking syndicate and United States Private Placement holders for the 31 December 2021 and 30 June 2022 testing periods

DECEMBER

- SkyCity enters into a binding agreement to subscribe for €25 million of new equity in Gaming Innovation Group Inc

2022

JANUARY

- Julian Cook appointed as Chair of the SkyCity Board

FEBRUARY

- FY22 interim result released with reported NPAT of -\$33.7 million (down 143.3% from the prior period) and normalised NPAT of -\$19.5 million (down 145.3% from the prior period)

MARCH

- SkyCity re-accredited with the Rainbow Tick in New Zealand
- SkyCity named as a finalist in the Diversity & Inclusion Leadership Award category for Te Roopū Māori o SkyCity in the Deloitte Top 200 Awards

APRIL

- SkyCity completes its €25 million equity investment in Gaming Innovation Group Inc

MAY

- SkyCity secures debt covenant relief from its banking syndicate and United States Private Placement holders for the 30 June 2022 and 31 December 2022 testing periods

JUNE

- SkyCity Board announces its intention to appoint Kate Hughes and Glenn Davis as non-executive directors subject to obtaining approvals from regulatory authorities
- Sky Slide opens in Auckland

*Subsequently restated to be reported NPAT of \$155.8 million and normalised NPAT of \$90.0 million as a result of software as a service (SaaS) accounting policy changes.

Navigating the COVID-19 pandemic

This past financial year, we purchased over 305,000 masks and over 33,000 Rapid Antigen Test kits to keep our people safe

The COVID-19 pandemic has continued to materially impact SkyCity over the last financial year with significant trading restrictions imposed on our business and operations by the New Zealand and South Australian Governments in response to the ongoing COVID-19 pandemic and the emergence of the Omicron variant.

In New Zealand, Government mandated lockdowns and restrictions resulted in the closure of the SkyCity Auckland property for 107 days over the period, the closure of the SkyCity Hamilton property for 65 days and the closure of the SkyCity Queenstown property for 22 days.

When permitted to reopen, our properties have not only operated with significant operational constraints due to restrictions on mass gatherings and physical distancing requirements during much of the period, but with a reduced workforce and resulting operating hours due to employees being required to isolate at home after contracting COVID-19 or coming into contact with someone who has contracted COVID-19.

Fortunately, SkyCity's New Zealand properties have been able to operate without restrictions on mass gatherings and physical distancing requirements from 14 April 2022 when the country moved to the 'orange' setting under the COVID-19 Protection Framework. At the orange setting, mask wearing is required for staff, but not customers, and there is no requirement to provide proof of a COVID-19 vaccination or scan a COVID-19 QR code upon entry.

In South Australia, although the SkyCity Adelaide property was closed for only 8 days over the period, the business operated for much of the period with significant constraints in place, including social distancing restrictions, reduced venue capacity and mandatory mask wearing. From March 2022, operating restrictions have been progressively relaxed and the Adelaide business has been able to operate without density limits or social distancing requirements with mask wearing no longer required for staff or customers from 15 April 2022.

In addition to Government mandated restrictions, COVID-19 has also affected customer behaviour more generally. Visitation to our properties, particularly in Auckland, was reduced due to lower CBD visitation as a result of changing customer behaviour in response to COVID-19 and increased flexible working policies. Visitation to our properties recovered over the final quarter of the 2022 financial year as customers continued to adapt to the changing nature of the COVID-19 pandemic.

To keep our staff and customers safe, we implemented COVID-19 vaccination policies across our properties from 1 December 2021 in New Zealand and from 10 February 2022 in Adelaide. These policies (other than the Adelaide staff mandate which remains in place) were lifted in April 2022 consistent with the easing of COVID-19 requirements by the New Zealand and South Australian Governments.

SkyCity Online Casino, SkyCity's offshore online casino platform based in Malta, continued to trade over the period without interruption from COVID-19 and, consistent with prior lockdown periods, saw strong growth in its customer base during lockdown periods in New Zealand.

Due to the continued efforts of the SkyCity team and the strength of our business continuity framework, we have fortunately been able to respond to the ongoing challenges presented by COVID-19 and manage the impacts to our business and operations. Pleasingly, our core New Zealand domestic gaming business was quick to rebound and performed well when our properties were open without restrictions.

SkyCity's focus remains on managing the post COVID-19 recovery and operating sustainably as a domestic focused business, pending the gradual recovery of international visitation.

Creating **VALUE**

Our Business

(as at 30 June 2022)



3,923
staff



5
properties across
New Zealand and Australia



1
online casino

GAMING



5
land-based
casino licences



309
table games



378
automated
table games



3,451
electronic
gaming machines

HOSPITALITY



17
restaurants



15
bars

HOTELS



755
hotel rooms

SKY TOWER



328
metres tall

FY22 REVENUE BY BUSINESS ACTIVITY

	Reported	Normalised
	%	%
Gaming (land-based)	75%	77%
Gaming (online)	3%	3%
Hotels and Conventions	6%	5%
Food and Beverage	10%	10%
Other	6%	5%

FY22 Outputs and Financial Results

FY22 revenue and annual visitation

GAMING

\$443.6
million
including online
(reported)

\$499.4
million*
including online
(normalised)

1.4
million
visits from loyalty card
members to our
land-based casinos**

HOSPITALITY

\$60.3
million

2.5
million
restaurant/bar covers

HOTELS

\$33.5
million

113,790
rooms occupied

SKY TOWER

\$7.1
million

133,338
visits

CONTRIBUTIONS

\$100.8
million
in **taxes and levies to
Governments**

\$5.1
million
in **community contributions,
sponsorships and donations**

\$260.4
million
in remuneration
and benefits to **staff**

\$252.7
million
to **suppliers**

\$31.9
million
in interest paid to **lenders**

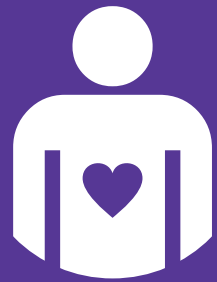
\$53.1
million
in dividends declared for
shareholders (in relation
to the FY21 period)

\$153.6
million
of **capital invested**

*Includes gaming GST.

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

FY22 Outcomes and Impacts



OUR CUSTOMERS

Established a new team of Responsible Gambling Hosts in Auckland and Hamilton who provide additional and dedicated host responsibility coverage in gaming areas

629▼
customers

identified within our casino properties in breach of their exclusion orders during FY22

FY21 – 1,373

901▼

exclusion orders issued across our casino properties during FY22

FY21 – 1,077



OUR PEOPLE

31%

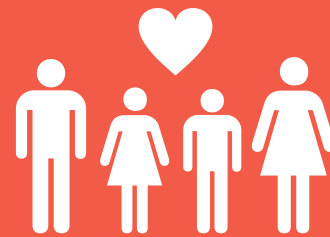
of all vacancies were filled by internal SkyCity candidates

FINALIST

in the Diversity and Inclusion Leadership Award at the 2021 Deloitte Top 200 Awards for Te Roopū Māori o SkyCity

50%

Achieved a decrease in the total recordable incident frequency rate



OUR COMMUNITIES

Since establishing the first SkyCity Auckland Community Trust in 1996, SkyCity has awarded more than 5,000 grants totalling over \$66.2 million to various community groups and organisations in New Zealand, large and small, through the four SkyCity Community Trusts

\$3.0▼ million

paid to the SkyCity Community Trusts
FY21 – \$4.1 million

\$34.3▼ million

paid in gaming taxes and problem gaming levies
FY21 – \$39.2 million



OUR SUPPLIERS

Over
\$446▲ million

paid to suppliers of goods and services during FY22 (including capital expenditure)

FY21 – over \$426 million

487▼

key ongoing significant suppliers across the SkyCity Group
FY21 – around 587

79▲

active suppliers had completed an EcoVadis assessment/audit process as at 30 June 2022 representing over \$32 million (25%) of our total annual procurement spend
FY21 – 71 active suppliers



OUR ENVIRONMENT

Achieved carbon zero status for the SkyCity Group for FY22 by way of offset through Toitū Envirocare

15,637▼

tonnes CO₂e
total carbon footprint
FY21 – 16,521 tonnes CO₂e

81%

reduction in waste sent by SkyCity to landfill since 2015*

EV CHARGERS

installed at the SkyCity Auckland and Hamilton properties

*In part due to the mandated property closures and travel restrictions during FY20–FY22.



OUR SHAREHOLDERS

\$53.1 million

in dividends paid to shareholders during FY22 (in relation to the FY21 period)

PERFORMANCE

FY22 Highlights

SkyCity's result for the financial year ended 30 June 2022 was again significantly impacted by the COVID-19 pandemic with normalised EBITDA and NPAT for the Group for the period to 30 June 2022 negatively impacted.

The key features of the FY22 result are:

REVENUE

Reported

\$639.0 million

FY21 (Restated) – \$952.0 million

Normalised

\$631.5 million

FY21 (Restated) – \$822.5 million

NPAT

Reported

\$(33.6) million

FY21 (Restated) – \$155.8 million

Normalised

\$9.7 million

FY21 (Restated) – \$90.0 million

EBITDA

Reported

\$96.9 million

FY21 (Restated) – \$313.9 million

Normalised

\$137.9 million

FY21 (Restated) – \$248.6 million

EARNINGS PER SHARE

Reported

(4.4) cents per share

FY21 – 20.6 cents per share

Normalised

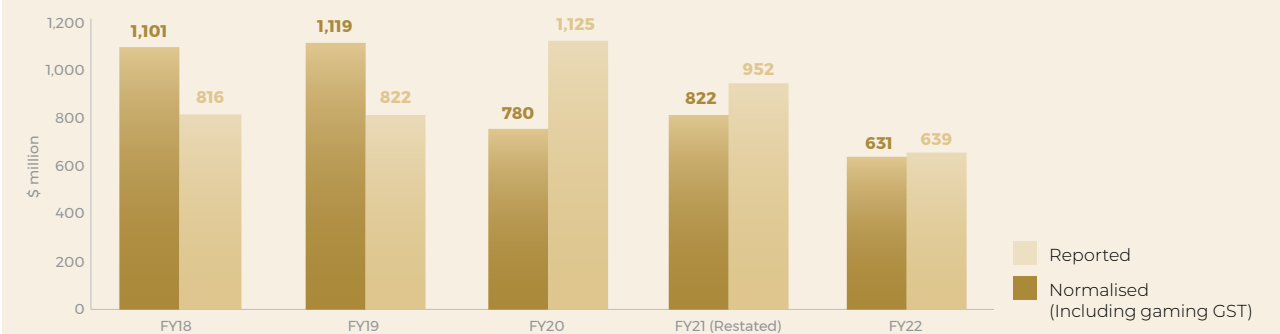
1.3 cents per share

FY21 – 11.9 cents per share

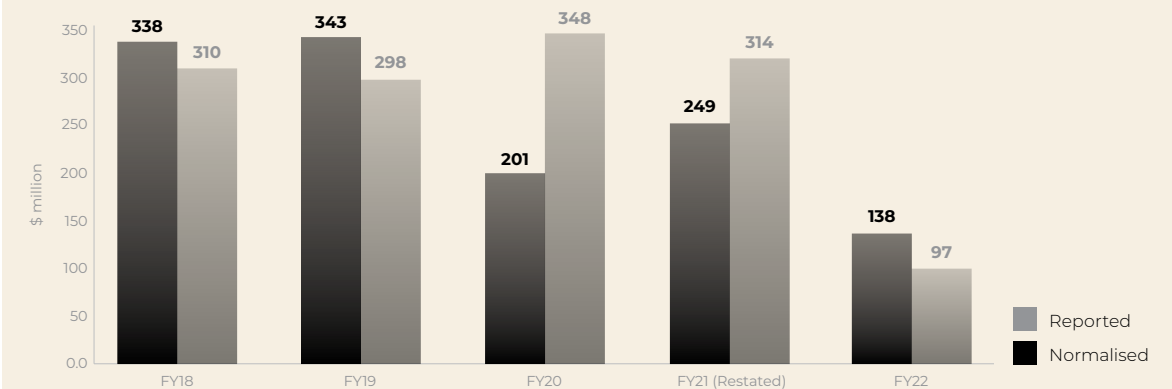
The restated FY21 results reflect SkyCity's restated financial results to account for a revised accounting policy for the configuration and customisation costs associated with software as a service (SaaS) arrangements. This change in accounting policy was implemented retrospectively by restating the opening equity position and comparative financial statements. See note 23 of the FY22 financial statements on pages 156–158 of this annual report.

Our Performance History

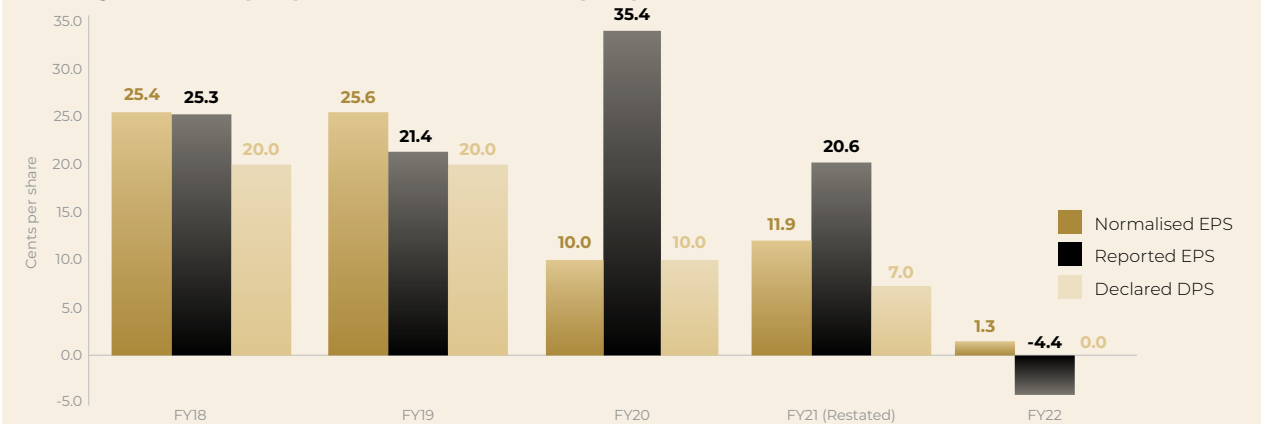
Group Revenue



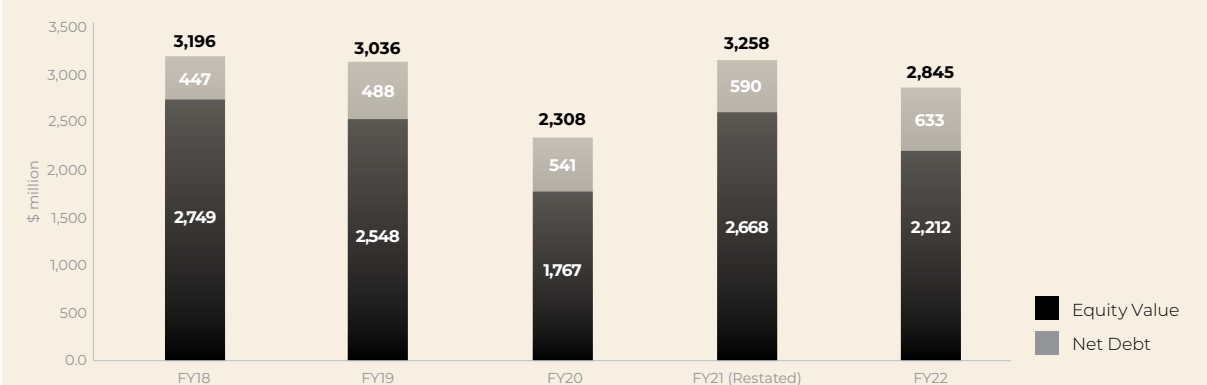
Group EBITDA



Earnings Per Share (EPS) and Dividend Per Share (DPS)



Enterprise Value



FY21 results adjusted to reflect updated accounting policy relating to software as a service (SaaS) arrangements as applicable.

SUPPORTING Our Communities



SkyCity is standing tall with women's sport and is proud to be an official sponsor of the Rugby World Cup New Zealand 2021 (playing in 2022).

We play a significant role in our communities and are proud of the contribution we make to the communities we operate in. It has taken significant skill, energy and dedication from our team to continue to deliver a high standard of excellence in such an uncertain operating landscape and this has been recognised in a number of industry accolades over the period.

- Depot, Gusto at the Grand, The Sugar Club and MASU by Nic Watt each received one hat in the Cuisine Good Food Awards 2021/22
- SkyCity Auckland named Oceania's Leading Casino Resort 2021 in the World Travel Awards
- The Grand by SkyCity named a nominee in the World's Leading Business Hotel 2021 category in the World Travel Awards
- Sky Tower awarded the Qualmark Gold Award for sustainable tourism
- Sol Bar and Restaurant named Restaurant of the Year at the South Australian Restaurant and Catering Awards
- Eos by SkyCity awarded:
 - Best New Tourism Business at the South Australian Tourism Awards
 - Best Deluxe Hotel in South Australia at the Australian Hotels Association SA Awards for Excellence
 - Best New Hotel at the Hotel Management Awards for Hotel and Accommodation Excellence
 - Bronze medal in the Australia's Best New Tourism Business category at the 2021 Qantas Australian Tourism Awards
- The Guardsman:
 - Best Tourism Restaurant at the South Australian Tourism Awards
 - Bronze medal in the Tourism Restaurants and Catering Services category at the 2021 Qantas Australian Tourism Awards
- Bowl and Social named winner of the Best Leisure & Entertainment category at the Hamilton Central Business Association Awards 2021

We have proudly sponsored and partnered with great organisations in our communities over the last financial year:



OUR PURPOSE

We are trusted to create vibrant places for gaming, entertainment and hospitality

Group STRATEGY

In early 2022, we commenced a review of SkyCity's sustainability framework and strategy – the purpose of which was to understand the drivers for sustainability for SkyCity into the early-mid 2020s, adopt a fit-for-purpose framework for driving sustainability decisions in the business, and gain confidence that sustainability activity is aligned to organisational purpose and strategy and is reflective of today's operating context.

Following this review, in June 2022, we adopted a new corporate purpose statement and integrated business strategy, effective from 1 July 2022, that integrates environmental, social, and governance considerations into our current business strategy.

Our purpose statement provides our Board and management with a foundational guideline for decision-making, our employees with a reason for choosing to work with SkyCity, and our external stakeholders with an understanding of what drives SkyCity. The following table illustrates the intention behind each element of our purpose statement:

	We are trusted	to create	vibrant places	for gaming, entertainment and hospitality
 COMMUNITY	<ul style="list-style-type: none"> by the community to hold casino licences to invest in community outcomes through our community trusts 	SkyCity has a history of building entertainment venues in New Zealand and Australia	SkyCity's precincts are destinations in the cities/towns where SkyCity operates in Auckland, Adelaide, Queenstown and Hamilton	SkyCity provides gaming, entertainment and hospitality destinations in Auckland, Adelaide, Queenstown, Hamilton and online. These precincts are destinations in the cities/towns where we operate
 CUSTOMERS	<ul style="list-style-type: none"> by our customers to provide entertainment experiences in safe venues and with responsible hosting 	SkyCity provides customers with entertainment experiences on a daily basis	SkyCity is a destination for customers seeking entertainment experiences in the communities where we operate	SkyCity provides gaming, entertainment and hospitality destinations for customers in Auckland, Adelaide, Queenstown, Hamilton and online
 INVESTORS	<ul style="list-style-type: none"> by our investors with their capital and to return dividends, by running responsible gaming and entertainment venues to operate ethically and transparently, with strong governance in place 	Investors provide SkyCity the capital to create vibrant places and experiences, in expectation of future returns	Investors provide SkyCity the capital to create vibrant places and experiences, in expectation of future returns	Investors provide SkyCity the capital to create vibrant places and experiences, in expectation of future returns
 SUPPLIERS	<ul style="list-style-type: none"> by our suppliers to be a good partner in business 	SkyCity's suppliers contribute to customer entertainment experiences	SkyCity's suppliers contribute to the operation of SkyCity's vibrant and sustainable precincts	SkyCity's suppliers contribute to the operation of SkyCity's vibrant and sustainable precincts
 REGULATORS	<ul style="list-style-type: none"> by our regulators to hold casino licences and comply with all gaming and AML regulations 	SkyCity's licences provide the platform from which to provide gaming, entertainment and hospitality experiences	SkyCity's licences provide the platform from which to provide gaming, entertainment and hospitality experiences SkyCity has a culture of compliance SkyCity does the right thing	SkyCity's licences provide the platform from which to provide gaming, entertainment and hospitality experiences
 EMPLOYEES	<ul style="list-style-type: none"> by employees to provide satisfying jobs, remuneration, and opportunities for development, within a safe and inclusive environment 	SkyCity employees create vibrant customer experiences	SkyCity employees are part of the communities where we operate	SkyCity employees provide gaming, entertainment and hospitality experiences
 ENVIRONMENT	<ul style="list-style-type: none"> by stakeholders to respect, protect and enhance the environment 	SkyCity is committed to respecting, protecting and enhancing the environment	SkyCity's precincts are sustainable	SkyCity's precincts are sustainable
SkyCity respects and protects the trust placed in it by stakeholders and is committed to shared value				

Our Integrated Business Strategy

Our strategic plan remains largely unchanged, namely to:

- focus on continuous improvement in our core business and operational performance;
- focus on maximising the value of our exclusive casino licences;
- execute the Adelaide expansion and New Zealand International Convention Centre and Horizon Hotel project and leverage benefits;
- monetise the omnichannel and consolidate on our leadership position in the gaming industry;
- protect and enhance our social licence to operate and secure our future success across various financial, social and human capitals; and
- focus on enhancing Group-wide host responsibility and AML programmes and Group risk/compliance.

SkyCity continues to monitor and evaluate adjacent opportunities in the casino industry as they arise.

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

Capital Allocation Framework

SkyCity recently modified its capital allocation framework to reflect a preference for dividends and capital returns over growth investments and to ensure alignment with shareholder expectations and preferences. The capital allocation framework should support strategic goals (and be a key enabler of the capital management strategy) and include the following key elements:

- an understanding of key sources and uses of capital;
- key financial settings and benchmarks influencing capital allocation decisions;
- priorities for allocating capital driven by strategic goals and what will create shareholder value; and
- appropriate governance and incentive structures.

New Zealand Online Casino Strategy

The performance of the SkyCity Online Casino was a highlight of the 2022 financial period with strong revenue and EBITDA growth, despite operational constraints and an increasingly competitive landscape. We experienced strong growth in active customers and the SkyCity Online Casino has quickly become a meaningful earnings contributor to the Group.

In December 2021, we announced the expansion of our strategic partnership with Gaming Innovation Group Inc (GIG). SkyCity invested €25 million of new equity in GIG to support the funding of GIG's acquisition of

Sportnco Gaming SAS and, in return, became a major shareholder of GIG, with SkyCity's Chief Executive Officer, Michael Ahearne, joining the main GIG Board. GIG is an established online operator who we have come to know well since partnering in mid-2019 to launch the SkyCity Online Casino. The partnership has provided access to a complementary and high-growth gaming category and has enabled us to pursue an omnichannel strategy in New Zealand which is a core critical pillar of our Group strategic plan. The combined GIG/Sportnco business is licensed or certified in over 20 jurisdictions, including key growth markets such as the United States, Western Europe, Canada and Latin America.

SkyCity views the transaction as strategic, and as a relatively low cost and low risk exposure to the fastest growing segment of our industry globally. We continue to support regulation of online casinos in New Zealand and expect clarity from the New Zealand Government shortly regarding its intentions to regulate online gaming. We continue to believe that a significant omnichannel opportunity exists for SkyCity if the New Zealand online market becomes regulated given the sizable addressable market which already exists in New Zealand (which is expected to grow significantly) and the unique opportunity SkyCity has to offer an integrated offline and online experience to customers.

New Zealand International Convention Centre and Horizon Hotel Project

The New Zealand International Convention Centre and Horizon Hotel project remains complex, but reinstatement is progressing post the significant fire in October 2019, although slower than expected. The roof construction is due to commence in October 2022 – a significant milestone in the fire remediation works – and there are over 600 workers onsite currently each day.

We expect the Horizon Hotel and New Zealand International Convention Centre to be delivered in 2024 and 2025 respectively and, whilst we remain comfortable with our contractual position on the project, pursuing further compensation for costs and losses due to project delays remains under active consideration. Expected total project costs remain unchanged (around \$750 million), of which around \$150 million is still to be spent net of recoveries and reinstatement costs which are funded via insurance responding on the project.

Whilst the delays caused by the fire are regrettable, the thesis for the project remains intact and we remain confident that, when completed, the project will deliver world-class tourism infrastructure for Auckland and New Zealand and will be a significant driver of demand for our broader Auckland precinct.

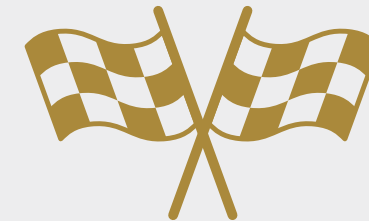
PURPOSE

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



SUSTAINABLE OPERATIONS

Operational excellence and responsibility



CREATING VIBRANT PLACES

Complete major projects and optimise portfolio



RESPONSIBLE GROWTH

Pursue the omnichannel opportunity and adjacencies

Implementation Principles

1

Stakeholder value creation

2

Commitment to responsibility

3

Culture of compliance

Financial and capital settings to deliver objectives

DIVERSITY

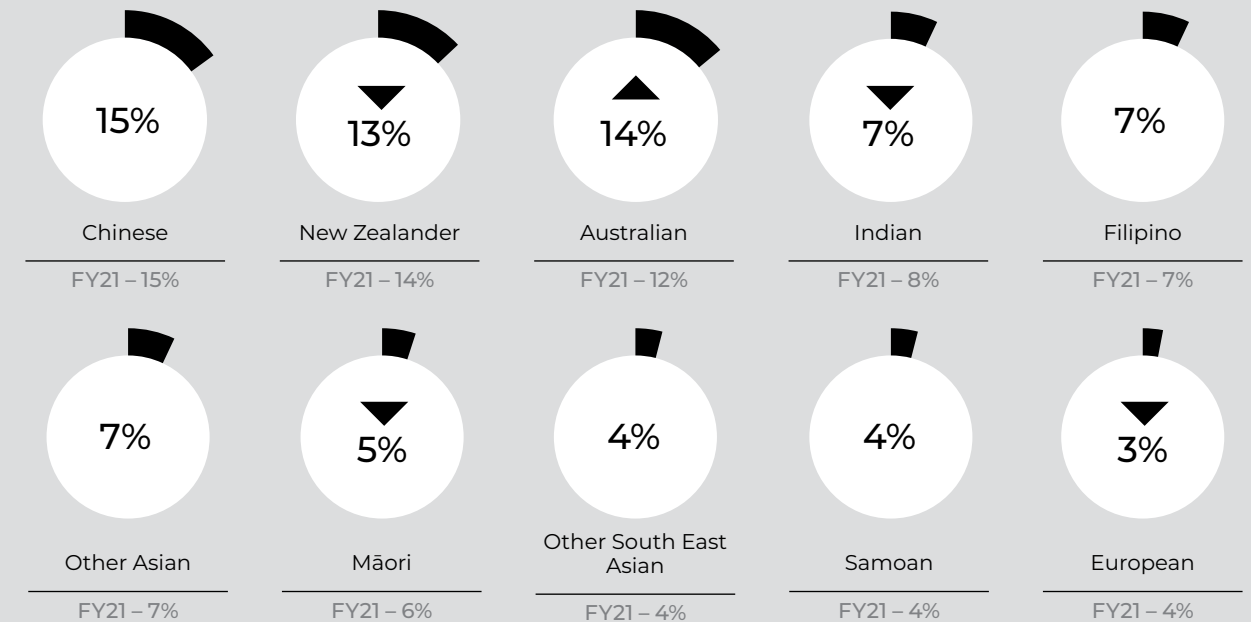
Snapshot

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

The following graphic shows the diverse make up of SkyCity's workforce as at 30 June 2022 and, where relevant, as a comparison against our workforce numbers as at 30 June 2021.



OUR TOP 10 ETHNICITIES STAFF IDENTIFY WITH



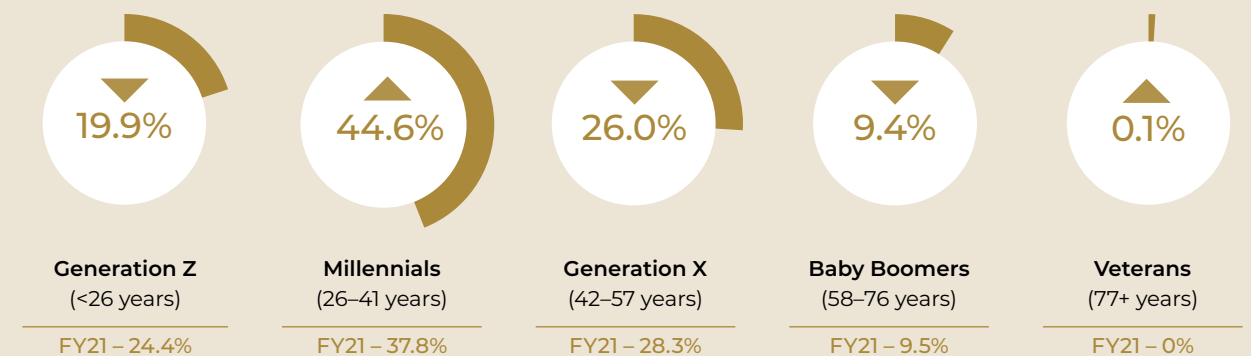
Given as a percentage of those staff members who provided details about their ethnicity and those who elected "prefer not to say".

PLEDGING SUPPORT TO THE 40:40 VISION

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



AGE BREAKDOWN



About SKYCITY

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

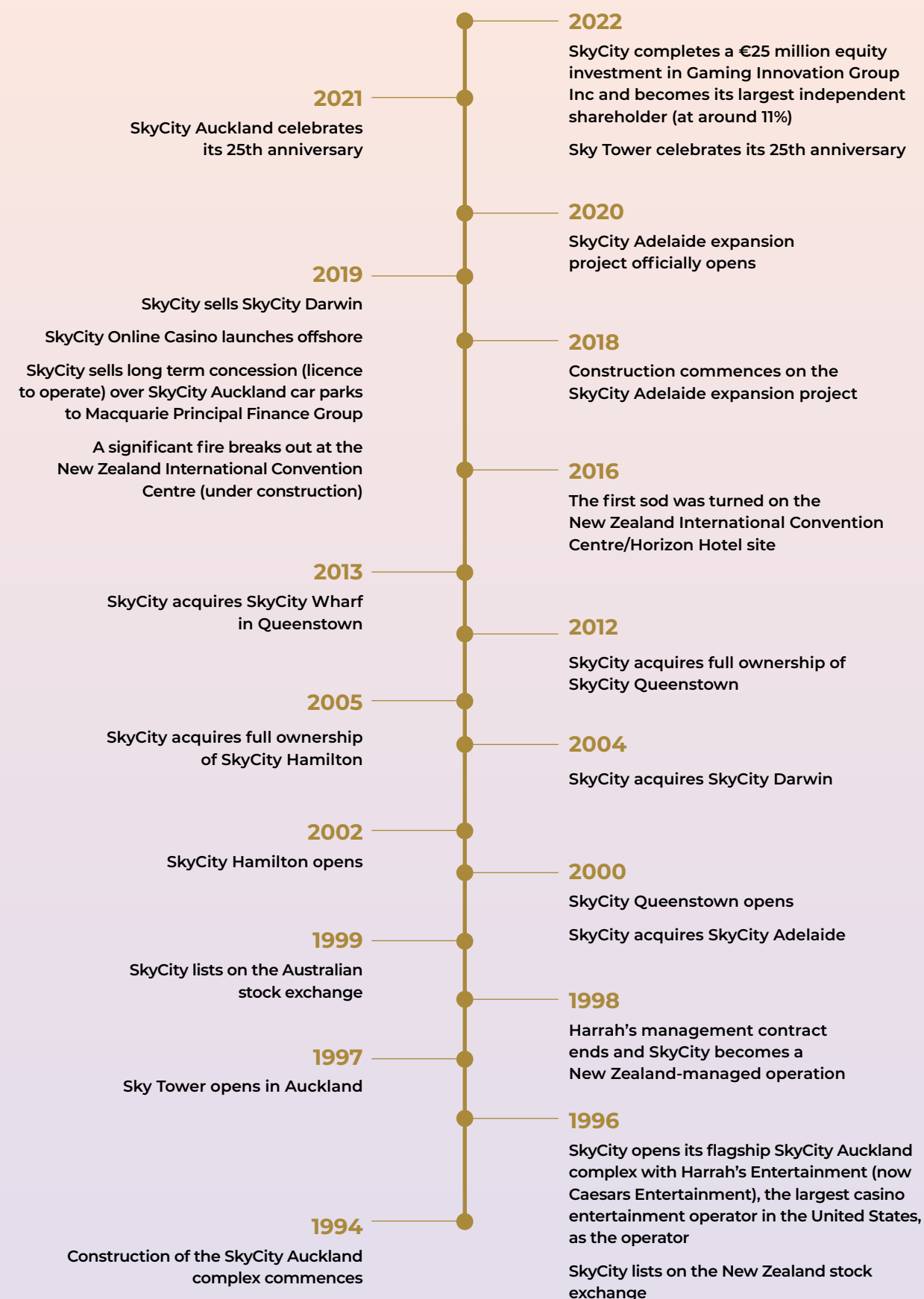
SkyCity operates integrated entertainment complexes in New Zealand (in Auckland, Hamilton and Queenstown) and in Adelaide, South Australia – each featuring casino gaming facilities and premium restaurants and bars, which appeal to both domestic and international visitors alike. SkyCity also offers premium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

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



*Wharf Casino has been closed since March 2020 at the commencement of the first COVID-19 lockdown in New Zealand.

OUR HISTORY AT A GLANCE



Auckland

Property	SkyCity Auckland, New Zealand	
Property Manager	<div><div>Callum Mallett, Chief Operating Officer New Zealand</div></div>	
Opened	1996	
Casino Venue Licence	Runs until 2048*	
Facilities	<div><div><ul style="list-style-type: none">• Casino, including luxury VIP gaming facilities• Hotels• Food and beverage• Entertainment• Day spa</div><div><ul style="list-style-type: none">• Car parking• Sky Tower• Theatre• Telecommunications and broadcasting facilities• Office/retail space</div></div>	
Licensed Gaming Product	<ul style="list-style-type: none">• 1,877 electronic gaming machines**• 150 table games**• 240 automated table games***	
Workforce	~2,300 staff	
FY22 Revenue	<div>\$296.8 million^ (reported)</div> <div>\$330.6 million (normalised)</div>	

*The casino venue licence can be renewed for a further period of 15 years pursuant to sections 134–138 of the New Zealand Gambling Act 2003.
**This allowance may be alternatively utilised to enable automated table game terminals.
***This allowance may be alternatively utilised to enable table games.
^Excludes New Zealand International Convention Centre fire income and liquidated damages received.

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

The SkyCity Auckland casino features the latest electronic gaming machines and automated table games, an exciting array of table games, and luxurious VIP gaming facilities. EIGHT is an exclusive area reserved for VIP table game players and PLATINUM and VIP BLACK are exclusive areas reserved for VIP gaming machine players – each combining luxurious gaming facilities with dedicated personal host service.

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

SkyCity is currently investing around \$750 million within the SkyCity Auckland precinct to develop the New Zealand International Convention Centre, an adjacent laneway, over 1,250 additional car parking spaces, and Horizon Hotel – a new 300-room, 5-star hotel. This development was originally expected to be completed in 2019. Due to delays by the contractor, the significant fire that broke out at the New Zealand International Convention Centre (under construction) in October 2019 and the impacts of the COVID-19 pandemic, Horizon Hotel is now expected to be completed during 2024 and the New Zealand International Convention Centre and adjacent laneway are expected to be completed in 2025. When open, the New Zealand International Convention Centre will be New Zealand’s premier convention centre enabling New Zealand to attract major international conferences as well as having capability for sporting events, theatre and musical performances. The centre is designed to be a welcoming, open building complemented by a fresh new streetscape for local, national and international visitors alike to enjoy.

FY22 PERFORMANCE

SkyCity Auckland was significantly impacted by COVID-19 disruptions over the period with the property closed for 107 days during the first half of the 2022 financial year and operating in the ‘red’ setting under the COVID-19 Protection Framework for 80 days during January to April 2022. The property achieved strong performance prior to its closure in August 2021 with premium gaming activity well up against the prior comparable period, record electronic gaming machine revenue in July 2021, and positive 4Q22 trading as operating restrictions were relaxed at the ‘orange’ setting under the COVID-19 Protection Framework.

SkyCity Auckland achieved May 2022 and June 2022 EBITDA consistent with pre COVID-19 levels (around \$20 million per month) underpinned by strong gaming activity, particularly from electronic gaming machines, whilst table games were impacted by staff shortages and a slower return of VIP customers. The non-gaming businesses benefited from the recovery of domestic tourism and are ready to leverage the return of international visitors now that borders have reopened. Cost mitigations were implemented to address reduced revenue, but margins were impacted by negative operating leverage (significant fixed cost base).

CELEBRATING 25 YEARS

The 328-metre tall Sky Tower is the tallest free-standing structure in the Southern Hemisphere and has become an icon of the Auckland skyline since opening on 3 August 1997. Today, visitors can enjoy breathtaking views right across Auckland from the observation decks or any of the three restaurants in the Sky Tower, including Auckland’s only 360° revolving restaurant. At the very top of the Sky Tower, a 93-metre communications mast accommodating VHF, UHF, AM and FM broadcasting and telecommunications antennas provides telecommunications and broadcasting facilities to the telecommunications industry.

In June 2022, a new attraction, Sky Slide, opened in the Sky Tower complementing the existing Sky Jump and Sky Walk attractions. Sky Slide utilises state-of-the-art multi-sensory technology – taking riders on an adrenaline-fuelled 360° virtual reality tour of the Auckland skyline.

Throughout the year, SkyCity lights the Sky Tower in support of charities and community initiatives, to mark national holidays, milestones or other celebrations or events, and as a symbol of respect or solidarity.



Adelaide

Property	SkyCity Adelaide, Australia	
Property Manager	<div></div> <div>David Christian, Chief Operating Officer Australia</div>	
Acquired	2000	
Licensing Agreement	Runs until 2085*	
Facilities	<div><div>• Casino, including luxury VIP gaming facilities</div><div>• Hotel</div><div>• Conventions</div></div> <div><div>• Food and beverage</div><div>• Entertainment</div><div>• Car parking</div><div>• Wellness centre</div></div>	
Licensed Gaming Product	<div>• 1,075 electronic gaming machines (allowance for 1,500)</div> <div>• 118 table games (allowance for 200)**</div> <div>• 138 automated table games (allowance for 300)</div>	
Workforce	~1,300 staff	
FY22 Revenue	<div>A\$171.8 million (reported)</div> <div>A\$184.5 million (normalised)</div>	

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

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

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

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

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

Eos by SkyCity is Adelaide's most luxurious hotel, with rooms ranging from 50sqm – 230sqm and opulently appointed to meet the growing demand for quality hotel rooms from both domestic and international visitors. Since opening in December 2020, Eos by SkyCity has been named as the Best New Tourism Business at the South Australian Tourism Awards, Best Deluxe Hotel in South Australia at the Australian Hotels Association SA Awards for Excellence and Best New Hotel at the Hotel Management Awards for Hotel and Accommodation Excellence. Eos by SkyCity was also awarded a Bronze

medal in the Australia's Best New Tourism Business category at the 2021 Qantas Australian Tourism Awards.

FY22 PERFORMANCE


SkyCity Adelaide was impacted by COVID-19 disruptions and other external factors during the period, but achieved comparable revenue performance against the prior comparable period.

Strong growth in electronic gaming machine revenue with increased market share (around 10%) was a highlight, particularly given the Adelaide pubs and clubs market grew 7% over the same period. Table games activity continued to be impacted by operational settings, external factors and ongoing AML risk assessment for local VIPs. Solid performance was achieved from Eos by SkyCity with market-leading revenue per available room as measured against comparable hotels.

There was positive performance at the property in the final quarter of the 2022 financial year after operating restrictions were relaxed and the property benefited from the domestic tourism recovery – fourth quarter 2022 EBITDA corresponded to around 40% of EBITDA for the full financial year.

Margins were impacted by a higher fixed cost base post the expansion development, particularly in the non-gaming business and ongoing investment in the AML function. Despite subdued 2022 financial performance against expectations, there has been no material change to medium term earnings outlook for the property.

Hamilton

Property	SkyCity Hamilton, New Zealand	
General Manager	<div></div> <div>Michelle Baillie</div>	
Opened	<div>2002</div> <div>Increased ownership from 70% to 100% in 2005</div>	
Casino Venue Licence	Runs until 2027*	
Facilities	<div><div>• Casino</div><div>• Food and beverage</div><div>• Entertainment</div></div> <div><div>• Conventions</div><div>• Car parking</div><div>• Tenpin bowling</div></div>	
Licensed Gaming Product	<div>• 339 electronic gaming machines**</div> <div>• 23 table games**</div>	
Workforce	~270 staff	
FY22 Revenue	<div>\$49.8 million (reported)</div> <div>\$56.2 million (normalised)</div>	

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

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

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

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

Over the last financial year, SkyCity has continued to invest in its core casino and hospitality businesses with a range of improvements across the SkyCity Hamilton property, including preparing for new restaurant tenancies opening in FY23. A key focus remains on product and layout optimisation within the casino to maintain SkyCity Hamilton's market leader position and manage high demand for electronic gaming machines (which remain capacity constrained at peak times).

SkyCity Hamilton is a key member and supporter of the local community and is committed to being the Waikato region's premier entertainment destination.

FY22 PERFORMANCE

SkyCity Hamilton was significantly impacted by COVID-19 disruptions over the period with the property closed for 65 days (42 days at Alert Level 2) and operating at the 'red'

setting under the COVID-19 Protection Framework for 80 days during January to April 2022.


SkyCity Hamilton achieved strong performance prior to the property closure in August 2021 with record like-for-like EBITDA performance in July 2021 and strong local gaming activity, particularly from premium customers.

Performance in the third quarter of the 2022 financial year was impacted by operating at the 'red' setting under the COVID-19 Protection Framework (due to the Omicron outbreak), but there was a strong final quarter as operating restrictions relaxed at the 'orange' setting under the COVID-19 Protection Framework with EBITDA up 7% against the prior comparable period (and 30% above pre COVID-19 levels) and local gaming activity well above pre COVID-19 levels.

Strong local economic conditions persist in the Waikato region, despite COVID-19 disruptions, which remain supportive of customer visitation and activity, including population growth, increased business investment/diversification and domestic tourism.

Effective cost control over the period partially offset revenue reduction with EBITDA margins of 43.5% stable against the prior comparable period.

Queenstown

Property	SkyCity Queenstown and SkyCity Wharf, New Zealand
General Manager	<div></div> <div>Jono Browne</div>
Opened/Acquired	Opened Queenstown in 2000 and increased ownership from 60% to 100% in 2012 Acquired Wharf in 2013
Casino Venue Licence	Runs until 2025* for Queenstown Runs until 2024* for Wharf
Facilities	<div><div>• Casino, including VIP gaming facilities</div><div>• Food and beverage</div><div>• Entertainment</div><div>• Conventions</div></div>
Licensed Gaming Product	<div><div>• 86 electronic gaming machines (Queenstown)**</div><div>• 12 table games (Queenstown)**</div><div>• 74 electronic gaming machines (Wharf)**</div><div>• 6 table games (Wharf)**</div></div>
Workforce	~50 staff
FY22 Revenue	\$9.0 million (reported) \$10.2 million (normalised)

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

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

Whilst the larger SkyCity Queenstown property reopened on 14 May 2020 after the first COVID-19 lockdown in New Zealand, the smaller SkyCity Wharf property has remained closed since 23 March 2020 due to the detrimental effect on the local Queenstown economy from the COVID-19 pandemic’s ongoing impacts on the international tourism market.

FY22 PERFORMANCE

SkyCity Queenstown was significantly impacted by COVID-19 disruptions over the period with the property closed for 22 days and operating for 86 days at Alert Level 2 in the first half of FY22, and operating at the ‘red’ setting under the COVID-19 Protection Framework for 80 days during January to April 2022.

Pleasingly, local gaming revenue was consistent on a like-for-like basis during the first quarter of the 2022 financial year against the prior comparable period despite operational constraints and limited domestic tourism with particularly strong electronic gaming machine performance in July 2021.

Third quarter 2022 performance was impacted when SkyCity Queenstown operated at the ‘red’ setting under the COVID-19 Protection Framework (due to the Omicron outbreak), but the business had a strong fourth quarter as operating restrictions relaxed at the ‘orange’ setting with significant EBITDA growth against the prior comparable period (and well above pre COVID-19 levels).

Wharf Casino remains closed with the licence value fully impaired (totaling around \$4 million) and SkyCity continues to pursue a sale of the development land at 633 Frankton Road in Queenstown.

Online

Property	SkyCity Online Casino, Malta
Managing Director	<div></div> <div>Steve Salmon</div>
Launched	2019
Facilities	Online casino
FY22 Revenue	\$16.9 million (reported) \$16.9 million (normalised)

SkyCity Online Casino provides New Zealanders with an offshore online casino platform, featuring over 2,000 online games.

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

In April 2022, SkyCity expanded its strategic partnership with GiG and subscribed for €25 million (around \$40 million) of new equity in GiG to help fund GiG’s purchase of Sportnco Gaming SAS, a European-based business-to-business online sports and player account management provider. As at 1 August 2022, SkyCity holds an 11% shareholding in GiG and has a representative director on the GiG Board.

Growth in online gambling continues to be a significant global industry theme with numerous international jurisdictions regulating online gambling (or intending to do so) to address the transition from physical to online entertainment, which has been exacerbated by the impact of COVID-19 over recent times. The New Zealand online gaming market continues to grow significantly with recent estimates indicating a market in excess of \$350 million per annum.

Following a public consultation which commenced during 2019, the Department of Internal Affairs (the New Zealand gambling regulator) continues to develop a

policy framework for potential regulation. SkyCity remains supportive of regulation of the New Zealand online gaming market. Regulation of the New Zealand online gaming market would enable SkyCity to pursue the omnichannel opportunity and address a fast-growing category which is highly complementary to our land-based activities whilst offering customers a varied gaming experience (both physical and digital). SkyCity remains supportive of future regulation of online gaming in New Zealand with an emphasis on strong host responsibility and delivering community benefits in New Zealand and we continue to prepare for a regulated industry to deliver on the omnichannel opportunity for the Group.

FY22 PERFORMANCE

SkyCity Online Casino is performing exceptionally well with revenue and EBITDA up 29% and 42% against the prior comparable period respectively, despite operational constraints and an increasingly competitive landscape.

SkyCity Online Casino benefited from the closure of the New Zealand land-based casinos during the period, and had resilient performance following the reopening of land-based casinos from December 2021. SkyCity Online Casino had strong retention of existing customers over the period with weekly average active customers stable at around 10,000 and deposit conversion rates consistently around 60%.

SkyCity Online Casino is now a meaningful contributor to Group earnings (9% of FY22 Group normalised EBITDA) with EBITDA margin of 34.2% comparable against the prior comparable period.

RISK PROFILE and Management

SkyCity operates in a dynamic, highly regulated and challenging environment with risks and opportunities both locally and internationally. The SkyCity Board is ultimately responsible for the governance of the Group's risk management, which includes formulating the Group's risk appetite and setting and monitoring risk tolerance.

Recognising the importance of the governance of the Group's risk management function, the SkyCity Board commenced a review of its Board committee structure in late 2021 and, in June 2022, resolved in principle to separate the Board's Audit and Risk Committee into two separate Board committees - an Audit Committee and a Risk and Compliance Committee - and disestablish the Sustainability Committee and reallocate its roles and responsibilities to the other standing Board committees. The primary objective of the Audit Committee is to assist the SkyCity Board in fulfilling its responsibilities relating to financial accounting and reporting, external and internal audit, tax planning and compliance, and treasury. The primary objective of the Risk and Compliance Committee is to assist the SkyCity Board in fulfilling its responsibilities relating to risk management and compliance, including in respect of the company's key compliance obligations, host responsibility, anti-money laundering, and health and safety matters. The restructure was effected in August 2022.

SkyCity maintains a risk management framework for the identification, assessment, monitoring and management of risk to the company's business. As part of this framework, SkyCity maintains an independent, centrally managed Group Risk function which evaluates and reports on risks and controls across the Group. The Group Risk team collates, assesses and monitors the risks the Group faces by way of a Top Risk Profile, which is updated regularly. The Top Risk Profile is a current view of the most significant emerging or potential risks facing the Group, as well as a summary of how those risks are being mitigated or prepared for, and is a critical input to strategic planning, insurance renewal, investment and resource prioritisation, assurance planning, and ongoing business improvements. Management reports to the SkyCity Board and the Risk and Compliance Committee (previously to the Audit and Risk Committee) on the effectiveness of the company's management of its material business risks at least annually.

SkyCity operates a combined assurance model which is led by the Group Risk team and includes a combination of business self-assurance (production and maintenance of business unit risk registers), internal audit activity, and the selected outsourcing of a number of independent reviews. The overall effectiveness of the combined assurance model is monitored and assessed by, and all significant assurance findings are communicated to, the Audit Committee.

The SkyCity Board and management recognise that a positive culture is fundamental to an effective risk

management framework and instils and promotes a culture which values the principles of honesty, fairness, cooperation, diversity and inclusion, and accountability – as reflected in the SkyCity Group's Code of Conduct (available in the Governance section of the company's website at www.skycityentertainmentgroup.com).

The Group Risk team monitors the company's culture for indications on how well the risk culture is performing and/or areas for improvement by way of:

- leadership risk culture surveys conducted annually across the SkyCity Group;
- mini risk culture surveys conducted as part of each assurance and risk review;
- bi-annual reviews of various metrics to help provide a proxy view of risk culture;
- bi-annual presentation of a risk culture dashboard to the Risk and Compliance Committee (previously to the Audit and Risk Committee); and
- regular discussions with management on risk culture.

In June 2022, we extended our annual risk culture survey to all SkyCity staff (not just the leadership team) with the assistance of an external organisational psychologist with significant experience in risk culture surveys. The focus and objective of this 'Speak Up About Risk' survey was on 'doing the right thing' in areas critical to SkyCity's business, including in AML, host responsibility, and health and safety, and to constructively diagnose areas where SkyCity may require further uplift in helping our people to understand and execute their responsibilities in relation to risk and compliance in these areas. Pleasingly, 74% of our employees participated in the survey with the results indicating overall positive attitudes, behaviours and practices in relation to risk culture.

Our Material Risks

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

Given the nature of SkyCity's operations, SkyCity does not have a material exposure to environmental risks in its usual day-to-day operations. SkyCity nonetheless recognises the criticality of climate related risks to its operations. Further details on these risks and SkyCity's approach to climate change risk management and reporting are outlined on pages 84–86 of this annual report.

Material Exposure

Risk Management

Highly Regulated Industry

SkyCity operates in the casino industry, which is highly regulated. The regulatory framework in which the business operates is not only complex but also subject to change from time to time, which may impact the environment in which SkyCity operates and increase the costs and complexities of operating its business. In addition, there is an increased regulatory focus by different regulators of the casino industry, as well as ongoing pressure to keep improving SkyCity's standards.

Potential examples include changes to gaming legislation and regulations, licence conditions and gaming taxes and levies. Such changes may be introduced for a variety of reasons, including in response to the behaviour of others operating in the industry or increased government and regulatory conservatism in relation to the casino industry in New Zealand and Australia.

Over the past financial year, there has been continued focus on regulatory oversight of land-based casino operators in New Zealand and Australia (including in respect of anti-money laundering and host responsibility obligations) and on SkyCity's 'social licence' to operate – see page 41 of this annual report for more details.

The regulatory risk is mitigated by close monitoring of the evolving regulatory landscape, including maintaining frequent and transparent engagement with the governments and regulators in each jurisdiction in which SkyCity operates and with industry stakeholders to ensure that expectations are met and high standards of compliance are maintained.

Targeted initiatives are undertaken as and when required based on the likelihood of the risk occurring and the impact it would have on SkyCity's business.

SkyCity also supports a robust compliance culture and framework to ensure compliance with licence conditions and applicable legislation and regulations.

Pandemic Preparedness and Business Continuity

As with any large, distributed business, SkyCity must be prepared for a wide range of events that have the potential to cause significant disruption and/or temporary closure of one or more of its sites.

The COVID-19 pandemic and related actions taken in response by the New Zealand, Australian and other Governments (including national lockdowns and border controls/travel restrictions) and the effects of the pandemic on global and domestic economies have had, and are likely to continue to have, a material adverse effect on SkyCity, its financial performance and outlook, liquidity and/or share price.

To mitigate this risk, SkyCity maintains a comprehensive business continuity framework, which supports preparedness and response to a wide range of critical events, including natural disasters, fire, emergency incidents and pandemics.

The business continuity framework is subject to ongoing monitoring to ensure management readiness and capability (including undertaking simulated crisis response drills on a regular basis to test management readiness and capability) and improvement to enhance resilience.

Due to the strength of the business continuity framework, the SkyCity Board and management have worked well in responding to and managing the ongoing impacts of the global COVID-19 pandemic to date.

Customer and Innovation Risk

SkyCity recognises that it is important to consider evolving customer demographics and preferences in both its gaming and non-gaming operations, including new offerings, technologies and innovation.

To ensure SkyCity remains relevant to its customers, key strategic projects are progressed, with a focus on emerging industry trends and opportunities for leveraging new technology and demographic changes.

Master planning also continues to be progressed for each of the SkyCity sites to explore opportunities for food and beverage, new gaming spaces and entertainment offerings.

Material Exposure

Risk Management

Liquidity and Solvency Risk

SkyCity's ability to achieve its business objectives is dependent on it being able to effectively manage its liquidity and solvency throughout a period of no and/or significantly diminished revenue and earnings.

There is significant complexity related to managing those matters, including as a consequence of a number of matters being outside of SkyCity's control. Such unexpected matters could result in SkyCity's financial position and future performance being adversely impacted.

SkyCity's ability to demonstrate fiscal resilience during these times is critical to maintaining long term investor and regulatory confidence.

SkyCity manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.

SkyCity also maintains close and transparent relationships with its lenders (including banks and United States private placement noteholders).

Given the cautious economic outlook and that significant risk and uncertainty still exists around COVID-19, SkyCity continues to adopt a conservative approach to capital management.

Loss of Casino Licence

SkyCity's Auckland property contributes a significant portion of SkyCity's EBITDA. This concentration of earnings means that the performance of SkyCity is heavily dependent upon the Auckland property. A significant disruption to SkyCity's Auckland operations, which may arise through the suspension, cancellation or expiry of the Auckland casino licence, would have a significant negative impact on SkyCity.

The suspension, cancellation or expiry of any of SkyCity's other casino licences would also have a negative impact on SkyCity.

SkyCity has mitigated this risk by securing an extension of the Auckland casino licence to 30 June 2048.

The SkyCity Adelaide casino licence currently runs until 30 June 2085. Extensions to the Hamilton and Queenstown casino licences can be sought in accordance with the renewal provisions of the Gambling Act 2003 (New Zealand).

In addition, SkyCity mitigates this risk by maintaining a robust compliance culture and framework to ensure compliance with licence conditions and gaming legislation and regulations, and maintaining engagement with the governments and regulators, in each jurisdiction in which SkyCity operates.

SkyCity has an excellent history of compliance over 25 years and is committed to working cooperatively with its regulators on matters of concern.

Economic and Business Volatility

The general economic conditions in the markets that SkyCity operates in, in addition to volatility in certain parts of the business, can significantly influence the financial performance of the company.

To mitigate these risks, SkyCity continually monitors its external environment, including the geo-political and global economic landscape, and has a robust liquidity management framework.

SkyCity also continually reviews the optimal mix for its business activities to ensure it has a balanced portfolio reflecting its risk appetite.

Development and Project Risk (including Return from Major Projects)

SkyCity has a significant project still underway (the New Zealand International Convention Centre and Horizon Hotel development in Auckland). Potential project risks include project delays, supply chain constraints and project cost overruns.

The COVID-19 pandemic has significant implications for return on capital invested in major projects. For example, the closures of Australian interstate and international borders significantly impacted visitation to the expanded SkyCity Adelaide property (completed in December 2020).

SkyCity seeks to mitigate these risks by continually monitoring progress by contractors against contractual obligations, and maintaining robust project management.

SkyCity has established strong governance and oversight frameworks for both current and future major growth projects. SkyCity also ensures robust governance over capital allocation and shareholder returns.

Material Exposure

Technology Risk

Technology represents a critical platform to SkyCity's business – not only for facilitating/enabling its operations, but also mitigating cyber-threats and ensuring compliance with regulatory and licence requirements.

SkyCity's operations are dependent on a number of key systems. There is a risk that the security of critical systems may be compromised and/or information is accessed without authorisation, deleted or corrupted, which could impact SkyCity's ability to operate critical systems and result in costs to resolve or repair, potential downtime of operations, potential breaches of privacy and/or reputational impacts.

Health and Safety Risk

SkyCity has Health and Safety Risk Registers in place that identify risks into two key categories – high consequence/low frequency (being critical risks) and low consequence/high frequency risks.

Due to the hospitality and retail focus of SkyCity's business, a high percentage of the company's health and safety risk falls into the low consequence/high frequency category, which includes risks such as slips and trips and cuts from manual task related injuries.

Risk Management

To mitigate technology risk, SkyCity has invested in a significant programme over recent years to improve technology systems, infrastructure, capability and data management, and to improve cyber-resilience. SkyCity continues to invest in these areas as required (particularly around ensuring improved levels of ICT disaster recovery preparedness) and to keep abreast of the latest cybersecurity issues and security patches. Additionally, there is a strong, ongoing focus on technology project governance, risk management and assurance.

A management-led Privacy and Cybersecurity Steering Committee is in place to govern the development of SkyCity's privacy and cybersecurity strategy and programme, prioritise mitigation initiatives against the cybersecurity risk matrix, prioritise the operational initiatives to lift SkyCity's security posture, and review and respond to major cyber and privacy incidents and oversee the proposed measures to prevent recurrence.

Penetration testing is undertaken regularly to test system resilience and identify any security vulnerabilities that could be exploited. Simulated phishing emails are also regularly sent within the organisation to raise security awareness amongst employees.

To mitigate critical risks (which include working at heights, confined spaces, electrical, moving plant, fire and explosion), SkyCity has in place extensive safe systems of work to effectively control the potential for an incident. Ongoing safety assurance activities seek to test these controls and, where appropriate, strengthen critical risk controls ensuring SkyCity keeps its people and visitors safe.

SkyCity has harm prevention programmes in place which are aimed at reducing minor injuries and promoting wellness amongst SkyCity's employees and contractors.

SkyCity's New Zealand properties are tertiary accredited under the Accident Compensation Corporation's Accredited Employers Programme and its Adelaide site is a registered self-insured employer. The company undertakes assurance activities to maintain certifications and continually improve its health and safety performance.

SkyCity is committed to delivering robust health and safety standards to manage the ongoing risks associated with COVID-19 and has developed and implemented a COVID-19 Health Management Framework for its business operations. Both New Zealand and Australia have achieved relative success in ensuring a low level of infection and mortality compared to many other countries around the world. However, the ongoing health and safety risks of COVID-19 have significantly altered the commercial landscape for SkyCity's land-based properties in both jurisdictions.

Financial Crime

The New Zealand and Australian anti-money laundering and counter terrorism financing legislation places obligations on certain organisations (including financial institutions and casinos) to detect and deter money laundering and terrorism financing and take appropriate measures to guard against money laundering and terrorism financing. Money laundering is how criminals disguise the illegal origins of their money. Financers of terrorism use similar techniques to money launderers to avoid detection by authorities and to protect the identity of those providing and receiving the funds.

At SkyCity, we place great importance on our anti-money laundering (**AML**) and countering financing of terrorism (**CFT**) obligations throughout every part of the organisation. We are committed to ensuring that we provide entertaining and profitable, yet safe and responsible, experiences and environments.

As a casino operator and reporting entity for the purposes of the AML/CFT legislation in New Zealand and Australia, SkyCity has the following measures in place across its land-based casinos:

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

The Risk and Compliance Committee (previously the Audit and Risk Committee) is a dedicated Board committee that has responsibility for, amongst other things, ensuring compliance with AML/CFT requirements in New Zealand and Australia and is intended to provide increased and focused Board oversight over SkyCity's risk and compliance obligations. The Risk and Compliance Committee discusses, as a standing agenda item at each scheduled meeting, matters relating to the Group's AML/CFT obligations.

Within the business, a specialist Financial Crime team oversees the Group's ongoing compliance with AML/CFT

requirements and a management-led AML Senior Management Group provides enhanced governance to AML/CFT related matters across the Group and supports the effective implementation of SkyCity's AML/CFT obligations across the Group. SkyCity senior managers and employees engaged in AML/CFT related duties also receive training on AML/CFT matters.

As part of SkyCity's assurance activities, an independent review is conducted on a regular basis of SkyCity's New Zealand and Australian AML/CFT Programmes to assess the effectiveness of these Programmes. An internal assurance function is responsible for monitoring the outcomes of the independent reviews and ensuring that any issues are appropriately addressed.

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

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

Increased Focus on the Casino Industry

In recent years, there has been continued media and regulator focus on the casino industry in Australia with a particular focus on the operations of Crown Resorts Limited and The Star Entertainment Group Limited. This has resulted in increased focus and scrutiny on SkyCity and other casino operators and could lead to more stringent regulations for casino operators in Australia and New Zealand in relation to money laundering and other financial crimes.

Consequently, there are heightened expectations on SkyCity around its obligations under AML/CFT legislation and regulations, monitoring cash and third-party transactions, and undertaking enhanced due diligence checks on higher risk customers. Banks in both New Zealand and Australia are also signalling to casinos that they have a significantly reduced risk appetite for accepting cash deposits from higher risk customers.

SkyCity Anti-Money Laundering Control Framework



Senior Management Governance & Oversight

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



Board Governance & Oversight

SkyCity Board and Risk and Compliance Committee oversight of AML compliance



AML Programmes

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



Learning & Development

AML training programmes for staff



External Advisors

Assisted by experienced external AML advisors



Independent Assurance

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



AML Roles & Duties

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



AML Risk Assessment

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



IT Systems

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

AUSTRAC Enforcement Investigation into SkyCity Adelaide

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

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

In November 2021, we developed a comprehensive AML Enhancement Programme for SkyCity Adelaide in response to the concerns raised by AUSTRAC and taking into account the independent expert's recommendations and the findings of SkyCity's own internal review of the SkyCity Adelaide AML/CTF Programme and wider AML function. The AML Enhancement Programme encompasses the ongoing process of 'business as usual' continuous improvement and is designed to lift the maturity of the SkyCity Adelaide AML/CTF Programme and broader AML function across certain key areas over a two-year period. As part of the AML Enhancement Programme, we are building and enhancing our internal AML resourcing, including the appointment of a new General Manager Financial Crime and AML Compliance Officer for SkyCity Adelaide in October 2021 to lead the AML function at SkyCity Adelaide and the recruitment of additional roles within the SkyCity Adelaide AML team. Significant investment has been made and budgeted in resourcing and capital to support the AML Enhancement

Programme and uplift, and this will remain ongoing over the coming years.

As at the date of this annual report, AUSTRAC's enforcement investigation is continuing and SkyCity continues to cooperate with AUSTRAC, including continued engagement and the provision of information and documents required by AUSTRAC. To date, AUSTRAC has not filed civil penalty proceedings against SkyCity Adelaide or indicated whether it intends to take any enforcement action against SkyCity Adelaide, but enforcement action remains an option open to AUSTRAC in connection with its investigation into SkyCity Adelaide. At this stage, the timetable for completion of the AUSTRAC investigation into SkyCity Adelaide remains unclear. However, given that AUSTRAC's enforcement investigation remains ongoing, and we have identified certain areas where enhancements to the Adelaide AML/CTF Programme are required or appropriate, there is a possibility that AUSTRAC could bring an enforcement action against SkyCity Adelaide. Any such action and any associated penalties could have a significant financial and reputational impact on SkyCity.

Independent Review of SkyCity Adelaide

On 1 July 2022, SkyCity was advised by Consumer and Business Services (the South Australian gaming regulator) that it had appointed the Honourable Brian Martin AO QC to undertake an independent review of SkyCity Adelaide in accordance with Part 3 of the Casino Act 1997 (SA) in light of interstate inquiries into various casino operations. Mr Martin QC is due to report back to the South Australian Liquor and Gambling Commissioner by 1 February 2023.

SkyCity is continuing to cooperate with the review and requests for information and documents as they arise.

Our BOARD



1. JULIAN COOK – Chair

Chair of the People and Culture Committee
Member of the Audit Committee
Member of the Risk and Compliance Committee*
Chair of the Governance and Nominations Committee

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

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

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

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

2. SUE SUCKLING – Director

Member of the Governance and Nominations Committee

Appointed a director of SkyCity in May 2011
Resides in New Zealand

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

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

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

Sue will retire as a director in early 2023.



3. JENNIFER OWEN – Director

Chair of the Audit Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in December 2016
Resides in Australia

Jennifer Owen has more than 30 years' experience in the areas of accountancy, audit, finance, treasury and equities research. She has specific specialist knowledge of the New Zealand and Australian gaming and entertainment sectors through her previous roles as Director of Equities Research at Citigroup Global Markets, with a specialist focus on the Australasian gaming sector, and as Equities Research Analyst at Macquarie Group focusing on the tourism/leisure sector, and a wide network within the gaming industry and a strong understanding of industry and investor issues.

Jennifer is currently a Principal of Owen Gaming Research, an independent research firm specialising in the gaming and wagering markets, and a director of Aspire Child Care (Mascot) Pty Limited.

Jennifer holds a Bachelor of Business from the Queensland Institute of Technology and a Master of Business Administration from the University of Queensland, is a graduate of the Australian Institute of Company Directors' Diploma course and is a member of Chartered Accountants Australia and New Zealand.

Jennifer will retire as a director at the company's upcoming Annual Meeting on 28 October 2022.

4. SILVANA SCHENONE – Director

Member of the People and Culture Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021
Resides in New Zealand

Silvana Schenone is an experienced corporate advisor. In October 2021, Silvana will take up the role of Managing Director and Co-Head of Investment Banking at leading investment bank Jarden. Prior to this, Silvana was a partner at MinterEllisonRuddWatts in Auckland where she successfully led the firm's Corporate division.

Silvana has extensive expertise in mergers and acquisitions, private equity investments, takeovers,

schemes of arrangement, capital raisings and corporate governance matters.

Silvana is recognised internationally for her commercial acumen and negotiation skills, and is a thought leader on corporate governance issues. Prior to moving to New Zealand in 2007, Ms Schenone was a corporate lawyer at Sullivan & Cromwell LLP in New York and prior to that at Cariola Diez Pérez-Cotapos in Chile.

Committed to championing greater diversity, Silvana is a founding member of OnBeingBold. She is also a Board member of the New Zealand Takeovers Panel and holds a Master of Laws from Harvard University.

5. CHAD BARTON – Director

Member of the Audit Committee
Member of the Risk and Compliance Committee*
Member of the People and Culture Committee
Member of the Governance and Nominations Committee

Appointed a director of SkyCity in June 2021
Resides in Australia

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

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

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

Our Senior LEADERSHIP Team

6. KATE HUGHES – Director-elect

**Appointment remains subject to regulatory approvals
Resides in Australia**

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

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

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

The SkyCity Board intends to appoint Kate as the Chair of the Risk and Compliance Committee*.

7. GLENN DAVIS – Director-elect

**Appointment remains subject to regulatory approvals
Resides in Australia**

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

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

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

In addition to being appointed to the SkyCity Board, it is intended that Glenn also be appointed as a non-executive director and Chair of SkyCity's Australian Subsidiary, SkyCity Adelaide Pty Ltd.

1. MICHAEL AHEARNE – Chief Executive Officer

Michael was appointed Chief Executive Officer in November 2020. He joined SkyCity in December 2017 as Group Chief Operating Officer and was responsible for enhancing value across SkyCity's properties in New Zealand and Australia. Michael also led SkyCity's online gaming strategy, including overseeing the establishment of SkyCity Online Casino in 2019.

Michael's extensive global experience in the gaming industry spans over 20 years across multiple sectors, including land-based and online casinos, as well as retail and online sports betting. Prior to joining SkyCity, Michael held a number of senior executive roles at Paddy Power Betfair, one of the world leaders in sports betting and gaming. Michael was formerly the Chief Operating Officer for Aristocrat in the Australia and New Zealand regions and has held several senior management positions at The Star Casino in Sydney.

Michael is currently a director of Gaming Innovation Group Inc. He is a qualified accountant and holds a Master of Business Administration from the University of Technology, Sydney.

2. JULIE AMEY – Chief Financial Officer

Julie joined SkyCity as Chief Financial Officer in May 2021 and is responsible for the financial management of SkyCity, including reporting, treasury, risk management and corporate development. She also oversees SkyCity's Information and Communications Technology function and helps to drive the strategic direction of the SkyCity Group.

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

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



*The Risk and Compliance Committee will be established with effect from 26 August 2022.

3. CALLUM MALLET – Chief Operating Officer New Zealand

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

Callum has significant gaming and hospitality experience having held a number of senior roles at SkyCity since joining in 2009, including as General Manager of SkyCity Darwin, General Manager SkyCity Auckland Hotels, Convention Centre and Sky Tower, and Executive General Manager of Hospitality for SkyCity Auckland.

Callum chairs SkyCity's Host Responsibility Governance Group, which has oversight of SkyCity's host responsibility uplift program and has driven significant investment in both host responsibility resourcing and technology over the past 24 months in particular.

Prior to joining SkyCity, Callum held numerous senior leadership roles across the hospitality, retail and financial investment sectors. He holds a Bachelor of Commerce from Victoria University of Wellington, and has completed studies with Cornell University, The London Business School and the University of Nevada.

4. DAVID CHRISTIAN – Chief Operating Officer Australia

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

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

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

5. CLAIRE WALKER – Chief People and Culture Officer

Claire was appointed in August 2016, bringing more than 20 years' experience in human resource management gained across a number of different sectors, and holds the position of Chief People and Culture Officer. She is responsible for leading the development and implementation of best practice people and culture strategy across the SkyCity Group and has executive responsibility for sustainability at SkyCity.

Prior to joining SkyCity in 2016, Claire was Chief People Officer at Sanford Limited where she established the human resources function and led the sustainability and integrated reporting activities for the organisation and, prior to that, Claire led the human resources and employee relations function for the SkyCity Auckland business. Claire has also held senior human resource roles with Carter Holt Harvey and Downer after several years working in the education sector.

Claire holds a governance role on the advisory board of the Sustainable Business Council in New Zealand.

6. JO WONG – General Counsel and Company Secretary

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

Jo has over 20 years' experience in both private practice and in-house legal roles. Before joining SkyCity in 2009, she held General Counsel and Group Corporate Counsel roles in the New Zealand financial services industry and was a Senior Solicitor at Russell McVeagh, one of the leading law firms in New Zealand.

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

7. SIMON JAMIESON – General Manager NZICC

Since joining SkyCity in September 2007, Simon has held a number of roles, including General Manager SkyCity Adelaide, General Manager Hotels SkyCity Auckland and Acting General Manager SkyCity Auckland.

As General Manager NZICC, Simon oversees the development of SkyCity's New Zealand International Convention Centre and Horizon Hotel project in Auckland. He is also responsible for SkyCity's development projects in New Zealand and health and safety.

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

8. GLEN MCLATCHIE – Chief Information Officer

Glen joined SkyCity in 2016 as Chief Information Officer and is responsible for lifting the digital capability of the organisation to be able to respond to future innovation initiatives and growth strategies.

Prior to joining SkyCity, Glen was General Manager ICT with Meridian Energy where he transformed and modernised their aging technology footprint and digital capability. He has over 25 years of technology experience from across several industries globally, having worked in and out of the UK, France, USA, Australia, Malaysia, India, China and the Middle East.

Glen is a member of the Institute of Directors in New Zealand, a board member of Auckland charity Big Brothers Big Sisters and an advisory board member of Cyber Research NZ. Glen holds a Master of Information Systems from Swinburne University, Australia, and a Bachelor of Business Studies from Massey University, New Zealand.

9. NIRUPA GEORGE – Chief Corporate Affairs Officer

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

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

Nirupa is currently the vice-Chair of Amnesty International Aotearoa New Zealand and sits on its Audit and Risk Committee. She holds a Bachelor of Laws and Bachelor of Health Science from the University of Auckland.

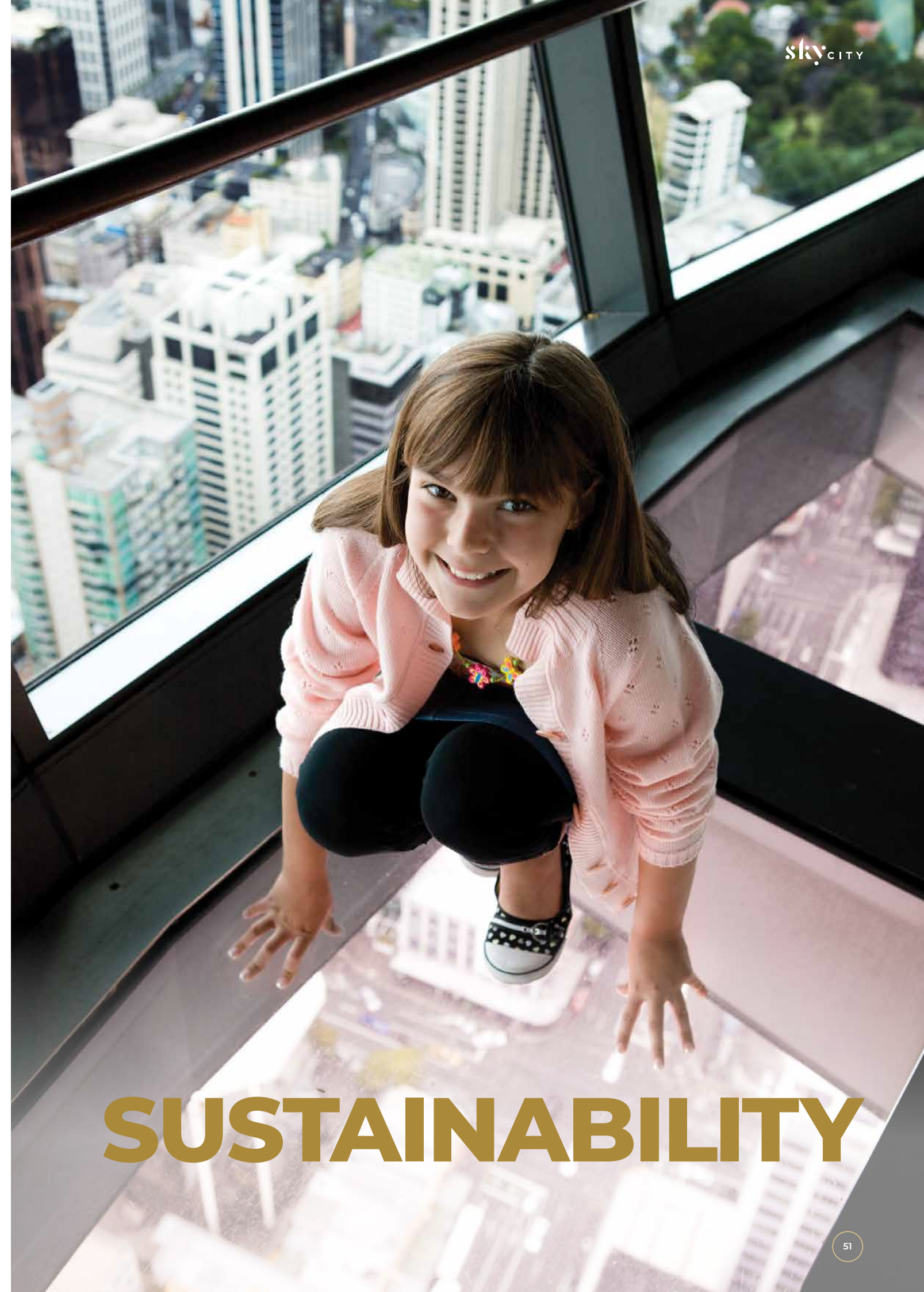
BOARD AND SENIOR LEADERSHIP TEAM STRUCTURE

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

The SkyCity Board has responsibility for the affairs and activities of the company, which in practice is achieved through delegation to the Chief Executive Officer and Senior Leadership Team who are charged with the day-to-day leadership and management of the company. Further information on SkyCity's corporate governance framework is set out on pages 89–96 of this annual report. SkyCity's constitution and relevant charters and policies are available in the Governance section of the company's website at www.skycityentertainmentgroup.com.



¹ With effect from 26 August 2022, the Audit and Risk Committee will be renamed the Audit Committee, the Risk and Compliance Committee will be established, and the Sustainability Committee will be disestablished.



SUSTAINABILITY

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

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

As a casino operator, we must continually focus on our social licence to operate. SkyCity is committed to maintaining the highest levels of sustainability objectives and practices, with priority given to minimising the impacts associated with problem gambling as an area of primary focus.

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

Our Sustainability Framework and Strategy

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

Since adopting our initial sustainability framework and strategy, there has been considerable external and internal change in relation to sustainability practices, perspectives and operating context. Accordingly, during the 2022 financial year, we commenced a review of SkyCity's sustainability framework and strategy - the purpose of which was to understand the drivers for

sustainability for SkyCity into the early-mid 2020s, adopt a fit-for-purpose framework for driving sustainability decisions in the business, and gain confidence that sustainability activity is aligned to organisational purpose and strategy and is reflective of today's operating context. As an outcome of this review, in June 2022, we adopted a new integrated business strategy, effective from 1 July 2022, that integrates environmental, social, and governance considerations into our current business strategy – as further detailed on pages 22–25 of this annual report.

SkyCity has also developed and adopted a new three-year sustainability implementation plan for FY23 – FY25 which reflects the priority sustainability activity underpinning our new integrated business strategy. We continue to focus on embedding our sustainability framework and strategy into all levels of the organisation and in the way SkyCity operates. As part of this implementation plan, SkyCity will report on its progress in relation to sustainability priorities, objectives and activities against its integrated business strategy from FY23 onwards rather than against the previous sustainability pillars.




The Board maintains operational supervision of SkyCity's sustainability activities through clearly defined policy and effective management. Claire Walker, SkyCity's Chief People and Culture Officer, has executive responsibility for SkyCity's sustainability activities with key operational personnel within the business having day-to-day responsibility for the activities.

Our Sustainability Pillars

The following pages outline our priorities, objectives and activities for each of the sustainability pillars under our previous sustainability framework and strategy (as detailed in our 2021 annual report) – 'Our Customers', 'Our People', 'Our Communities', 'Our Suppliers' and 'Our Environment', outline the activities undertaken to support our sustainability strategy, and provide a summary of our achievement against our priorities for the financial year ended 30 June 2022. Commentary on the 'Our Shareholders' pillar is provided in an overarching way throughout the entirety of our financial and non-financial disclosures.

The areas identified as priority issues are those considered highly material for SkyCity's business and for our stakeholders.

SkyCity Sustainability Implementation Plan FY23 – FY25

	 CUSTOMERS	 COMMUNITY	 ENVIRONMENT
PRIORITIES	Providing our customers vibrant experiences, responsibly	Positively contributing to vibrant communities in the places where we operate	Protecting and enhancing the environment in the places where we operate
Implementation Principles (a) Stakeholder value creation (b) Commitment to responsibility (c) Culture of compliance	<ul style="list-style-type: none"> (a) Creating vibrant experiences for SkyCity customers and exceeding their expectations (b) Ensuring customer experiences are provided safely and responsibly (c) Commitment to continuous improvement and having the systems and processes necessary to deliver vibrant experiences, responsibly 	<ul style="list-style-type: none"> (a) Building and operating vibrant destinations in the places where we operate. Contributing back to local communities (b) Exceeding the expectations of a responsible business in the communities in the places where we operate (c) Commitment to continuous improvement and having the systems and processes necessary to deliver vibrant experiences, responsibly 	<ul style="list-style-type: none"> (a) Respecting, protecting, and enhancing the environment in the places where we operate (b) Responsible use of natural resources and a commitment to minimise our impact and, where possible, enhancing the environment in the places where we operate (c) Dedicated focus on complying with all relevant environmental regulations, including climate-related risk disclosures
Focus Areas	<ul style="list-style-type: none"> Creating vibrant customer experiences, delivered responsibly by our people Host responsibility Prevention of financial crime 	<ul style="list-style-type: none"> Supporting our communities through our Community Trusts Investing in collaborative partnerships in our local communities where we operate Providing employment and development opportunities for young people in our communities Build SkyCity's confidence and capability to engage authentically with mana whenua and the indigenous peoples of South Australia 	<ul style="list-style-type: none"> Climate change mitigation, adaptation and transition for our business Transitioning to a circular economy for our business Building a sustainability culture and engaging employees on climate change and sustainability Supporting the environmental performance of our supply chain
Activities	<ul style="list-style-type: none"> Customer experience programme Host responsibility programme Financial crime programme Employee retention, training and development 	<ul style="list-style-type: none"> SkyCity youth employment and development programme (Project Nikau) In collaboration with the SkyCity Community Trusts, youth development, employment and career path programmes Community based partnerships that deliver on the SkyCity purpose and make an impact 	<ul style="list-style-type: none"> Mitigation: measure emissions, set targets according to science and reduce emissions Adaptation: assess climate change risks and respond Transition: employee and supply chain engagement on climate change Reduction of waste and diversion from landfill, including in partnership with the value chain Environmental performance of our supply chain
Our Targets	<ul style="list-style-type: none"> Customer satisfaction score improvement year on year Compliant host responsibility programme as evidenced by internal/external audit processes and mystery shopper exercises Compliant prevention of financial crime programme as evidenced by delivery of the Group AML Enhancement Programme High levels of employee engagement as evidenced by maintaining or improving survey scores 100% of eligible employees have completed mandatory training requirements (host responsibility and AML/financial crime) Retain employees by growing access to career paths within SkyCity, targeting 40%+ of roles filled internally each year Support vibrant and responsible customer experiences by targeting year on year growth in the number of employees accessing voluntary learning and development opportunities 	<ul style="list-style-type: none"> 300 Project Nikau recruits by 2025 Project Nikau retention rate equivalent or better than SkyCity Group retention rate Commitments (in line with Community Trust Deeds) met, and impact of these commitments measured SkyCity Adelaide employee population reflects South Australia with 1.49% of employees identifying as Aboriginal or Torres Strait Islander 	<ul style="list-style-type: none"> Recalibrate climate change action plan by end of FY23 Climate risk assessment and reporting (TCFD) completed for FY24 Emissions reduction of 25% by 2025 (38% reduction in Scope 1 and 2 by 2030 and 73% by 2050) 100% of contracted suppliers engaged to discuss measuring emissions and setting science aligned targets by end of FY23 5% reduction year on year in waste to landfill 10% reduction year on year in single-use plastic products Employees' knowledge of, and engagement on, sustainability enhanced By FY25, SkyCity's EcoVadis score is at or above the benchmark score of 55

Our Customers

BE RESPONSIBLE HOSTS

Ensure safe and enjoyable experiences for our customers, employees and communities.



The promotion of responsible gaming and safe consumption of alcohol are topics at the heart of our business.

We take our responsibilities to minimise risk and harm from problem gambling very seriously.

Priority Issues

- Leading host responsibility
- Customer experience and engagement
- Community awareness of harm minimisation practices

Key Stakeholders

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

FY22 Performance Highlights

- Expanded our New Zealand host responsibility training programme to include a virtual module for 'Level 2' training and scenario-based training for customer facing teams
- Further enhanced our re-entry processes with the introduction of mandatory pre-commitment plans for re-entry customers at SkyCity's New Zealand casinos
- Updated the internal data used to support the Focal algorithm with the latest behavioural criteria
- Upgraded iTrak, SkyCity's customer relationship management (CRM) tool for host responsibility

FY22 Key Challenges

- Maintaining best practice host responsibility has continued to be challenging in a COVID-19 operating environment
- Alignment of host responsibility and harm minimisation practice and culture across the SkyCity casinos remains challenging due to differences from site to site
- Media focus on the Department of Internal Affairs' audit report issued in May 2021 relating to its 2019 audit of the SkyCity Auckland Host Responsibility Programme

FY23 Focus Areas

- Continue to enhance and further embed a culture of customer care within SkyCity
- Maximise the use of existing host responsibility technologies across all SkyCity properties and investigate new technologies entering the market
- Develop an effective technological solution to monitor uncarded gaming play
- Continued alignment of host responsibility practices across the SkyCity casinos

SkyCity Group Harm Minimisation Framework



Leading and Best Practice Host Responsibility

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

This section largely focuses on SkyCity's approach to host responsibility across its land-based casinos. Due to limitations in the New Zealand Gambling Act 2003, SkyCity launched its online gaming site, SkyCity Online Casino, offshore in August 2019 via its Maltese subsidiary, SkyCity Malta Limited, in partnership with international iGaming company Gaming Innovation Group Inc (**GiG**). GiG provides a full-suite online casino solution, which includes a technical platform, gaming content, managed services, front-end development and best-in-class host responsibility procedures. GiG has tailored the host responsibility tools available from its offshore platform to align wherever possible with SkyCity's land-based practices and, in some cases, has developed new processes specifically applicable to the New Zealand market such as the casino age restriction and contact information for support services. Through rigid processes and industry leading software, GiG also ensures that international AML regulation and best practice is strictly adhered to. Further details of SkyCity Online Casino's host responsibility practices are available at www.skycityentertainmentgroup.com/our-commitment/responsible-gambling for all customers and staff.

Commitment to Host Responsibility

At SkyCity, we place great importance on host responsibility throughout every part of the organisation. Up until August 2022, the Board's Sustainability Committee was responsible for overseeing and monitoring the company's host responsibility and responsible gambling programme and initiatives and monitoring licensing and regulatory compliance in respect of such matters. From August 2022, the Board's newly established Risk and Compliance Committee will assist the SkyCity Board in fulfilling its responsibilities relating to risk management and compliance, including in respect of the company's key compliance obligations relating to host responsibility, anti-money laundering, and health and safety matters. Within the business, a management-led Host Responsibility Governance Group meets regularly to discuss and review host responsibility matters that have arisen or may arise in the future across the SkyCity Group. The principle objectives of the Governance Group are to:

- provide collective guidance to SkyCity management on host responsibility matters of interest;
- enable senior management to discuss any relevant

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

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

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

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

Maintaining Leading and Best Practice Host Responsibility

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

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

- the expanded use of facial recognition technology to alert Host Responsibility staff when a gambler of interest enters a SkyCity gaming area;
- upgrading SkyCity's customer relationship management tool, iTrak, with improved usability and reporting functionality, which further improves SkyCity's ability to be insight-led; and
- updating the internal data used to support the Focal predictive algorithm risk model with the latest behavioural criteria to ensure that the algorithm is analysing customer behaviour based on our most recent behavioural data.

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

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

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

Assurance and Audit

As part of SkyCity's assurance activities, an independent audit is carried out every two years at each land-based casino to monitor compliance with SkyCity's relevant Host Responsibility Programme. SkyCity also has an internal independent assurance programme in place to monitor and improve compliance with SkyCity's land-based harm minimisation framework and undertakes internal mystery shopping training exercises across its land-based casinos to test the robustness of its host responsibility practices. Each SkyCity Host Responsibility Programme is also subject to audit by the relevant gambling regulator.

In March 2022, Newshub (a news media service) conducted a covert filming exercise at the SkyCity Auckland casino to test SkyCity's compliance with the SkyCity Auckland Host Responsibility Programme following the New Zealand Department of Internal Affairs' 2019 audit of the SkyCity Auckland Host Responsibility Programme (conducted in January and February 2019) which found that, while SkyCity had good policies and processes in place, it needed "to significantly improve its operation to match its processes and policies in regard to its host responsibility obligations". As part of the covert filming exercise, a Newshub employee was filmed gaming for a period of time. The Department of Internal Affairs launched an investigation into the incident after Newshub's story was broadcast. In July 2022, after investigating the incident, the Department confirmed that it had closed its investigation finding that SkyCity had not breached its host responsibility obligations.

In relation to the Department's 2019 audit findings, whilst SkyCity disagreed with a number of the findings, SkyCity took on board the Department's feedback and made significant enhancements to improve its host responsibility practices and procedures, including the creation of a new Head of Host Responsibility role, implementation of a full facial recognition technology solution across SkyCity's land-based casinos, and the development of a 12-month plan to improve host responsibility performance. In August 2022, the Department confirmed that it was satisfied that SkyCity had taken adequate steps to address the concerns raised in its final audit report (released in May 2021).

Embracing Technology

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

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

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

This technology was subsequently enhanced with the assistance of additional cameras installed within the casino to assist SkyCity in identifying customers who remain within the casino for extended periods – with the enhanced technology being implemented at the SkyCity Hamilton casino in 2020 and at the SkyCity Auckland casino in 2021. An automated alert is triggered notifying SkyCity personnel when an individual is identified within the casino for an extended period. This initiative was also intended to be implemented at the SkyCity Adelaide casino by 30 June 2022 – however, to date the South Australian regulator has not approved SkyCity's application to use this technology at the SkyCity Adelaide casino.

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

Consistency of Responsible Gaming Culture and Practice

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

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

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

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

Customer Experience and Engagement

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

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

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

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

Community Knowledge

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

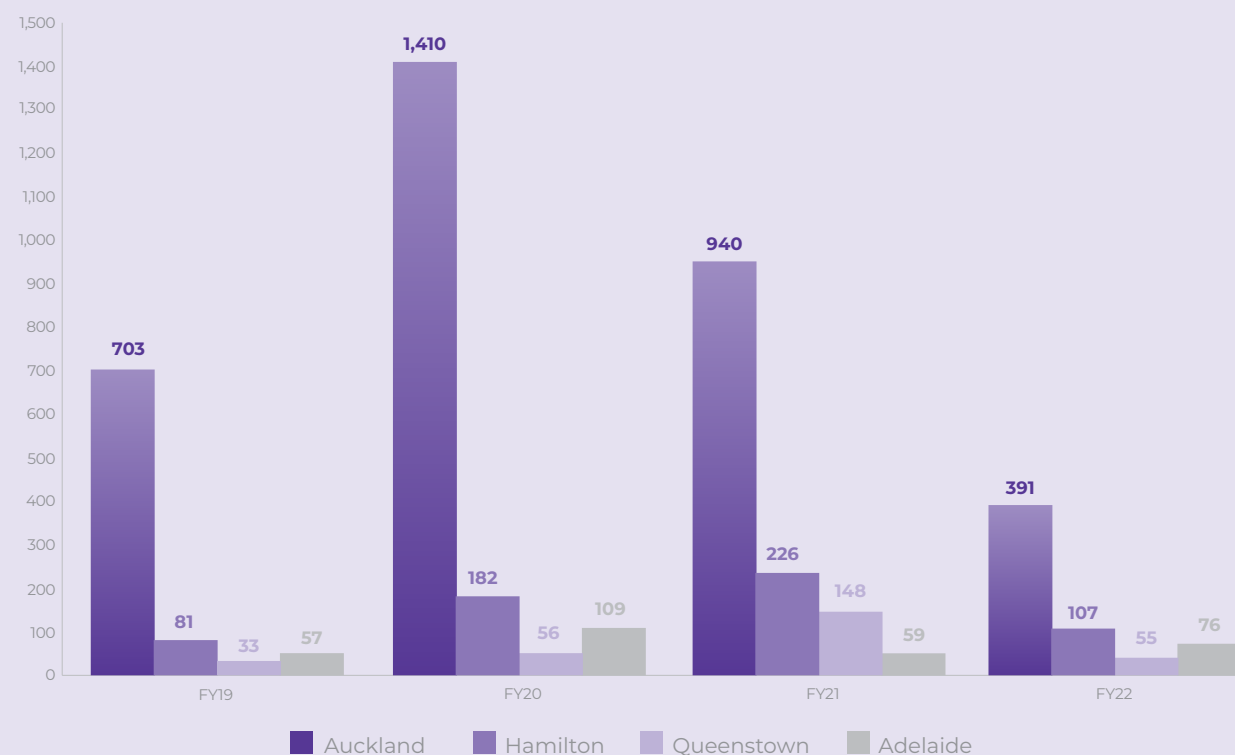
The objective is to improve information sharing and collaboration between stakeholders in order to advance SkyCity's harm minimisation approach. This collaborative approach ensures that knowledge about problem gambling is shared between SkyCity and the relevant stakeholders, who will work together to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

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

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

Excluded Persons Identified at SkyCity Properties

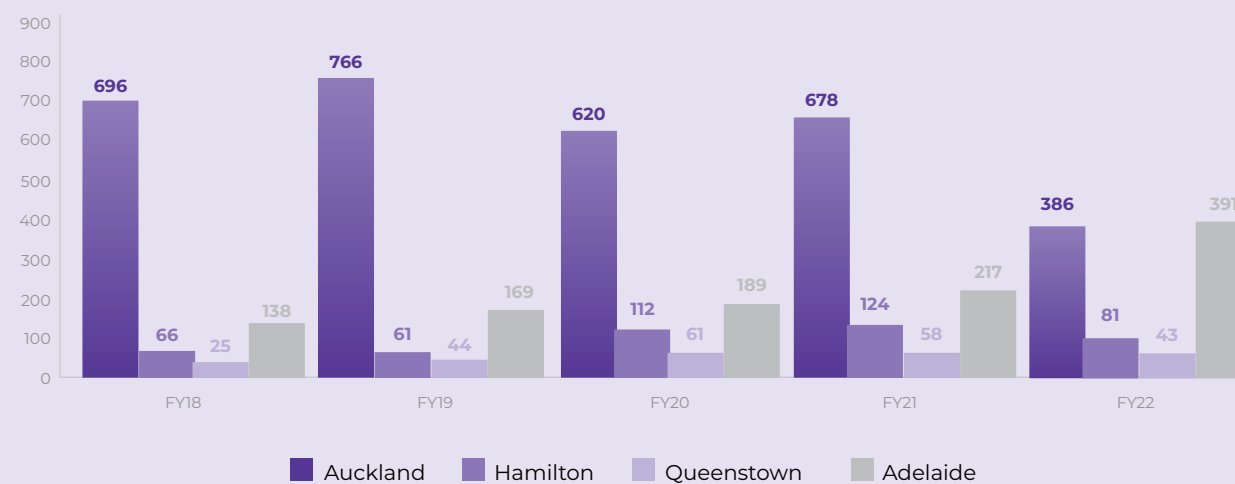
The following graph summarises the number of excluded persons identified returning to each of the SkyCity properties in breach of an exclusion order over the 2019–2022 financial years:



The reduction in the number of exclusion-related breaches from FY20 is likely due to changes in excluded patron behaviour following the introduction of facial recognition technology and COVID-19 closures.

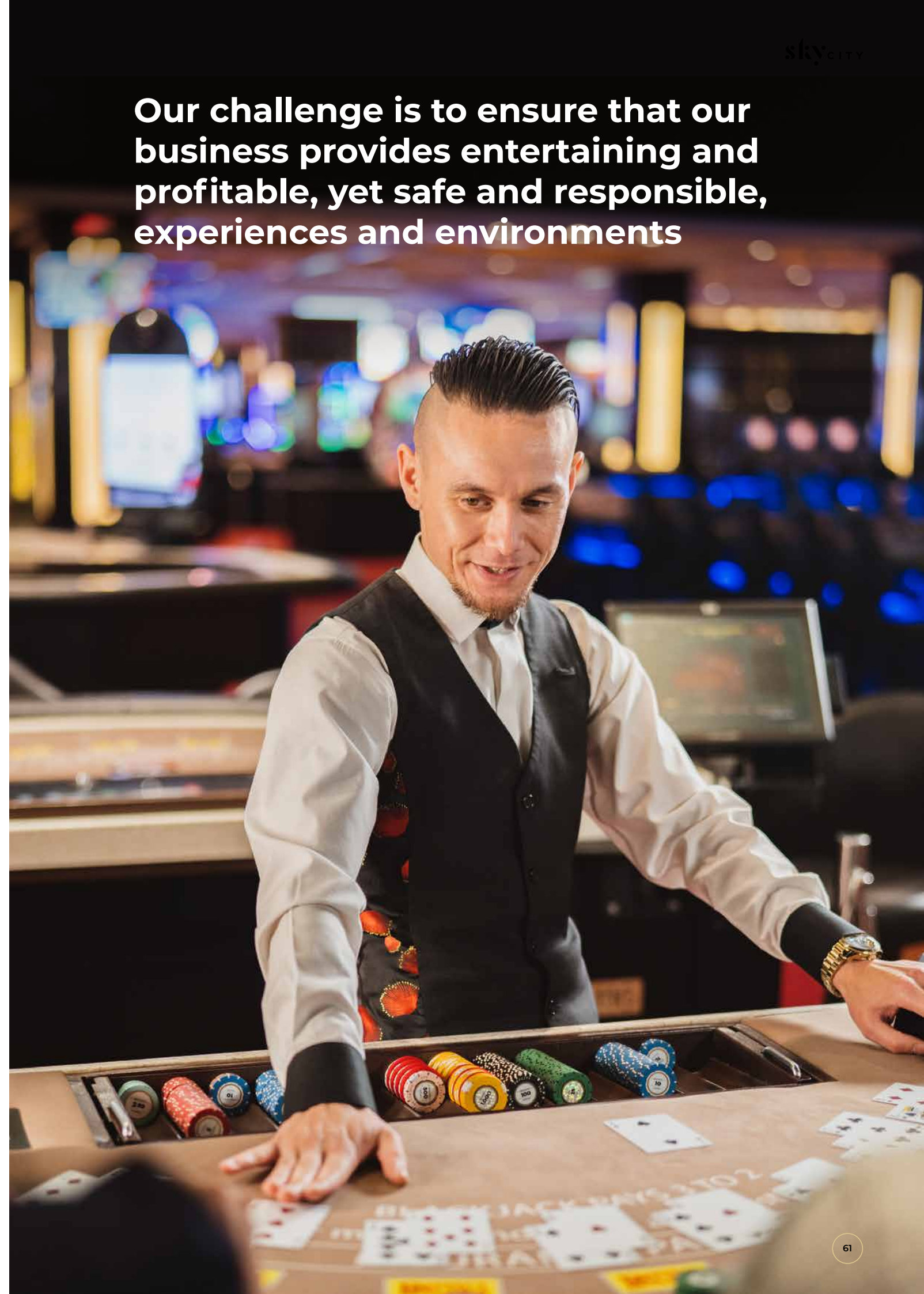
Exclusions at SkyCity Properties

The following graph summarises the number of exclusion orders issued by each of the SkyCity properties over the 2018–2022 financial years:



The reduction in the number of exclusion orders issued from FY21 to FY22 is likely to have been impacted by COVID-19 closures.

Our challenge is to ensure that our business provides entertaining and profitable, yet safe and responsible, experiences and environments



Our People

INSPIRE OUR PEOPLE

A great place to work where our people are empowered to grow and achieve.



As a major employer with around 4,000 staff, we know that taking care of our people is the key to creating a great and safe place to work. We aim to create an environment where our people are at the centre and ensure that our staff can work safely, are motivated to work hard, progress in their careers, and have the tools and knowledge they need to look after both themselves and our customers.

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

Priority Issues

- Health, safety and wellbeing
- Diversity, inclusion and belonging
- Employee engagement
- Meaningful career and development pathways

Key Stakeholders

- Employees (existing, former and potential)
- Union representatives
- Ministry of Business, Innovation and Employment
- Ministry of Social Development
- Ministry of Health
- Department of Education, Skills and Employment
- Accident Compensation Corporation
- WorkSafe NZ
- SafeWork SA
- ReturnToWorkSA
- Immigration New Zealand
- Women in Gaming and Hospitality Australasia
- Gender Tick
- Rainbow Tick
- Southern Cross Healthcare

FY22 Performance Highlights

- Nominated as a finalist in the Diversity and Inclusion Leadership Award at the 2021 Deloitte Top 200 Awards for Te Roopū Māori o SkyCity
- Achieved Gender Tick and Rainbow Tick reaccreditation
- Launch of the Good Yarn mental health literacy programme

FY22 Key Challenges

- It remains challenging to fill vacant roles given the constrained candidate markets due to ongoing COVID-19 related border closures
- Providing ongoing support for employee mental and physical health and wellbeing as employees continue to cope with the challenges and uncertainties arising from COVID-19
- Continuing to support employees to access COVID-19 vaccinations

FY23 Focus Areas

- Ensure Group implementation of our five-year Health, Safety and Wellbeing Strategy Plan into FY23 and reduce our injury frequency rates and injury management costs
- Enhance and build the health and safety risk management capability of our people
- Continue our focus on closing SkyCity's gender and ethnic pay gaps and on the representation of women and ethnic minorities in our leadership teams
- Make progress towards ensuring the SkyCity Adelaide employee population reflects South Australia with a target of 1.49% of employees identifying as Aboriginal or Torres Strait Islander
- Retain employees by offering access to career paths within SkyCity, targeting 40%+ of vacancies filled internally
- 100% of eligible employees have completed mandatory compliance training requirements

Health, Safety and Wellbeing

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

Health and Safety

Over the last financial year, our primary focus has remained on keeping our people and guests safe from COVID-19 and supporting Government initiatives to minimise the risk of COVID-19 in our communities. We have implemented extensive processes to plan, manage and review our COVID-19 health management response.

In October 2021, the SkyCity Board adopted a new Group Health, Safety and Wellbeing Strategy for FY22 – FY25 that builds on the strategic goals set out in the earlier Group Health and Safety Strategy adopted in 2018. Our new strategy focuses on a number of key themes to continue our improvement journey, including effective risk management, strong leadership and better engagement, resources to support improvement, and healthier people.

Employee Wellbeing

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

As part of SkyCity's wellness programme, all SkyCity employees are invited to receive a free flu vaccination. This service is offered annually to employees onsite at the beginning of the flu season to ensure all staff have easy access to the vaccinations. Around 670 vaccinations have been delivered in the past financial year.

Staff Support Programmes

SkyCity has a range of services designed to assist employees who may need a helping hand. At our Auckland and Hamilton sites, SkyCity offers confidential help and advice for SkyCity employees, through the Connect employee advocacy team, for work issues and situations outside of work. They offer advice about practical and effective ways to handle difficult or sensitive issues and, where appropriate, assist employees in working with agencies outside of SkyCity who may be able to help.

The Group-wide Employee Assistance Programme (delivered via EAP Services) is a supportive and confidential programme designed to assist SkyCity employees who may have problems that affect them at work – advice and support is available 24 hours a day, seven days a week, from trained professional counsellors who can help staff with their problems.

SkyCity also provides emergency financial assistance for employees suffering financial hardship. This help can include budgeting advice, and last resort financial help through a 'SMILE' loan to New Zealand-based staff who qualify for support.

Healthcare

SkyCity understands that healthcare can be expensive and sometimes difficult to access for members of the workforce. We therefore offer permanent, full-time employees in our New Zealand sites health insurance via our healthcare provider Southern Cross Healthcare. SkyCity fully subsidises the RegularCare plan, which provides shared cover for surgical treatment, recovery, support, imaging and diagnostic tests and day-to-day treatment. Employees are also able to add their family members to the insurance plan at an additional cost.

FY22 Health and Safety Scorecard

Indicator	Target	FY22 Performance
Safety Success Indicator 1	Zero fatalities or life altering injuries	✓ Achieved – no fatalities or life altering injuries
Safety Success Indicator 2	Reduce Total Recordable Incident Frequency Rate (TRIFR) by 10% from the FY20 baseline	✓ Achieved – decreased by 50%
Safety Success Indicator 3	Increase hazard reports by 10% from the FY20 baseline	Not achieved – decreased by 48%

The final TRIFR and hazard reporting results were significantly impacted by the COVID-19 disruptions and closures, which significantly reduced the total number of hours worked, and accordingly meant that various targets (such as targeted increased hazard reporting) were very difficult to achieve in practice.

FY22 Key Achievements

GOAL 1 Strong Leadership and Better Engagement	GOAL 2 Effective Risk Management	GOAL 3 Resources to Support Improvement	GOAL 4 Healthier People
<ul style="list-style-type: none"> Developed and promoted a more pragmatic Health and Safety Policy with employee consultation for ensuring improved leadership, ownership, and empowerment from our people in health and safety matters Implemented a reframed Health and Safety Governance Framework for ensuring our officers and leaders exercise due diligence and achieve excellence in health, safety and wellbeing (HSW) Worked with our key business divisions for continuous improvement in HSW to introduce a constitution which is driven by HSW governance and engagement leadership groups for addressing key employee HSW matters 	<ul style="list-style-type: none"> Developed a more accurate business health and safety risk profile with employee consultation to include our most critical health and safety hazards and associated risks which our people are exposed to daily and could lead to serious harm Developed the risk management capability of our people so they have the skills, knowledge and confidence to deliver good risk management practices in their ability as individuals, and in their respective work activities 	<ul style="list-style-type: none"> Developed and implemented a Health and Safety Team Charter offering our people more effective influence, engagement and coaching from the Health and Safety team so they become involved in practice in owning and driving improved HSW across the business and worksites Introduced a revised Employee Health and Safety Participation and Consultation Framework so our people have a say in addressing health and safety matters and making further improvements across our worksites 	<ul style="list-style-type: none"> Introduced an Employee Injury Prevention Programme that enables employees to receive early expert support and guidance when reporting early notification of pain and discomfort so this can be addressed and managed accordingly before it escalates into injury or harm Reframed our employee wellbeing with a programme that offers a more holistic and co-creation approach, which is more focused with the interrelations of people at work, the work they undertake, self-organisation and social inclusion into the workgroup

Diversity, Inclusion and Belonging

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

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

SkyCity's Diversity and Inclusion Policy (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) provides a framework for the company's current and future diversity and inclusion initiatives. Each year, the SkyCity Board sets measurable objectives to promote diversity and inclusion. The measurable objectives set by the Board for the financial year ending 30 June 2023 are to:

- continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles;
- achieve and maintain gender balance in SkyCity's

executive leadership team (gender balance is defined as having 40% female representation, 40% male representation and 20% any gender);

- maintain a gender balance across the SkyCity employee population and at each tier of the organisation hierarchy;
- continue to review gender and ethnic pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality;
- leverage and grow diverse talent pools to develop a more ethnically diverse leadership population;
- maintain certification with specialist organisations who represent minority groups within the SkyCity workforce (for example Rainbow Tick and Gender Tick) to reiterate our commitment to, and support of, these minority groups' interests;
- build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate learning and development solutions are delivered;
- continue to work with advisors and experts to provide informed perspectives and guidance to the Chief Executive Officer and Inclusion Council on diversity and inclusion matters; and
- continue to provide support and education to employees and managers to promote mental health awareness and wellbeing.

Gender Composition

SkyCity is a signatory to the 40:40 Vision - an investor-led initiative to achieve gender balance across the executive leadership teams of all ASX200 companies by 2030 - 40% women, 40% men and 20% any gender. In March 2022, a year after the launch of the 40:40 Vision, SkyCity was one of the 17 ASX200 companies (representing close to 25 per cent of the market capitalisation of all ASX 200 companies) who had signed up to the initiative.

The gender composition of SkyCity's directors, officers, senior executives and total workforce as at 30 June 2022 and, comparatively as at 30 June 2021, is set out below:



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

2021	Female		Male		Total
	Number	%	Number	%	
Directors	3	43%	4	57%	7
Officers	4	44%	5	56%	9
Senior Executives	5	45%	6	55%	11
Total Workforce	2,082	49%	2,167	51%	4,249

In the above tables:

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

Employee Resource Groups

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

There are currently six core Employee Resource Groups at SkyCity Auckland – Winning Women, NZ Asian Leaders, SkyCity Pride, Pasifika Village, Te Roopū Māori o SkyCity and Youth Council – and five core Employee Resource Groups at SkyCity Adelaide - Women's Voice, LGBTTIQA+, Disability/Ability, Aboriginal and Life Stages.

In New Zealand, Te Roopū Māori o SkyCity (with support from Ngāti Whātua Ōrākei) continues to provide a significant amount of support and guidance to SkyCity management, and the broader workforce, with the aim of delivering better outcomes for Māori. SkyCity was recognised at the 2021 Deloitte Top 200 Awards as a finalist in the Diversity and Inclusion Leadership Award category for Te Roopū Māori o SkyCity.

Supporting Our Rainbow Community

SkyCity has maintained a Rainbow Tick for its Auckland and Hamilton properties for a seventh year. Being a Rainbow Tick employer means SkyCity has been acknowledged as being a safe, supportive and welcoming

workplace where employees can bring their whole selves to work without fear of discrimination or disadvantage – no matter what their gender identity or sexual orientation.

Our Adelaide site maintained its Pride in Diversity programme membership, which reiterates our commitment to our lesbian, gay, bi-sexual, trans-sexual and intersex Australian-based staff.

SkyCity Queenstown has been a supporter of the Winter Pride event in Queenstown for many years and signed up to the Pride Pledge in June 2018. The Pride Pledge was started in Queenstown to raise the visibility of safe spaces within the Queenstown community after the Winter Pride festival organisers realised that, although the town had an inclusive heart, it was very difficult for the rainbow community to see any visible signs that they were welcome and included.

Gender Tick

In April 2019, SkyCity was awarded the Gender Tick in recognition of its commitment to providing a fair workplace for all employees. The Gender Tick was reconfirmed in 2020, 2021 and 2022. Gender Tick is a New Zealand-based accreditation for businesses to demonstrate their commitment to gender equality in the workplace. The programme assesses organisations across five key indicators, including gender inclusive culture, flexibility and leave, women in leadership, gender pay equality and ensuring a safe workplace.

Pay Equality

SkyCity continues to monitor and report on remuneration outcomes by gender and ethnicity to ensure pay equality.

In the last financial year, SkyCity conducted gender pay equality analysis for like positions (being positions with similar degrees of know-how, problem solving and accountability). This analysis did not identify indications of gender bias across similar positions.

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

Research has shown that organisations which integrate pay transparency practices into remuneration principles are better able to recognise and address gender pay gaps (the difference between the median amount women and men are paid within an organisation) and gender pay equity (ensuring women and men are paid the same for work of equal value).

Over recent years, SkyCity has taken a leading position in New Zealand and Australia in relation to pay transparency through the publication of our gender and ethnic pay gaps, as well as the measurable actions SkyCity is taking to reduce underrepresentation and areas of disparity which may lead to gender and ethnic pay gaps.

The following table illustrates the SkyCity gender pay gap as at 30 June 2022 and as a comparison against the prior periods and the respective national gender pay gaps:

	New Zealand		Australia	
	SkyCity Gender Pay Gap (as at 30 June)	National Gender Pay Gap	SkyCity Gender Pay Gap (as at 30 June)	National Gender Pay Gap
2022	6.8%	9.1% (August 2021)	3.5%	13.8% (November 2021)
2021	6.9%	9.5% (August 2020)	6.1%	13.4% (November 2020)
2020	7.5%	9.3% (August 2019)	1.5%	13.9% (November 2019)
2019	8.2%	9.2% (August 2018)	1.5%	14.1% (November 2018)

Percentage difference between median hourly rate for women compared to the median hourly rate for men as at 30 June in the relevant year. Includes permanent and temporary employees.

The following table illustrates the SkyCity ethnic pay gap as at 30 June 2022 and, by way of comparison, as at 30 June 2021:

	New Zealand		
	SkyCity Ethnic Pay Gap as compared to Pakeha Men (as at 30 June 2022)	SkyCity Ethnic Pay Gap as compared to Pakeha Men (as at 30 June 2021)	National Ethnic Pay Gap*
Pakeha Women	6.8%	7.9%	11.9%
Māori Women	14.0%	18.9%	22.0%
Pacific Women	13.8%	16.6%	25.4%
Asian Women	10.9%	11.3%	19.0%

	Australia	
	SkyCity Ethnic Pay Gap as compared to European Men (as at 30 June 2022)	SkyCity Ethnic Pay Gap as compared to European Men (as at 30 June 2021)
European	0%	2.0%
Asian Women	13.4%	13.3%

*The New Zealand Household Labour Force Survey pay gaps (to Pakeha men) as at 30 June 2021.

Performance Against FY22 Board Diversity and Inclusion Objectives

SkyCity performed well against the measurable objectives set by the Board to promote diversity and inclusion for the financial year ended 30 June 2022:

Objective	Progress Made
Continue to ensure strong female candidates are identified in the recruitment process for all Board and senior executive roles	<p>Recruitment briefs for the Board recruitment process during the past financial year explicitly specified that SkyCity required female candidates to be identified wherever possible. In the past financial year, two new Board members were identified, one of whom is female.</p> <p>Recruitment briefs for the senior leadership recruitment process explicitly specified that SkyCity required female candidates to be identified wherever possible. In the past financial year, no senior executive appointments have been made.</p> <p>During the year under review, SkyCity became a signatory to 40:40 Vision, an investor-led initiative to achieve gender balance in executive leadership across all ASX200 companies by 2030.</p>
Maintain a gender balance across the population of employees who make up the top four levels of the organisation hierarchy	<p>During the past financial year, gender balance has been maintained across the organisation with 49% of employees being female and 51% being male. Within the top four levels of the organisational hierarchy, 51% of employees were female and 49% were male, demonstrating an equal gender representation in our talent pipeline.</p>
Continue to review gender and ethnic pay equality and deliver an organisation-wide programme that removes any risk of bias or inequality	<p>SkyCity continues to monitor and report on remuneration outcomes by gender and ethnicity to ensure pay equality. SkyCity also conducted gender pay equality analysis for like-for-like positions, and positions with similar degrees of know-how, problem solving and accountability. This analysis identified that there are no indications of gender bias across similar positions.</p> <p>While our analysis did not identify evidence of a gender driven pay gap for like-for-like positions, we remain focused on addressing the overall gender pay gap by increasing the representation of women in senior roles (attracting higher remuneration) across the business through a gender balanced talent pipeline.</p> <p>SkyCity's New Zealand overall gender pay gap decreased to 6.8% (at 30 June 2022) from 6.9% (at 30 June 2021). SkyCity's Australian overall gender pay gap decreased to 3.5% (at 30 June 2022) from 6.1% (at 30 June 2021). SkyCity's New Zealand and Australian ethnic pay gaps at 30 June 2022 are outlined in the tables on the previous page.</p>
Leverage and grow diverse talent pools to develop a more ethnically diverse leadership population	<p>Several initiatives were delivered during the past financial year with the objective of developing a more ethnically diverse leadership population:</p> <ul style="list-style-type: none"> • SkyCity continued to offer its Māori leadership programme, Tahuna te Ahi, in partnership with Indigenous Growth Limited; • SkyCity continued as a major partner of TupuToa, hosting one summer intern for three months within our corporate business; • SkyCity Adelaide initiated a new partnership with Career Trackers and, through this programme, engaged a pre-professional indigenous university student for a paid multi-year internship; and • SkyCity continued its sponsorship of the New Zealand Asian Leaders Forum.
Continue to work with a panel of advisors and experts to provide informed perspectives and guidance to the Chief Executive Officer and Inclusion Council on diversity and inclusion matters	<p>A number of specialists have been engaged to provide perspectives and guidance to both Management and Employee Resource Groups from the Inclusion Council, with a focus on building cultural understanding and competence.</p>

Maintain certification with specialist organisations who represent minority groups within the SkyCity workforce (for example Rainbow Tick) to reiterate our commitment to, and support of, these minority groups' interests

SkyCity maintained its New Zealand site 'Gender Tick' and 'Rainbow Tick' accreditations during FY22 and secured advanced criteria in achievements across the following categories:

- ethnicity pay gap measurement and rectifying goals;
- introduction of systems to minimise gender bias in the recruitment process;
- annual leave accruals for parental leave;
- a comprehensive demographic data collection to analyse intersectionality;
- ability for employees to join internal or external networking groups that provide support to all genders; and
- genuine support from senior leaders and being successful in our establishment of a safe environment for Rainbow employees to connect.

Our Adelaide site maintained its Pride in Diversity membership.

Build the capability of all leaders in understanding and leveraging diversity of thought through ensuring appropriate learning and development solutions are delivered

The SkyCity Inclusion Council continued to encourage employee-led initiatives and provide strong executive visibility and sponsorship across the New Zealand properties. With the addition of the new Youth Council, there are now six core groups represented, including Winning Women, NZ Asian Leaders, SkyCity Pride, Pasifika Village and Te Roopū Māori o SkyCity with the formation of an Accessibility Group in planning for FY23.

SkyCity Adelaide has launched an Inclusion Council, which replicates the model already established in New Zealand. Still in its formative stages, there are now five core groups represented being Women's Voice, LGBTTIQA+, Life Stages, Aboriginal, and Disability/Ability.

Continue to provide support and education to employees and managers to promote mental health awareness and wellbeing

SkyCity Auckland launched its rollout of the 'Good Yarn' mental health literacy programme, which is an evidence-based, peer-delivered mental health session that enables people to talk about mental health. Its purpose is to create awareness, build confidence and improve knowledge on where to get help with mental health issues.

SkyCity's Bouncing Back Brain Snack series launched in October 2021 offers a way for employees to virtually connect and refocus during COVID-19 lockdowns and prior to returning to work. This virtual series touched on topics such as 'Resilience', 'Fatigue' and 'Responding to Change'.

SkyCity continued to invest in and improve critical work health and safety training modules, adapting to suit accessibility preferences during and post COVID-19 lockdowns.

Employee Engagement and Developing Meaningful Career Pathways

A Centre of Expertise

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

We have an advanced set of priorities and programmes in place across our sites to achieve our goal of being a great place to work where our people are empowered to grow and to achieve. To ensure that these programmes remain effective and relevant, we regularly review the effectiveness of the programmes, in terms of both interest and sustained impact, and make refinements as required. New programmes are also trialled and introduced where appropriate. We regularly seek advice from staff on how to remove barriers to participation (such as release time) and introduce better incentives for participation.

Tahuna Te Ahi – Ignite the Fire

Since 2018, SkyCity has run Tahuna Te Ahi, a tailored programme developed by New Zealand company

Indigenous Growth Limited, for our New Zealand-based employees. The programme provides accelerated leadership development specifically for Māori employees in addition to implementing initiatives which elevate the standing of Māori at SkyCity more broadly. The programme connects people to indigenous values and culture while at the same time giving them the tools to incorporate their culture into a business environment.

17 employees from SkyCity Auckland and Hamilton completed the Tahuna Te Ahi programme during the last financial year.

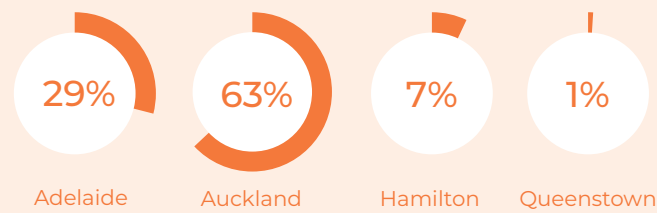
SkyCity was awarded the 2018 Deloitte Top 200 Diversity & Inclusion Leadership Award for the programme in November 2018 and was named as a Platinum winner in the 'Best Learning & Development Project – Leadership Capability' category at the 2019 LearnX Asia Pacific Awards for the programme in June 2019.

Our Staff Numbers

Worked Full-Time Equivalent (FTE)* by Site

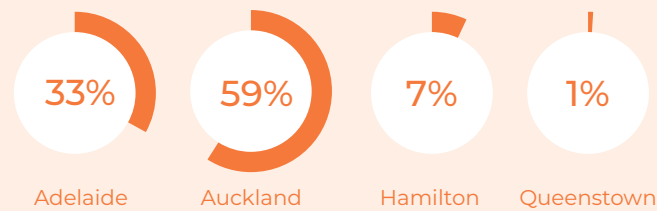
Site	Number of Employees		%	
	FY22	FY21	FY22	FY21
Adelaide	843	733	29%	27%
Auckland	1,830	1,726	63%	64%
Hamilton	204	185	7%	7%
Queenstown	41	43	1%	2%
Total	2,918	2,687	100%	100%

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



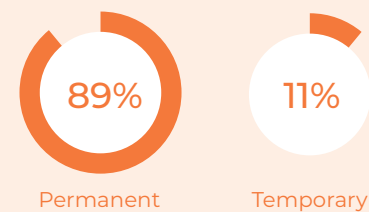
Total Headcount for Group

Site	Number of Staff		%	
	FY22	FY21	FY22	FY21
Adelaide	1,297	1,346	33%	32%
Auckland	2,309	2,562	59%	60%
Hamilton	268	293	7%	7%
Queenstown	49	58	1%	1%
Group Total	3,923	4,259	100%	100%



Employment Contract Type for Group

Contract Type	Number of Employees		%	
	FY22	FY21	FY22	FY21
Permanent	3,496	3,784	89%	89%
Temporary	427	475	11%	11%
Group Total	3,923	4,259	100%	100%



Employment Type by Gender

Contract Type	Female		Gender Diverse		Male		Group Total	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Permanent	89%	89%	80%	100%	89%	88%	89%	89%
Temporary	11%	11%	20%	0%	11%	12%	11%	11%

Employment Contract Type by Site

Contract Type	Adelaide		Auckland		Hamilton		Queenstown	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Permanent	68%	68%	100%	98%	100%	100%	100%	100%
Temporary*	32%	32%	0%	2%	0%	0%	0%	0%

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

Employment Type by Gender

Contract Type	Female		Gender Diverse		Male		Group Total	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Full-Time	50%	49%	30%	50%	61%	60%	56%	54%
On Demand	22%	21%	60%	33%	18%	18%	20%	20%
Part-Time	28%	30%	10%	17%	21%	22%	24%	26%

Employees in Collective Agreements by Site

	Adelaide		Auckland		Hamilton		Queenstown		Group Total*	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Yes	77%	77%	21%	20%	3%	3%	0%	0%	38%	37%
No	23%	23%	79%	80%	97%	97%	100%	100%	62%	63%

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

Employee Absenteeism*

	Adelaide		Auckland		Hamilton		Queenstown		Group Total**	
	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22	FY21
Absenteeism	3.4%	4.06%	6.3%	3.76%	5.3%	3.62%	3.1%	2.32%	5.0%	3.78%

*As a percentage of scheduled days.

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

Our Communities



GROW OUR COMMUNITIES

Serve a social purpose by investing in the local economies and communities in which we operate.



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

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

Priority Issues

- Economic contribution
- Building communities by developing people
- Developing deeper connections with mana whenua and indigenous peoples
- Investing in our communities

Key Stakeholders

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

FY22 Performance Highlights

- SkyCity Hamilton continued its support of women's sport by sponsoring women's cricket team, the Northern Spirit, and netball team, Waikato Bay of Plenty Magic
- SkyCity contributed a total of \$3.0 million to the SkyCity Community Trusts for distribution to community groups and organisations in the Auckland, Waikato and Queenstown Lakes regions

FY22 Key Challenges

- COVID-19 related closures and business disruption have resulted in reduced contributions being made to the SkyCity Community Trusts in New Zealand

FY23 Focus Areas

- Onboard up to 60 new rangatahi (young people) through the Project Nikau Academy and support our existing Project Nikau cohort to develop their career paths at SkyCity
- Continue our collaboration with the SkyCity Community Trusts through funding programmes that support rangatahi, and the provision of services that meet community wellbeing and resilience needs

Investing in our Local Economies and Communities

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

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

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

Sourcing Locally

SkyCity is committed to sourcing and procuring locally made and supplied products from Australasian owned and operated businesses as a preference wherever possible. In the financial year ended 30 June 2022, SkyCity spent approximately \$127 million on operational goods and services, the bulk of which was spent with local suppliers – with over \$39 million on food and beverage items across New Zealand and Australia.

Leukaemia & Blood Cancer New Zealand

Each year, firefighters from communities across New Zealand join forces to raise money for Leukaemia & Blood Cancer New Zealand (the national charity dedicated to supporting patients and their families living with blood cancers and related blood conditions) in the Firefighter Sky Tower Stair Challenge, with each participant climbing the 1,103 steps of the Sky Tower wearing 25 kilograms of gear. SkyCity is proud to have Leukaemia & Blood Cancer New Zealand as a charity partner and to have worked together to have raised in excess of \$10 million over the 18-year partnership, through the Sky Tower Stair Challenge.

Variety – The Children's Charity

SkyCity supports Variety – The Children's Charity (a charity focused on improving the wellbeing of children and young people) through the delivery of Variety Bingo in Auckland, Adelaide and Hamilton. Working with Variety – The Children's Charity, SkyCity has helped to raise more than \$40,000 over the last financial year, and in excess of \$4.7 million over the 22-year partnership, to help support the important work it does in our communities.

Building Communities by Developing People and Developing Deeper Connections

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

During the 2019 financial year, SkyCity finalised the operational strategy across the SkyCity Group to deliver this new strategy with the launch of Project Nikau, a youth employment programme with a focus on developing work-ready skills. SkyCity worked in collaboration with Te Puni Kōkiri, the Ministry of Social Development and a community-based provider to design a work ready programme – with the first cohort of 15 cadets joining the SkyCity Auckland pilot programme in June 2019. Despite the programme being significantly impacted by COVID-19 in recent years, there are currently 27 rangatahi enrolled in Project Nikau, including seven recruited in 2022. SkyCity has designed and implemented a wraparound youth mentoring support for each cohort and has designed individualised learning and development plans for each cadet. SkyCity was awarded the Diversity and Inclusion Leadership award in the 2020 Deloitte Top 200 Awards in December 2020 and the Diversity and Inclusion Award at the 2021 NZ HR Awards in May 2021 for Project Nikau.

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

We continue to be a major partner of TupuToa, an organisation focused on ensuring corporate New Zealand is representative of the diversity of our country, by developing and empowering young Māori and Pasifika peoples and building the cultural capability of their employment partners. In the last financial year, SkyCity successfully onboarded and supported an internship for a TupuToa intern, who is completing the final part of their study with SkyCity as an intern.

Investing in our Communities

Established to provide funds for community and charitable purposes, the SkyCity Community Trusts are one of the vehicles SkyCity uses to 'put something back' into the New Zealand communities in which the company operates. The SkyCity Auckland Community Trust, SkyCity Hamilton Community Trust, SkyCity Queenstown Casino Community Trust and SkyCity Wharf Casino Community

Trust aim to help local and regional organisations carry out community assistance and development work, focusing on supporting families to thrive and communities to prosper, with a specific focus on youth development.

SkyCity contributed a total of \$3.0 million to the SkyCity Community Trusts for distribution to community groups and organisations in the Auckland, Waikato and Queenstown Lakes regions for the financial year ended 30 June 2022, which was contributed to the aggregate funds of \$4.3 million distributed by the Trusts in the financial year ended 30 June 2022.

Since establishing the first SkyCity Auckland Community Trust in 1996, SkyCity has awarded grants to more than 5,000 groups totalling over \$66.2 million to various community groups and organisations in New Zealand, large and small, through the four SkyCity Community Trusts.



SkyCity Community Trust Recipients in FY22

SkyCity Auckland Community Trust

Blue Light Ventures Incorporated
Brainwave Trust Aotearoa
Caps Northland Incorporated/
Jigsaw North-Manaaki Whanau
Coast Youth Community Trust Inc.
Dayspring Trust
Far North Safer Community
Council Society Incorporated
Glen Innes Family Centre
Charitable Trust
Grandparents Raising
Grandchildren Trust New Zealand
Great Families Charitable Trust
Great Potentials Foundation
Grief Support and Education
Charitable Trust
Henderson Budget Service
Incorporated
IHC New Zealand Incorporated
InZone Education Foundation
Island Base Trust
Just Move Charitable Health Trust
Kindred Family Services
Malosi Pictures
Matatini
Migrant Action Trust
Ngā Rangatahi Toa Creative Arts
Initiative
Ngā Takiwā o Tāmaki Trust
Otarā Status Youth Collective
Outwest Youth Community Trust
Penina Health Trust
PHAB Association (Auckland)
Incorporated
Pillars Ka Pou Whakahou
Incorporated
Rangatahi Ora
Rape Prevention Education
Whakatu Mauri Trust
Recreate NZ
Refugees As Survivors New
Zealand Trust
Rock Quest Charitable Trust
Sistema Whangarei-Toi Akorangi
Taiohi Whai Oranga
Te Karanga Charitable Trust
Te Matatini Society Inc
Te Mataurau Education Trust
Te Pou Theatre Trust

Te Whangai Trust
The Community Builders NZ Trust
The Crescendo Trust Of Aotearoa
The Friendship House Trust
The Key To Life Charitable Trust
The Kindness Institute
The Operating Theatre Trust
The Rising Foundation Trust
The TYLA Tryst
To'utupu Tonga Trust
United Nations Association Of
New Zealand (United Nations
Youth Association Of New Zealand
Branch) Incorporated
Upside Youth Mentoring Aotearoa
Vision West
VOYCE - Whakarongo Mai
What Hope Community Trust
YES Disability Resource Centre
Youth Arts New Zealand
Youth in Transition Charitable
Trust
Youthline Auckland Charitable
Trust
Zeal Education Trust

SkyCity Hamilton Community Trust

Big Buddy Mentoring Trust
Community Link Trust
Community Waikato
Diabetes New Zealand
Diversity Counselling New Zealand
Dress for Success Hamilton Trust
Evolve Peer Support Charitable
Trust
Grandparents Raising
Grandchildren Trust New Zealand
Hamilton Christian Nightshelter
Trust
Hamilton Combined Christian
Foodbank Trust
Kids in Need Waikato Charitable
Trust
Loving Arms Charitable Trust
Male Support Services Waikato
McKenzie Centre Trust
Mental Health Solutions Ltd
Midlands Sexual Assault Support
Service (MSASS)
Rakau Humarie Trust

Refugee Orientation Centre
South East Kirikiriroa Community
Association Incorporated
St Vincent De Paul Hamilton
Te Po Ki Te Ao Marama
Te Whakaruruhau 2013
Incorporated - Waikato Women's
Refuge
Te Whare o Te Ata Fairfield -
Chartwell Community Centre Trust
The House of Grace Trust Inc
The Serve
The Te Kauwhata & Districts
Information & Support Centre Inc
Thrive Ōtorohanga Youth Trust
University of Waikato
Management Studies
VOYCE Whakarongo Mai
Waikato Environment Centre Trust
Waikato Ethnic Family services
Trust
Waikato Family Centre Trust
Waikato Korean Cultural Centre
Trust
Whāingaroa Environment Centre
Youthline Auckland Charitable
Trust
Zeal Education Trust

SkyCity Queenstown Community Trust

Alpine Community Development
Trust
Arasan NZ Foundation Trust
Citizens Advice Bureau
Queenstown
Happiness House Trust
Kahu Youth Trust
Mint Charitable Trust
Queenstown Harvest Gardens
Queenstown Lakes Baby Box
Charitable Trust
Snow Sports NZ Inc
Te Atamira Whakatipu Community
Trust
Te Kākano Aotearoa Trust
The Kiwi Kit Community Trust
VOYCE Whakarongo Mai
Whakatipu Youth Trust



Auckland City Mission HomeGround Project

The Auckland City Mission – Te Tāpui Atawhai opened its new facility HomeGround to the public in February 2022. The planning required to replace the old rundown facility took over ten years and involved securing funding from the SkyCity Auckland Community Trust. During 2017, the SkyCity Auckland Community Trust approved a grant of \$1 million to support the total funding required of \$90 million. The grant approved by the SkyCity Auckland Community Trust was the largest ever approved by the SkyCity Community Trusts.

The SkyCity Auckland Community Trust and SkyCity are excited to continue the relationship with the Auckland City Mission and will be working with key relationship staff to determine our next steps and how Trust funding can align, particularly around our focus of supporting rangatahi. This includes the provision of supportive housing at HomeGround as well as identifying employment opportunities at SkyCity.

“I am so incredibly grateful to the SkyCity Community Trust for believing in the vision of HomeGround and helping make this big dream a reality. When I walk through the building every day, I bump into people living in the apartments, enjoying kai in the beautiful community dining room or comfortably waiting for service in the laneway.”

It’s so deeply humbling and uplifting to know that their lives are being positively impacted through all that HomeGround is and all that it offers.”

**Helen Robinson
Missioner Manutaki
– Auckland City Mission**

Our Suppliers

SOURCING RESPONSIBLY

Source ethically and locally.



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

Priority Issues

- Ethical supply chain
- Low carbon supply chain
- Buy local and seasonal
- Connect to the circular economy
- Progress initiatives to eliminate modern slavery

Key Stakeholders

- Suppliers (existing and potential)
- EcoVadis

FY22 Performance Highlights

- Key SkyCity Adelaide suppliers joined the EcoVadis programme
- Modern slavery training rolled out across key stakeholders in the business

FY22 Key Challenges

- Managing product sourcing and supply chain issues/challenges arising from the impacts of COVID-19, including mandated property closures
- While we expect our suppliers to ensure that their suppliers have an ethical approach, it can be challenging to verify that an ethical supply chain is being maintained beyond first tier suppliers given the complexity of SkyCity's supply chain

FY23 Focus Areas

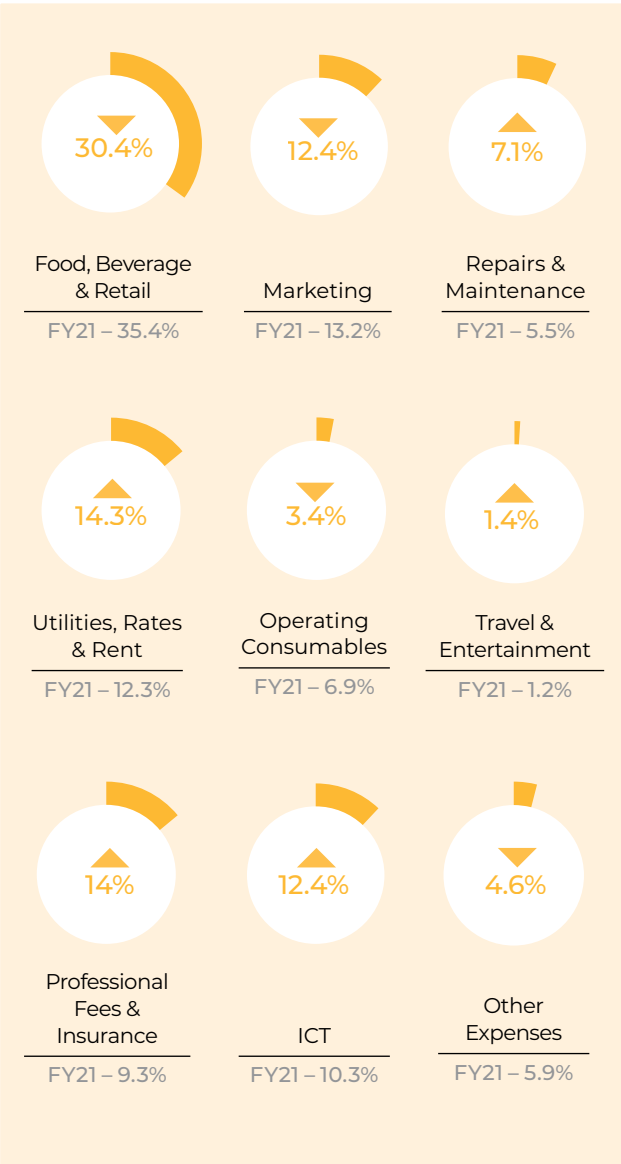
- Continue to influence suppliers to improve performance relating to SkyCity's priority issues
- Managing the disrupted global supply chain issues without compromising on progress made to date
- Continue our programme of work to better understand the risks of modern slavery in our supply chain

Ethical and Sustainable Sourcing Practices

As a major purchaser of goods and services (we spent over \$446 million with a vast array of suppliers of goods and services in the financial year ended 30 June 2022), SkyCity has a significant opportunity to use its purchasing power to drive sustainability.

Our approach is to focus on the areas in which we can have the biggest impact in terms of minimising our carbon footprint and with respect to key vendors at high ongoing expenditure levels. These areas include food, beverage, property and marketing portfolios in particular.

SkyCity has 487 key ongoing significant suppliers across the Group, with a substantial number of these being in the food and beverage sector. Of the total spend of over \$127 million in the financial year ended 30 June 2022 relating to operational goods and services – a breakdown of which is shown in the graph below – over \$39 million was spent on food, beverage and retail procurement:



Ethical Sourcing Code

Our Ethical Sourcing Code outlines SkyCity's alignment with the ten principles of the United Nations Global Compact, which are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. All new vendors are made aware of the Code at the time of onboarding and we request that our suppliers acknowledge SkyCity's commitment to the principles of the Ethical Sourcing Code. Through distribution of our Ethical Sourcing Code, we aim to encourage our suppliers to improve their practices and to assist them in doing so.

Supply Chain Transparency and Traceability

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

As at 30 June 2022, 79 of our key active New Zealand and Adelaide suppliers, representing over \$32 million (25%) of our total annual procurement spend, had completed the EcoVadis assessment/audit process. Of SkyCity's \$39 million food, beverage and retail procurement spend across the Group in the last financial year, 60% was captured under the EcoVadis process – a decrease from 70% for the New Zealand properties. Some Adelaide suppliers are still being onboarded in the assessment process.

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

Local Suppliers

SkyCity is able to categorise items in some detail, including location of the supplier, which enables SkyCity to modify procurement practices where required to support the intention outlined in SkyCity's Group Procurement Framework. The framework drives greater rigour in the onboarding of new suppliers and has an emphasis on supplier consolidation and ethical sourcing with SkyCity choosing the best mix of suppliers to meet its business requirements. Our primary focus is procuring from businesses operating in the same countries in which SkyCity operates, thus supporting local economies even where, in some instances, goods are imported. Our secondary focus is procuring local products and produce from businesses that are geographically close to our businesses.

In the financial year ended 30 June 2022, SkyCity spent over \$39 million on food and beverage items across New Zealand and Adelaide. This equates to over 30% of our operational spend. We will continue to work with our food and beverage suppliers to gain more understanding as to where our products are being sourced to ensure a local focus where practical.

SkyCity engages local contractors wherever possible for its construction projects who, in turn, procure local products, materials and subcontractors where feasible. Many of the gaming products and equipment required by SkyCity for its casino operations are not able to be manufactured or sourced locally - in sourcing these items internationally, SkyCity's focus is on procuring such items from ethical suppliers.

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

Top 100 Suppliers Per Site (as at 30 June 2022)	Same Country	Locally Based	Majority Locally Owned
Auckland	88%	79%	57%
Hamilton	95%	71%	67%
Queenstown	94%	34%	71%
Adelaide	96%	43%	66%

Modern Slavery Act

The Modern Slavery Act 2018 (Cth) came into force in Australia on 1 January 2019 and requires reporting entities to disclose the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls. SkyCity's annual modern slavery statements are published on the Australian Government's Online Register for Modern Slavery Statements at www.modernslaveryregister.gov.au/statements/299/ and are also available in the Governance section of the company's website at www.skycityentertainmentgroup.com.

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

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

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

SkyCity always aims to obtain a clear picture of a potential suppliers' supply chain to ensure that it will align with SkyCity's high expectations around ethical procurement practices. All new suppliers are asked about their supply practices prior to becoming an approved supplier. SkyCity has several policies, practices and procedures in place to assist in conducting supply chain due diligence which, in turn, enables SkyCity to take significant measures to mitigate the risks of modern slavery.

Our Environment



PROTECT THE ENVIRONMENT

Active commitment to reducing our environmental footprint.

We are dedicated to growing in a sustainable manner with a commitment to environmental sustainability as a foundation for successful economic, social and cultural development.

Priority Issues

- Climate change/emissions reduction
- Reducing waste
- Reducing water use
- Employee activation

Key Stakeholders

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

FY22 Performance Highlights

- Development of a de-carbonisation roadmap to guide SkyCity towards its science-based targets
- Continued reduction in the use of single-use plastics across all SkyCity properties (against the 30 June 2020 baseline) assisted by COVID-19 mandated property closures
- Achieved carbon zero status for the SkyCity Group (by way of offset thorough Toitū Envirocare)
- Installation of four EV chargers at the SkyCity Hamilton car park and agreement for installation of EV chargers at SkyCity Auckland car park

FY22 Key Challenges

- Lack of alternatives to certain single-use plastics, making zero single-use plastics difficult to achieve
- With the opening of Eos Hotel at the SkyCity Adelaide site, our carbon emissions for that site have increased significantly, despite a small decrease in emissions across the Group

FY23 Focus Areas

- Recalibrate climate change action plan
- Continued focus on reducing carbon emissions across the Group by 25% by 2025 (38% reduction in Scope 1 & 2 by 2030 and 73% by 2050)
- Continued focus on waste diversion from landfills, including a 5% reduction year on year in waste to landfill
- Preparation for climate risk assessment and reporting (TCFD) which will commence in FY24
- Continued focus on supply chain sustainability by ensuring 100% of contracted suppliers are engaged to discuss measuring emissions and setting science aligned targets
- Achieve a 10% reduction year on year in single-use plastic products
- Enhance employee knowledge of, and engagement on, sustainability
- Continuous improvement in SkyCity's EcoVadis score to achieve the benchmark score of 55

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

Reducing Waste

Composting

Food that cannot be donated from the SkyCity Auckland kitchens is collected and commercially composted offsite to be used on New Zealand soils to aid the horticulture industry. During the past financial year, through the efforts of our kitchen teams, SkyCity Auckland sent over 109 tonnes of food waste to be commercially composted – bringing the total amount collected and composted since the programme began in April 2017 to over 1,100 tonnes. SkyCity's focus on reducing food wastage has resulted in a reduction of food waste being composted each year since the programme began.

Plastics

The goals of SkyCity's Zero Waste Strategy are to eliminate waste sent to landfill and improve the efficiency of resource use through reduction and recycling – in particular, by removing or reducing plastic packaging.

SkyCity continues to transition from traditional plastic to commercially compostable food and beverage packaging, such as takeaway coffee cups and lids, straws, plates, containers and cutlery (where appropriate alternatives exist). During the last financial year, we have continued to reduce our use of single-use plastics across SkyCity's properties assisted by COVID-19 mandated property closures.

Eliminate Waste to Landfill

Since 2015, SkyCity has reduced its waste sent to landfill by 81%, in part due to the mandated property closures during FY20-22 (in response to the COVID-19 pandemic).

SkyCity has engaged SUEZ to assist SkyCity Adelaide in achieving zero waste to landfill. SUEZ offers recycling and commercial food composting solutions with the remaining dry general waste being diverted to SUEZ-ResourceCo (a joint venture between SUEZ and ResourceCo). The SUEZ-ResourceCo facility processes commercial, industrial and construction waste into Processed Engineered Fuel (PEF) which is then used as a fuel source by Adelaide Brighton Cement instead of using traditional fossil fuels. PEF is used to power cement kilns, reducing carbon emissions by 30%. Since commencing this partnership with SUEZ in December 2020, SkyCity Adelaide has significantly increased its waste diversion from landfill from an average of 30% to an average of 100% every consecutive month over the last seven months. Over the seven-month period from November 2021 to May 2022 (inclusive), this has resulted in:

- 115 tonnes of dry waste being processed at the SUEZ-ResourceCo facility (preventing 46.92 tonnes of

CO2 being emitted into the atmosphere) – enough to produce 250 tonnes of clinker blocks or 860m3 of concrete; and

- 111 tonnes of organic food waste being collected by SUEZ for reuse in soil compost by many of SkyCity Adelaide's suppliers, creating a circular economy and second use of our food waste.

Climate Change and Emissions

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

As part of SkyCity's commitment to climate action, we have measured, audited and verified SkyCity's carbon footprint for FY15–FY21 through the Certified Emissions Measurement and Reduction Scheme programme operated by Toitū Envirocare, a government-owned environmental certifications body in New Zealand.

Climate Change Strategy

SkyCity was among the first major New Zealand companies to go carbon neutral and was certified carbonzero by Toitū Envirocare in New Zealand in October 2019. The SkyCity Adelaide property also became carbon neutral, alongside SkyCity's New Zealand sites, in September 2020.

The emissions generated by the SkyCity Group during the year ended 30 June 2021 (16,521 tonnes of carbon) were offset by the purchase of \$166,663 in carbon credits through Toitū Envirocare in August 2021 and the emissions generated by the SkyCity Group during the year ended 30 June 2022 (15,637 tonnes of carbon) were offset by the purchase of \$220,325 in carbon credits through Toitū Envirocare in August 2022. SkyCity's carbon credit investments have been used to fund renewable energy infrastructure and assist with other energy efficiency initiatives.

EV Chargers

In the past financial year, SkyCity has, in partnership with Meridian Energy, installed EV chargers at the SkyCity Hamilton car park, and has reached an in principle agreement with Meridian Energy for the installation of EV chargers at the SkyCity Auckland car park to provide EV charging for customers.

Climate Change Governance and Risks

SkyCity's climate change strategy is overseen by the Board (previously the Sustainability Committee). A management-led Climate Change Committee is responsible for working with wider operational management to execute the strategy.

The New Zealand Government published its first National Climate Change Risk Assessment in August 2020 and,

has passed legislation to make climate-related disclosures aligned with the Recommendations of the Task-Force on Climate-related Financial Disclosures (TCFD) mandatory for some organisations, including publicly listed companies (such as SkyCity) and large insurers, banks, non-bank deposit takers and investment managers. The Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021 was passed into legislation in October 2021. The new law requires climate-related disclosures from financial years commencing in 2023, subject to the publication of climate standards from the External Reporting Board. The New Zealand Government issued its first National Adaptation Plan in August 2022 in response to the National Climate Change Risk Assessment, released in 2020. The Plan presents the best available evidence for a planned approach to addressing climate change risks and covers a six-year period through to 2028. These documents and legislation are a critical resource for SkyCity to take its climate change strategy, planning and reporting to the next stage. SkyCity is committed to progressing towards TCFD-compliant reporting and aims to progress with detailed scenario analysis as part of its ongoing journey towards TCFD-compliant reporting.

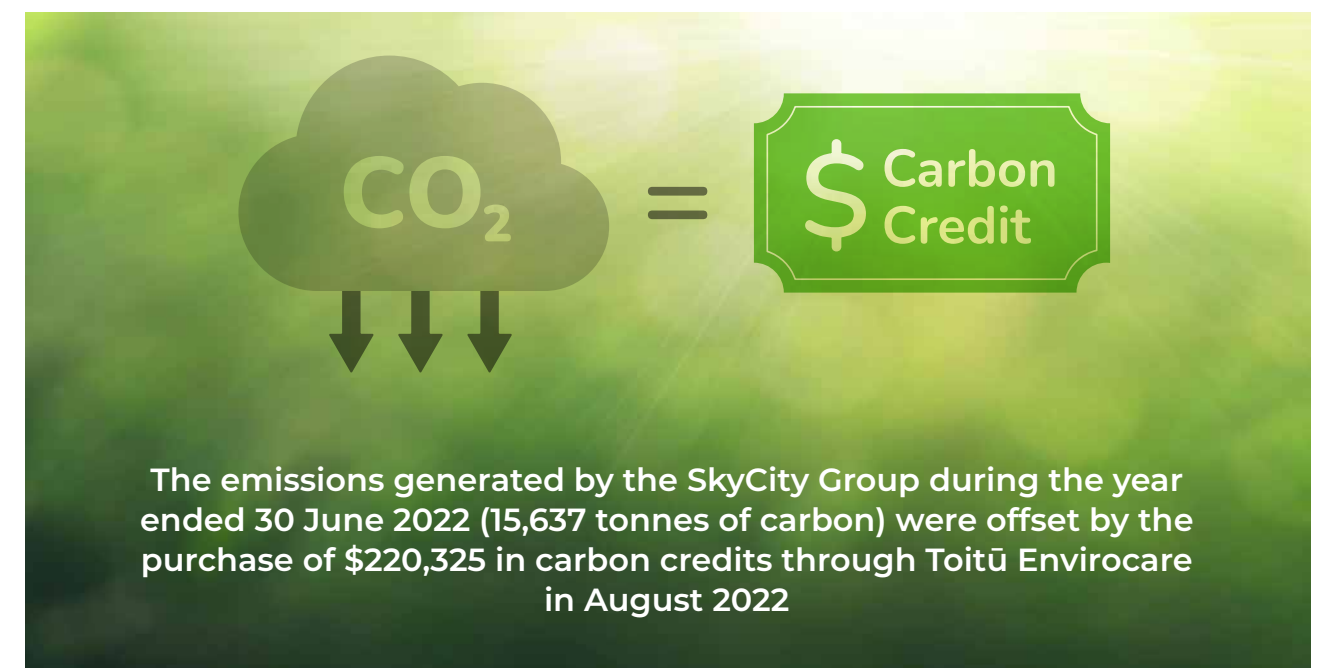
SkyCity is a signatory to the Climate Leaders Coalition, a group representing a variety of businesses from different industries which contribute to nearly half of New Zealand's emissions. In June 2022, members of the Climate Leaders Coalition launched a new Statement of Ambition to accelerate business action on climate change. SkyCity, as a member of the Climate Leaders Coalition, has committed to:

- measuring its emissions, have them independently verified, and report them publicly;

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

The Climate Leaders Coalition recognises the role that business can play in bringing about change and demonstrates the significant leadership direction being taken by businesses on the issue of climate change.

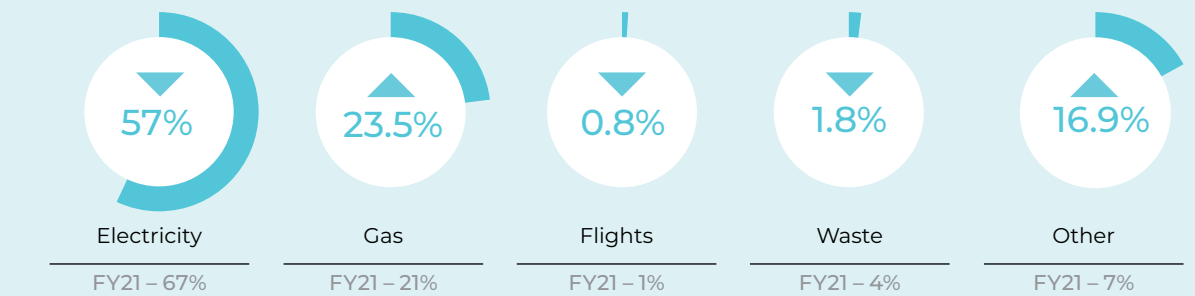
SkyCity has committed to reduce absolute Scope 1 and 2 Green House Gas (GHG) emissions by 38% by 2030 and by 73% by 2050 (from a 2014-2015 base year) and that 67% of SkyCity's suppliers, by spend covering purchased goods and services and capital goods, will set science-based Scope 1 and 2 targets by the year 2023.



SkyCity Climate Related Risks

Nature of Risk	Description and Impact	
Physical risks	Rise in global temperatures	Increased load on air conditioning, increased power outages, increased reliance on generators, increased fire risk in Adelaide and a reduced ski season in Queenstown
	Increase in violent weather events, including cyclone, sea surge and tornado	Damage to property, business interruption, undrinkable water, gas leaks, power outages, increased reliance on generators, reduced visitation/tourism and the need for new infrastructure to be more resilient
	Rise in sea levels	Salt intrusion in soils impacting supply chain
Market and reputational risks and opportunities	<ul style="list-style-type: none"> Shift in consumer preferences, increasing societal pressure to participate in green economy and the stigma of not participating Potential for banks to increase cost of funds for non-green entities Increasing long term focus by investors in green funds, which could impact SkyCity's share price Increased challenges with tourism around New Zealand (erratic weather) increases the opportunity for an indoor "proxy" experience Potential for New Zealand to become a more attractive tourism destination for its "green" status 	
Policy and legal risks	<ul style="list-style-type: none"> Increase in compliance and reporting costs associated with measuring, demonstrating and actioning new requirements Change in policy and regulations (new building construction, building fit outs and remedial work to maintain building warrant of fitness) 	
Economic risks and opportunities	<ul style="list-style-type: none"> General increase in cost of doing business (through an emissions trading scheme and/or value chain risk), including fuel, water, waste water, electricity, gas, transportation, taxes, waste disposal, certain goods and services, and insurance Prohibition of non-green consumables, which may cost more or less than alternative green consumables Change in infrastructure and furniture, fixtures, and equipment (FFE) costs (green standards, energy efficiency, electric vehicles and other green technology) SkyCity will be considering carbon in future investment and divestment opportunities 	

FY22 Carbon Footprint Inventory



FY15–FY22 Performance

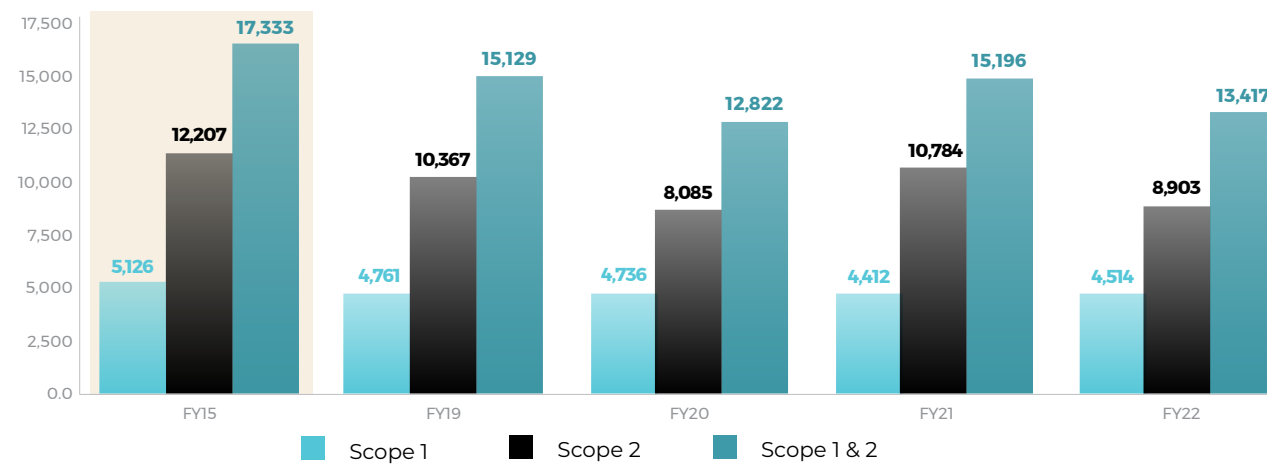
The following graphs summarise SkyCity's key environmental performance data for FY15–FY22. SkyCity's science-based reduction targets are set from its FY15 base year.

SkyCity has continued efforts to reduce its carbon footprint – with Scope 1 and 2 emissions combined reducing by 23% since FY15 and emissions from waste reducing by 81%, in part due to the mandated property closures and travel restrictions during FY20–22 (in response to the COVID-19 pandemic).

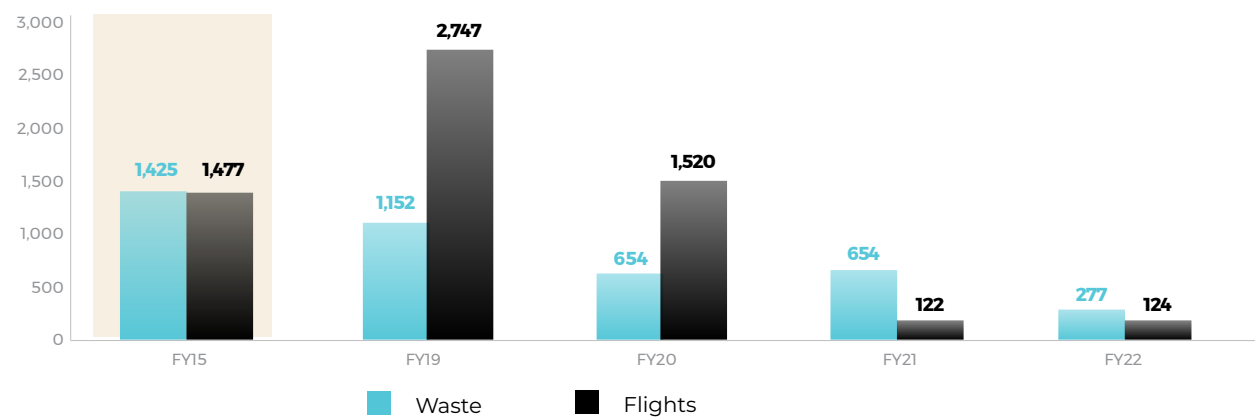
Total Emissions (Scope 1, 2 and 3) (Tonnes CO2e) – by Site



Scope 1 and 2 Emissions (Tonnes CO₂e) – Group



Scope 3 Emissions (Tonnes CO₂e) – Group



Scope Definitions

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

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

CORPORATE Governance Statement and Other Disclosures

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

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

SkyCity is listed as a 'Foreign Exempt Listing' on the ASX. The ASX Foreign Exempt Listing category is based on a principle of substituted compliance recognising that, for secondary listings, the primary regulatory role and oversight rest with the home exchange and the supervisory regulator in that jurisdiction. As a company with ASX Foreign Exempt Listing status, SkyCity is not required to comply with ASX Listing Rule 4.10, which requires entities to include certain prescribed information in their annual reports, or the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council. Notwithstanding, SkyCity has taken into account ASX Listing Rule 4.10 when preparing this annual report and considers its corporate governance practices and principles have substantially reflected the recommendations set by the ASX Corporate Governance Council, in addition to all the corporate governance principles set out in the NZX's Corporate Governance Code, during the financial year ended 30 June 2022. In addition, as mentioned above, the cornerstone principles set out in SkyCity's Board

Charter (available in the Governance section of the company's website at www.skycityentertainmentgroup.com) continue to reflect the principles in the Corporate Governance Principles and Recommendations (Fourth Edition) of the ASX Corporate Governance Council.

1. Roles and Responsibilities of the Board and Management

SkyCity's procedures are designed to:

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

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

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

Specific responsibilities of the Board include:

- oversight of the company, including its control and accountability procedures and systems;
- appointment, performance, and removal of the Chief Executive Officer;

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

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

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

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

2. Structure the Board to Add Value

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

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

Board Composition and Skills Matrix

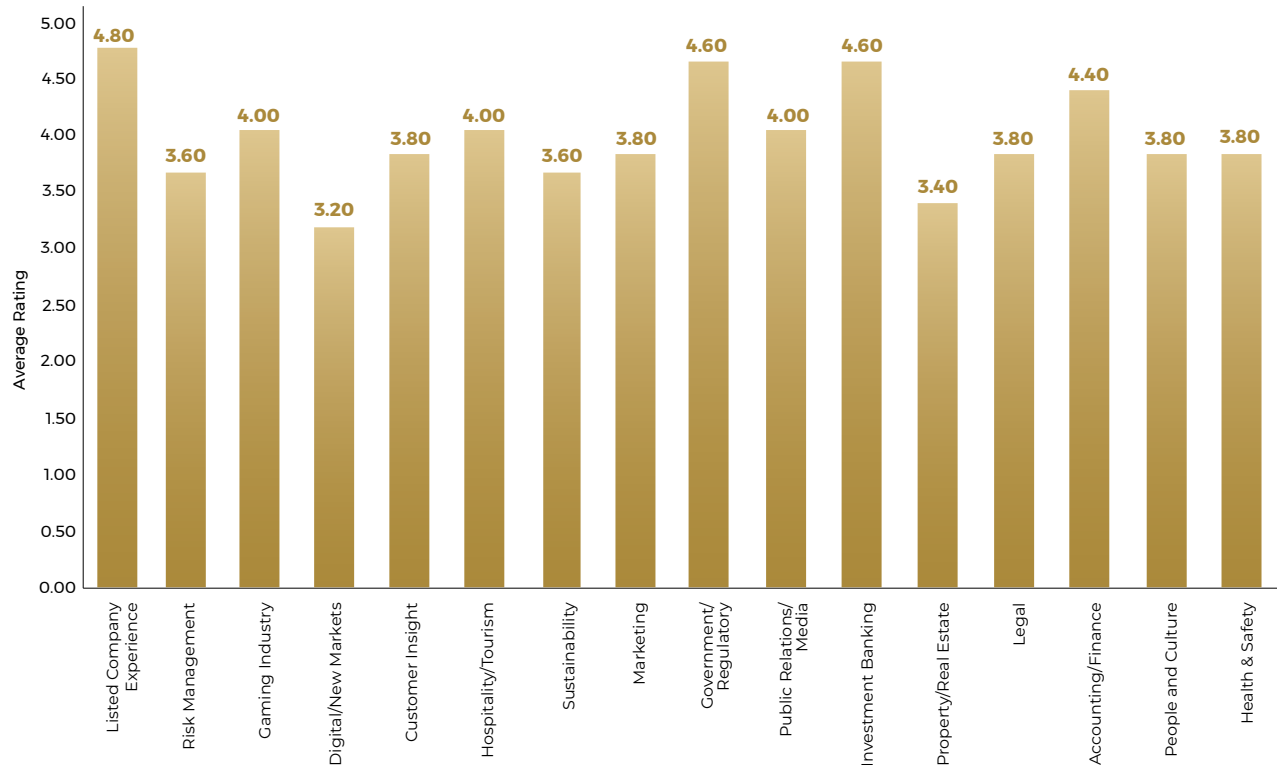
The Board ensures that it is of an effective composition and size to adequately discharge its responsibilities and duties and to add value to the company's decision-making. In order to meet these requirements, the Board membership comprises a range of skills and experience to ensure that it has a proper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

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

- health and safety
- people and culture
- accounting/finance
- legal
- property/real estate
- investment banking
- public relations/media
- government/regulatory
- marketing
- sustainability
- customer insight
- hospitality/tourism
- digital/new markets
- gaming industry
- risk management
- listed company experience

In July 2022, Board members completed a self-assessment survey to identify the Board's overall competency in relation to the agreed areas of expertise and experience. The results of the survey are set out in the graph overleaf – where 1 indicates low competency and 5 indicates high competency. Details of individual expertise and experience of the directors are set out on pages 44–46 of this annual report.

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



Appointment

The Board has established the Governance and Nominations Committee to:

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

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

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

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

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

Director Independence

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

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

At its June 2022 meeting, the Board reviewed the status of each director in accordance with the definition of independence set out in the NZX Main Board Listing Rules and taking into account the ASX Independence Guidelines and determined that all current non-executive directors were independent at the balance date having regard to the factors described in the NZX Corporate Governance Code and ASX Independence Guidelines that may impact director independence.

Access to Information and Advice

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

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

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

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

Indemnities and Insurance

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

Board Committees

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

Recognising the importance of the governance of the Group's risk management function, the SkyCity Board commenced a review of its Board committee structure in late 2021 and, in June 2022, resolved in principle to separate the Board's Audit and Risk Committee into two separate Board committees - an Audit Committee and a Risk and Compliance Committee – and disestablish the Sustainability Committee. The primary objective of the Audit Committee is to assist the SkyCity Board in fulfilling its responsibilities relating to financial accounting and reporting, external and internal audit, tax planning and compliance, and treasury. The primary objective of the Risk and Compliance Committee is to assist the SkyCity Board in fulfilling its responsibilities relating to risk management and compliance, including in respect of the company's key compliance obligations host responsibility, anti-money laundering, and health and safety matters). The restructure will be effective from 26 August 2022.

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

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

Board and Committee Membership

The following table lists the members and chair of the SkyCity Board and each of its four formally appointed standing committees as at the date of this annual report. The Board's intention is to refresh committee memberships when regulatory approvals have been obtained for the appointment of Kate Hughes and Glenn Davis and they are appointed to the SkyCity Board.

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

BOARD		APPOINTMENT TO OFFICE
Chair	Julian Cook	8 June 2021
Members	Sue Suckling	9 May 2011
	Jennifer Owen	5 December 2016
	Silvana Schenone	8 June 2021
	Chad Barton	8 June 2021
	Kate Hughes	Pending ⁽¹⁾
	Glenn Davis	Pending ⁽¹⁾

GOVERNANCE AND NOMINATIONS COMMITTEE	
Chair	Julian Cook
Members	Sue Suckling
	Jennifer Owen
	Silvana Schenone
	Chad Barton
	Kate Hughes ⁽¹⁾
	Glenn Davis ⁽¹⁾

RISK AND COMPLIANCE COMMITTEE ⁽²⁾	
Chair	Kate Hughes ⁽¹⁾
Members	Julian Cook
	Chad Barton

PEOPLE AND CULTURE COMMITTEE	
Chair	Julian Cook
Members	Silvana Schenone
	Chad Barton

AUDIT AND RISK COMMITTEE ⁽³⁾	
Chair	Jennifer Owen
Members	Julian Cook
	Chad Barton

(1) Appointment remains subject to obtaining regulatory approvals.

(2) The Risk and Compliance Committee will be established with effect from 26 August 2022.

(3) The Audit and Risk Committee will be renamed the Audit Committee with effect from 26 August 2022.

Board and Committee Meeting Attendance

The following table shows director attendance at Board meetings and committee member attendance at committee meetings (both scheduled and unscheduled) during the financial year ended 30 June 2022.

	BOARD	AUDIT AND RISK ⁵	PEOPLE AND CULTURE	GOVERNANCE AND NOMINATIONS	SUSTAINABILITY ⁶
TOTAL NUMBER OF MEETINGS	16	6	5	1	3
Julian Cook ⁽¹⁾	16	6	5	1	2
Sue Suckling	16	–	–	1	3
Jennifer Owen ⁽²⁾	16	6	1	1	–
Silvana Schenone	15	–	5	1	3
Chad Barton	16	6	5	1	–
Rob Campbell ⁽³⁾	10	2	2	0	1
Murray Jordan ⁽⁴⁾	6	2	1	–	–

(1) Julian Cook was appointed Chair of the Board and a member of the Sustainability Committee effective from 1 January 2022.

(2) Jennifer Owen resigned as a member of the People and Culture Committee effective from 30 September 2021.

(3) Rob Campbell resigned as a director effective from 31 December 2021.

(4) Murray Jordan resigned as a director effective from 30 September 2021.

(5) The Audit and Risk Committee will be renamed the Audit Committee with effect from 26 August 2022.

(6) The Sustainability Committee will be disestablished with effect from 26 August 2022.

3. Integrity and Ethical Behaviour

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

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

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

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

Compliance with the Code of Conduct is monitored through education and notification by individuals who become aware of any breach. In addition, all senior managers are required annually to provide a confirmation to the company that to the best of their knowledge all business matters undertaken within their areas of responsibility have been conducted in accordance with the Code of Conduct. The most recent annual confirmations were provided by senior managers in August 2022.

Trading in Securities

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

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

In addition, directors and officers of the company must comply with the disclosure obligations under subpart 6 of the New Zealand Financial Markets Conduct Act 2013 and

the NZX Main Board Listing Rules and formally disclose their SkyCity shareholdings and other securities holdings to the NZX and, consequently, ASX within prescribed timeframes.

Conflicts of Interest

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

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

Gaming Prohibition

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

4. Safeguard the Integrity of the Company's Financial Reporting

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

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

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

Fees paid to PricewaterhouseCoopers during the financial year ended 30 June 2022 are set out in note 6 to the financial statements. Fees for audit and other assurance work for the financial year ended 30 June 2022 represented 91% of total PricewaterhouseCoopers fees.

5. Timely and Balanced Disclosure

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

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

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

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

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

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

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

approves the contents of the annual report.

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

6. Respect and Facilitate the Rights of Shareholders

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

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

The company achieves this by:

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

7. Recognise and Manage Risk

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

SkyCity maintains an independent, centrally managed Group Risk function which evaluates and reports on risks and controls across the Group. Management is required to report to the Risk and Compliance Committee and Board on the effectiveness of the company's management of its material business risks at least annually. The Risk and Compliance Committee approves the assurance plan, with results and performance of the organisation's risk and controls regularly reviewed by the Risk and Compliance Committee and the external auditors.

The Chief Executive Officer and the Chief Financial Officer are required to confirm in writing to the Audit Committee at least annually that the statement in respect of the integrity of the company's financial statements referred to above is founded on a sound system of risk management and internal control which aligns to the policies of the Board, and that the company's risk management and internal control systems are operating efficiently and effectively in all material respects. The most recent confirmations were provided by the Chief Executive Officer and Chief Financial Officer in August 2022.

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

SkyCity's ability to create and preserve value for its shareholders requires the successful execution of its business strategy, while maintaining a sound culture and practices to maintain compliance with responsible gaming frameworks. Risks influencing its ability to do this, including SkyCity's material exposure to economic, environmental and social sustainability risks, if any, and how it manages or intends to manage those risks, are outlined on pages 36–43 of this annual report.

8. Performance Evaluation

Evaluation of the Board and its Committees

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

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

be carried out, in addition to or in substitution of the self-evaluation process, for the purpose of evaluating the performance of the Board and its committees.

During the last financial year, the annual evaluation of the Board's and its committees' performance was carried out by way of self-evaluation questionnaires in October/November 2021, with the results discussed by the Board in December 2021.

Evaluation of Senior Management

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

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

9. Remunerate Fairly and Responsibly

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

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

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

The People and Culture Committee has reviewed the structure of SkyCity's incentive schemes to ensure they are competitive and effective to enable the company to attract and retain the leadership and talent required to drive business strategy and financial performance in the interests of shareholders.

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

Remuneration Report

I am pleased to present the remuneration report for the financial year ended 30 June 2022, which outlines SkyCity's remuneration frameworks and plans, including detailed remuneration information for the Chief Executive Officer and non-executive directors and outcomes for the financial year ended 30 June 2022.

In light of the continuing economic impact of the COVID-19 pandemic, the company will not be seeking shareholder approval to increase the non-executive director fee pool at the 2022 annual meeting on 28 October 2022, noting the non-executive director fee pool was last increased by shareholders at the 2018 annual meeting, and prior to that, at the 2014 annual meeting. As such, the People and Culture committee did not seek independent benchmarking of the non-executive director fee pool and fees this year but did commission external remuneration benchmarking specialists to provide remuneration benchmarking for Group executives.

Detailed in this remuneration report are the employment and remuneration arrangements for the Chief Executive Officer, Michael Ahearne – noting that:

- in consideration of Mr Ahearne's long term retention as Chief Executive Officer, and to ensure Mr Ahearne is appropriately incentivised to grow sustainable shareholder value through share price returns, during the period Mr Ahearne received a one-off offer of restricted share rights under the SkyCity Restricted Share Rights Plan, which vest over a three to four-year period and are exercisable over a five-year period. This offer was made to Mr Ahearne in lieu of an allocation under the 2018 SkyCity Executive Long Term Incentive Plan for the financial year ended 30 June 2022 – further details of which are provided in this remuneration report; and
- Mr Ahearne's remuneration package for the financial year ended 30 June 2022 did not include a short term incentive component. However, this has been reinstated for FY23 to the value of \$750,000 and will replace the annual anniversary share entitlement.

For the financial year ended 30 June 2022, the 2018 SkyCity Executive Long Term Incentive Plan, the SkyCity Performance Incentive Plan and the SkyCity Short Term Incentive Plan were amended to include malus provisions (which enable SkyCity to reduce or cancel an award before it has been paid out) alongside the existing clawback provisions (which enable SkyCity to recover an award after it has been paid out).

For the financial year ending 30 June 2023, the SkyCity Short Term Incentive Plan and the SkyCity Performance Incentive Plan has been further amended to include:

- explicit weighted company-wide compliance goals, which, in addition to the inclusion of malus provisions, ensures SkyCity's incentives are responsive to any compliance breaches and that any underperformance in compliance has consequences for participants;

- a balanced scorecard for participants in terms of outcomes and goals to provide greater transparency for stakeholders; and
- a new company compliance gateway and a revised financial gateway, alongside the individual non-financial gateway for the plan. These three gateways have been designed to align with the weighted sections of the balanced scorecard (financial, individual non-financial and compliance).

It is the Company's intention to introduce a new Executive Long Term Incentive Plan with the first allocation to occur in September 2023. The new Executive Long Term Incentive Plan, which will replace the 2018 SkyCity Executive Long Term Incentive Plan, will be developed during the financial year ending 30 June 2023 and will include a review of the performance hurdles.

One of the performance hurdles in the existing 2018 SkyCity Executive Long Term Incentive Plan is a competitor total shareholder return comparison against both The Star Entertainment Group Limited and Crown Resorts Limited. The delisting of Crown Resorts in June 2022 required the Board to review this hurdle (as prescribed under the performance hurdles schedule of the disclosure statement for the Plan) for the 2019, 2020 and 2021 grants. Details of this decision are outlined in the Long Term Incentive Remuneration section on page 103 of this annual report.

Full details of the changes to the SkyCity Short Term Incentive Plan and the SkyCity Performance Incentive Plan and a comprehensive overview of the 2018 SkyCity Executive Long Term Incentive Plan are provided within this remuneration report.

The Chief Executive Officer and other Group executives did not receive a salary increase for the financial year ended 30 June 2022. However, following a remuneration review in July 2022, salary increases have been implemented for the Group executives (with the exception of the Chief Executive Officer) effective from 1 July 2022. This remuneration review also included all salaried employees, and was the first remuneration review for salaried employees since October 2019.

Details of the various employee incentive plans are available in the Remuneration Policy Statement in the Governance section of the company's website at www.skycityentertainmentgroup.com.



Julian Cook
**Chair
People and
Culture Committee**



Non-Executive Directors Fees

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

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

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

The following table outlines the non-executive directors' fees (exclusive of GST, if any) for the Board and its committees as at 30 June 2022:

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

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

Non-Executive Director Fees for the Year Ended 30 June 2022

Remuneration paid to, and other benefits received by, non-executive directors for services in their capacity as directors of the company during the financial year ended 30 June 2022 and, comparatively during the financial year ended 30 June 2021, are listed in the table below:

DIRECTOR	FINANCIAL YEAR	BOARD AND COMMITTEE FEES	OTHER BENEFITS	TOTAL
Julian Cook	2022	\$234,250.00⁽¹⁾	–	\$234,250.00
	2021	\$10,126.39 ⁽²⁾	\$29,618.24 ⁽³⁾	\$39,744.63
Sue Suckling	2022	\$163,500.00	\$4,475.95 ⁽⁴⁾	\$167,975.95
	2021	\$163,500.00	\$4,523.82 ⁽⁴⁾	\$168,023.82
Jennifer Owen	2022	\$167,250.00	–	\$167,250.00
	2021	\$164,534.95	–	\$164,534.95
Silvana Schenone	2022	\$158,500.00	–	\$158,500.00
	2021	\$10,126.39 ⁽²⁾	\$29,618.24 ⁽³⁾	\$39,744.63
Chad Barton	2022	\$158,500.00	–	\$158,500.00
	2021	\$10,126.39 ⁽²⁾	\$29,618.24 ⁽³⁾	\$39,744.63
Rob Campbell	2022	\$140,000.00⁽⁵⁾	–	\$140,000.00
	2021	\$280,000.00	–	\$280,000.00
Murray Jordan	2022	\$48,375.00⁽⁶⁾	–	\$48,375.00
	2021	\$171,887.10	–	\$171,887.10

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

(1) Julian Cook was appointed Chair of the Board effective from 1 January 2022.

(2) Julian Cook, Silvana Schenone and Chad Barton were appointed directors effective from 8 June 2021.

(3) Being fees payable for consultancy services provided to the company for the period from 29 March to 7 June 2021 (inclusive) prior to his/her appointment as a director on 8 June 2021. Individuals who are invited by the SkyCity Board to join the Board as non-executive directors are appointed subject to the company obtaining the approval of the regulatory authorities in each of the gaming jurisdictions in which the company operates (a process which usually takes some months to conclude) and are entitled to receive remuneration for consultancy services provided to the company pending receipt of the requisite approvals.

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

(5) Rob Campbell retired as a director effective from 31 December 2021.

(6) Murray Jordan retired as a director effective from 30 September 2021.

Share Ownership in SkyCity

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

The directors disclosed the following relevant interests in SkyCity securities as at 30 June 2022:

DIRECTOR	NATURE OF SECURITY	TOTAL HELD AS AT 30 JUNE 2022
Julian Cook	Shares	100,000 ⁽¹⁾
Sue Suckling	Shares	60,949 ⁽²⁾
Jennifer Owen	Shares	75,983 ⁽³⁾
Silvana Schenone	Shares	31,745
	Fixed Rate Bonds	160,000 ⁽⁴⁾
Chad Barton	Shares	60,000 ⁽⁵⁾

(1) Shares held by Motutapu Investments Limited.

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

(3) Shares held by the trustee of the Owen & Paull Retirement Fund.

(4) Non-beneficially owned bonds held by Silvana Schenone as independent trustee of the Sequin Family Trust.

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

Remuneration of Employees

This section details the company’s approach to remuneration frameworks, outcomes and performance of SkyCity’s Chief Executive Officer, other Group executives and employees for the financial year ended 30 June 2022.

A. Remuneration of Group Executives

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

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

The remuneration arrangements for the Chief Executive Officer are detailed in the ‘Remuneration of Chief Executive Officer’ section on pages 104–105 in this annual report.

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

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

The disclosures in this remuneration report reflect the total rewards earned by, although not necessarily paid to, Group executives for the financial year ended 30 June 2022 as the Board believes this approach more appropriately describes executive pay and performance. Accordingly, the disclosures include the STI and LTI components earned by Group executives in respect of the financial year ended 30 June 2022.

Fixed Remuneration

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

Variable Remuneration

Short Term Incentive Remuneration

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

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

STI Scheme Component of PIP

STI awards are delivered in cash at the end of the financial year following the completion of the external audit of the company’s year-end results, where the maximum award under the STI is 125% of the target award (previously 150%).

Deferred STI Component of PIP

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

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

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

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

The intention of the deferred STI component under the PIP is to act both as a retention and an engagement tool. Any unvested restricted share rights will be forfeited if a participant ceases to be employed by SkyCity (or a company in the SkyCity Group) before the relevant Declaration Date, although the Board has discretion to determine otherwise such as where a participant ceases to be an employee due to injury, permanent disability, ill health or redundancy or death. In the case of select Group executives however, if they cease employment for any reason (other than as a result of the termination of their employment by SkyCity for cause, including for serious misconduct) prior to vesting of any restricted share rights, and they have been employed by SkyCity for at least three years as at the date of cessation of their employment, then they will continue to be eligible to have shares transferred to them on the first and second anniversaries (as applicable) of the Declaration Date as if their employment had not ceased, at the discretion of the Board. As a rule, a Group executive will not be eligible to the extent they are terminated for cause, breach the terms of their employment agreement or for underperformance.

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

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

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

Group Executive STI Remuneration for the Financial Year ended 30 June 2022

For the financial year ended 30 June 2022, offers made under the PIP introduced company risk goals as part of a balanced scorecard, which also included individual financial and non-financial goals. The company risk goals accounted for 10% of the target outcome with the individual financial and non-financial goals comprising 60% and 30%, respectively, of target.

For the financial year ended 30 June 2022, the Board exercised its discretion under the PIP and STI plans by waiving the financial performance gateway of meeting or exceeding the SkyCity Group’s normalised NPAT for the prior year.

Changes to the PIP and STI Plans for the Financial Year ending 30 June 2023

For the financial year ending 30 June 2023, 334 employees will be invited to participate in the STI plan and a further 97 employees will be invited to participate in the PIP.

The changes made to the STI and PIP for the financial year ending 30 June 2023 are detailed in the table below:

CHANGE	DESCRIPTION	RATIONALE
Introduction of a Balanced Scorecard	Each plan now includes detailed company compliance goals which directly impact the outcomes for participants of the STI and PIP. These company compliance goals are part of the overall balanced scorecard, which also includes individual financial and non-financial goals. An overview of the company compliance goals is included in the table overleaf.	This change further ensures the incentive plans align with SkyCity’s risk programme as well as recognising achievement of the company compliance goals. Further, it ensures there is an appropriate focus on how things are achieved (the actions and behaviours of our people, risk and compliance adherence) as much as what is achieved (performance, both financial and individual).
Change in Financial Gateway	The financial gateway for any cash STI payment or issue of restricted share rights under the deferred STI scheme under the PIP is the SkyCity Group’s normalised NPAT. Under the updated gateway, NPAT must exceed 90% of the SkyCity Group’s budgeted normalised NPAT. Previously the financial gateway was meeting or exceeding the NPAT for the previous financial year.	This change recognises the importance of participants having a meaningful ability to impact the outcomes under the plan, whilst still ensuring the overall affordability of the plan. It also recognises that having a threshold relative to budget is preferable than increasing the gateway year on year, which may become cumulatively unattainable over time.

CHANGE	DESCRIPTION	RATIONALE
Introduction of a Compliance Gateway	<p>The addition of the compliance gateway aligns with the introduction of the company compliance goals and ensures that there is a gateway hurdle for each of the balanced scorecard categories.</p> <p>This new compliance gateway requires acceptable achievement of the company compliance goals as determined by the Board. Those goals include measurement of SkyCity's performance against health and safety, anti-money laundering and host responsibility targets.</p>	<p>This additional gateway further incentivises participants to ensure that SkyCity is responsive to any compliance breaches and confirms SkyCity's continuing and evolving focus on the importance of compliance to participants. The Board has ultimate discretion as to whether achievement has been acceptable to ensure no inconsistent payment outcomes arise.</p>
Change in Financial and Non-Financial Multipliers	<p>Under the amended plans, participants may earn up to 125% of their financial and non-financial goal targets. Previously participants could earn up to 150% of their financial and non-financial goal targets.</p> <p>Additionally, the financial goal achievement threshold has been reduced to 90% of budget, from 95% of budget.</p> <p>The compliance goal cap is limited to 100%.</p>	<p>The reduction in the maximum multiplier for the financial and non-financial goals rebalances the plan to a more appropriate overachievement reward.</p> <p>The cap on the compliance multiplier recognises that full achievement of company compliance goals should not exceed 100% as rewarding overachievement on this component may result in an inconsistent outcome.</p>

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

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

Long Term Incentive Remuneration

In the financial year ended 30 June 2022, grants were made to Group executives (excluding the Chief Executive Officer) under the 2018 SkyCity Executive Long Term Incentive Plan. In lieu of an allocation to the Chief Executive Officer under the 2018 SkyCity Executive Long Term Incentive Plan for the financial year ended 30 June 2022, a one-off offer of restricted share rights was made to the Chief Executive Officer under the SkyCity Restricted Share Rights Plan - full details of which are included in the 'Remuneration of Chief Executive Officer' section overleaf.

During the financial year ended 30 June 2022, the following vesting calculations were completed in relation to allocations made to participants in August 2017 under the 2009 SkyCity Senior Executive Long Term Incentive Plan and in August 2018 under the 2018 SkyCity Executive Long Term Incentive Plan as follows:

- *August 2017 allocation:* the third (and final) test was completed. No shares have vested to executives in respect of the 2017 allocation. All unvested shares were accordingly forfeited in accordance with the terms of the 2009 SkyCity Senior Executive Long Term Incentive Plan; and
- *August 2018 allocation:* the first (and final) test was completed and resulted in 16.7% of the shares vesting to participants in respect of the 2018 allocation. The unvested shares (83.3%) were accordingly forfeited in accordance with the terms of the 2018 SkyCity Senior Executive Long Term Incentive Plan.

From time to time as directed by SkyCity, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans. As at 30 June 2022, the Public Trust held a total of 2,697,388 shares – 1,211,209 of which were allocated and held on behalf of eligible participants and 1,486,129 of which were unallocated and held on behalf of future participants in the company's employee incentive plans.

2018 SkyCity Executive Long Term Incentive Plan

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

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

In order to determine whether any shares will vest in a participant following the three-year restrictive period

for those shares, each tranche is measured against the performance hurdle for that tranche on the performance testing date for those shares, where the performance hurdle for each of the tranches is:

- for the absolute TSR tranche, a comparison of SkyCity's TSR over the restrictive period against the cost of equity for the SkyCity Group over the restrictive period as determined by the Board;
- for the NZX comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of the constituent entities of the NZX 50 index (as at the grant date, other than SkyCity) over the same period;
- for the ASX comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of the constituent entities of the ASX200 index (as at the grant date, other than SkyCity) over the same period; and
- for the competitor comparator group tranche, a comparison of SkyCity's TSR over the restrictive period against the TSR of each of Crown Resorts Limited and The Star Entertainment Group Limited over the same period. Due to the delisting of Crown Resorts Limited from the ASX in June 2022, the Board reviewed this hurdle as required under the performance hurdle schedule of the disclosure statement for the Plan. Under the schedule, if this situation arises during the restrictive period, the Board will remove the entity from the comparator group and can substitute another entity in its place. The Board decided not to substitute Crown Resorts with another entity – as such, The Star Entertainment Group Limited will now be the sole comparator for the 2019, 2020 and 2021 LTI grants.

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

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

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

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

As at 30 June 2022, a total of 1,211,209 shares were issued under the 2018 SkyCity Executive Long Term Incentive Plan and held by the Public Trust on behalf of 10 participants. The shares vest in a participant only when performance hurdles set by the Board of directors are met.

B. Remuneration of Salaried Employees

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

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

C. Remuneration of Chief Executive Officer

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

The total remuneration earned by Mr Ahearne for duties relating to the Chief Executive Officer position during the financial year ended 30 June 2022 and for the period of the financial year ended 30 June 2021 Mr Ahearne was employed in the position of Chief Executive Officer (covering the period from 16 November 2020 to 30 June 2021) is outlined in the following table:

PERIOD	SALARY AND BENEFITS					EQUITY BASED REMUNERATION				TOTAL REMUNERATION
	BASE SALARY	KIWISAVER	BENEFITS	OTHER PAYMENTS	SUBTOTAL	ANNUAL SHARE ENTITLEMENT	LTI GRANT	ANNUALISED VALUE OF RETENTION LTI GRANT	SUBTOTAL	
FY22	\$1,463,488	Nil	\$4,533	\$11,620 ⁽¹⁾	\$1,479,961	\$500,000 ⁽²⁾	Nil	875,000 ⁽³⁾	\$1,375,000	\$2,854,961
FY21	\$912,994	\$29,680	\$2,783	Nil	\$945,457	\$500,000 ⁽⁴⁾	Nil	Nil	\$500,000	\$1,445,457

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

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

(3) Total value of the Retention LTI is \$3,000,000 split into two equal tranches, Tranche one vests in three years and tranche two vests in four years. The annualised value is reflected in the table. Refer to the section on one-off retention LTI for further details.

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

Mr Ahearne will not receive an increase to base salary or an LTI grant for the year ending 30 June 2023. Mr Ahearne has been invited to participate in the FY23 STI plan, with a target incentive value of \$750,000 or 50% of base salary. This will replace the annual anniversary share entitlement of \$500,000 for the year ending 30 June 2023.

Equity Based Incentives

The following equity-based incentives vested to Mr Ahearne in the financial year ended 30 June 2022:

PLAN	GRANT YEAR	VESTING DATE	SECURITIES	PERFORMANCE PERIOD	PERFORMANCE MEASURE	VESTING OUTCOME	SHARES VESTED	VALUE ON VESTING
Annual Share Entitlement	Financial Year 2020	16 November 2021	SkyCity shares	16 November 2020 to 16 November 2021	Employed on anniversary date	100% vested	\$166,003	\$528,737 ⁽¹⁾
SkyCity Performance Incentive Plan	Financial Year 2019	6 September 2021	Restricted Share Rights	1 July 2018 to 30 June 2019	Financial and Non-Financial Objectives	100% vested	25,585	\$84,717.05 ⁽²⁾
2018 SkyCity Executive Long Term Incentive Plan	Financial Year 2019	23 August 2021	LTI Performance Shares	22 August 2018 to 23 August 2021	Absolute and Relative TSR Measures	16.7% vested	7,292	\$22,094.76 ⁽³⁾

(1) Determined by multiplying the number of ordinary SkyCity shares transferred to you by the volume weighted average price ("VWAP") over the last five trading days ending on (and including) 16 September 2021 (being \$3.185109 per share).

(2) Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the volume weighted average price over the last five trading days ending on (and including) 6 September 2021 (being \$3.3112 per share).

(3) Determined by multiplying the number of ordinary SkyCity shares transferred to Mr Ahearne by the closing share price on 23 August 2021 (being \$3.03 per share).

One-off Retention Long Term Incentive

During the period, the Board made a one-off retention incentive grant to Mr Ahearne of 3,947,368 restricted share rights (**RSRs**) under the SkyCity Restricted Share Rights Plan – split into two equal tranches vesting in three and four years from the grant date (being 8 September 2021), with a final exercise date five years following the grant date. This grant was made to Mr Ahearne in consideration of his long term retention as the Chief Executive Officer and to ensure Mr Ahearne is appropriately incentivised to grow sustainable shareholder value through share price returns, and was made in lieu of an allocation under the 2018 SkyCity Executive Long Term Incentive Plan for the financial year ended 30 June 2022.

The RSRs will only vest if Mr Ahearne remains continuously employed by the company until 8 September 2024 (in respect of the first tranche of the RSRs) and/or 8 September 2025 (in respect of the second tranche of the RSRs). The performance measures associated with the vesting of the RSRs relate to the increase in share price achieved with an exercise price of \$3.237 per RSR (reduced by any dividends paid by the company between 8 September 2021 and the exercise date). Each vested RSR may be exercised by Mr Ahearne on or before the termination date (being 8 September 2026) by paying the exercise price.

For the financial year ending 30 June 2023, Mr Ahearne has been invited to participate in the FY23 STI plan, with a target incentive value of \$750,000 or 50% of base salary. This will replace the annual anniversary share entitlement of \$500,000 for FY23.

The graphs below show the mix of remuneration that was earned by Mr Ahearne for his performance over the financial year ended 30 June 2022 for his position as Chief Executive Officer, alongside graphs illustrating the target and maximum remuneration mixes.

Pay Gap

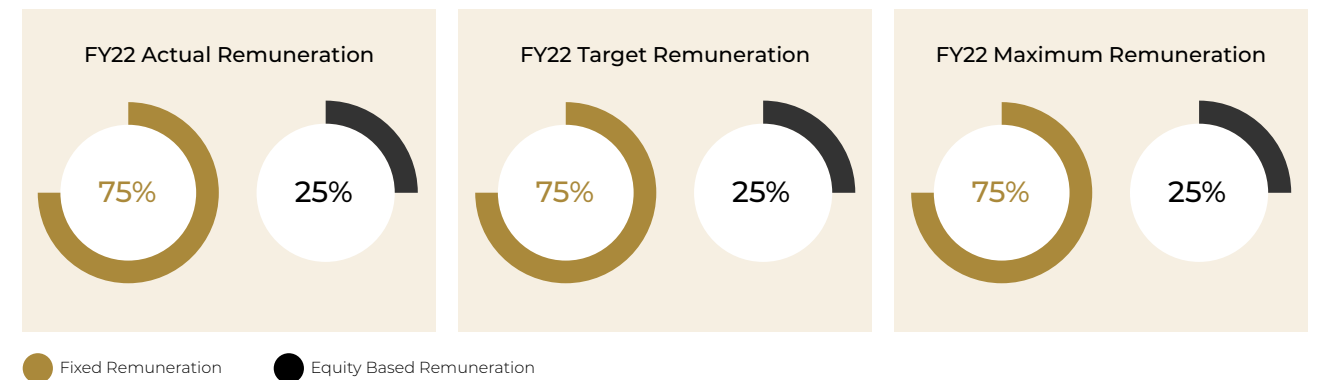
Mr Ahearne's base salary remuneration ratio to the median annualised employee base salary is 26.

Employment Agreement

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

Mr Ahearne's employment agreement may be terminated by:

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



Employee Remuneration

The numbers of employees or former employees of the company and its subsidiaries, not being directors of the company, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of \$100,000 and was paid to those employees during the financial year ended 30 June 2022, are listed in the table opposite.

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

- (a) salary;
- (b) short term cash bonuses;
- (c) health insurance premiums and other health benefits;
- (d) the value of shares expected to vest under the 2021 SkyCity Performance Incentive Plan;
- (e) the value of share rights expensed during the year (including PAYE and PAYG on vested share rights, but excluding accrued PAYE and PAYG on unvested share rights under the SkyCity Senior Executive Long Term Incentive Plan and the 2018 SkyCity Executive Long Term Incentive Plan);
- (f) the value of commencement shares expensed during the year;
- (g) sign-on cash payments; and
- (h) settlement payments and payments in lieu of notice with respect to certain employees upon their departure from the company.

REMUNERATION	NUMBER OF EMPLOYEES
\$100,000–\$109,999	95
\$110,000–\$119,999	50
\$120,000–\$129,999	39
\$130,000–\$139,999	38
\$140,000–\$149,999	28
\$150,000–\$159,999	21
\$160,000–\$169,999	18
\$170,000–\$179,999	12
\$180,000–\$189,999	12
\$190,000–\$199,999	9
\$200,000–\$209,999	7
\$210,000–\$219,999	7
\$220,000–\$229,999	6
\$230,000–\$239,999	6
\$240,000–\$249,999	9
\$250,000–\$259,999	5
\$260,000–\$269,999	2
\$270,000–\$279,999	4
\$280,000–\$289,999	3
\$290,000–\$299,999	1
\$300,000–\$309,999	2
\$320,000–\$329,999	1
\$330,000–\$339,999	2
\$340,000–\$349,999	1
\$350,000–\$359,999	2
\$380,000–\$389,999	1
\$390,000–\$399,999	1
\$400,000–\$409,999	1
\$420,000–\$429,999	2
\$430,000–\$439,999	2
\$580,000–\$589,999	1
\$600,000–\$609,999	2
\$640,000–\$649,999	1
\$690,000–\$699,999	1
\$700,000–\$709,999	2
\$710,000–\$719,999	1
\$730,000–\$739,999	1
\$740,000–\$749,999	1
\$800,000–\$809,999	2
\$910,000–\$919,999	1
\$1,100,000–\$1,109,999	1
\$3,180,000–\$3,189,999	1
TOTAL	402

Twenty Largest Registered Shareholders as at 1 August 2022

	NUMBER OF SHARES	% OF SHARES
HSBC Custody Nominees (Australia) Limited	100,576,625	13.23
JP Morgan Nominees Australia Limited	93,958,534	12.36
Citicorp Nominees Pty Limited	80,816,088	10.63
Citibank Nominees (New Zealand) Limited – NZCSD	44,473,103	5.85
Accident Compensation Corporation – NZCSD	39,847,524	5.24
HSBC Nominees (New Zealand) Limited – NZCSD	36,314,843	4.78
HSBC Nominees (New Zealand) Limited A/C State Street – NZCSD	35,063,458	4.61
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct – NZCSD	23,788,297	3.13
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited – NZCSD	23,024,420	3.03
ANZ Custodial Services New Zealand Limited – NZCSD	13,751,275	1.81
New Zealand Depository Nominee Limited	13,502,931	1.78
BNP Paribas Noms Pty Ltd	13,295,651	1.75
BNP Paribas Nominees (Nz) Limited – NZCSD	11,842,008	1.56
BNP Paribas Nominees (Nz) Limited – NZCSD	11,647,880	1.53
ANZ Wholesale Australasian Share Fund – NZCSD	10,440,026	1.37
Forsyth Barr Custodians Limited	8,784,938	1.16
Citicorp Nominees Pty Limited	8,633,201	1.14
National Nominees Limited	8,109,385	1.07
Masfen Securities Limited	5,750,986	0.76
Netwealth Investments Limited	4,613,746	0.61
Total	588,234,919	77.40

Total ordinary shares on issue as at 1 August 2022 were 760,205,209 of which 2,697,338 were held in aggregate by the Public Trust on behalf of eligible and future participants pursuant to the 2018 SkyCity Executive Long Term Incentive Plan.

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

No shares were held by the company directly as treasury stock.

Distribution of Ordinary Shares and Registered Shareholdings as at 1 August 2022

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% OF TOTAL ORDINARY SHARES IN THE COMPANY
1–1,000	4,579	1,733,001	0.23
1,001–5,000	6,107	16,683,167	2.19
5,001–10,000	2,472	17,768,515	2.34
10,001–100,000	2,549	63,127,537	8.30
> 100,000	157	660,892,989	86.94
Total	15,864	760,205,209	100

As at 1 August 2022, there were 1,788 shareholders (with a total of 139,610 shares) holding less than a marketable parcel of shares under the ASX Listing Rules, based on the closing share price of A\$2.49.

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

Substantial Security Holders

The following persons had given notice as at 30 June 2022, in accordance with subpart 5 of Part 5 of the New Zealand Financial Markets Conduct Act 2013, that they were substantial security holders in the company and held a relevant interest in the number of ordinary shares shown below.

	DATE OF SUBSTANTIAL SECURITY NOTICE	RELEVANT INTEREST IN NUMBER OF SHARES	% OF SHARES HELD AT DATE OF NOTICE
Investors Mutual Limited	7/06/2022	38,436,546	5.06%
Allan Gray Group	6/06/2022	39,397,214	5.206%
Accident Compensation Corporation	1/06/2022	38,135,129	5.016%
AustralianSuper Pty Ltd	10/05/2022	55,229,888	7.27%
Commonwealth Bank of Australia	2/12/2021	46,598,778	6.130%
Sumitomo Mitsui Trust Holdings, Inc.	23/08/2021	70,963,067	9.33%
Yarra Management Nominees Pty Ltd and TA Universal Investment Holdings Ltd	14/04/2021	65,593,783	8.6284%

Substantial security holder notices received since 30 June 2022 can be viewed at www.nzx.com/companies/SKC/announcements. The total number of listed voting securities of SkyCity Entertainment Group Limited as at 30 June 2022 was 760,205,209.

Bonds

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

Twenty Largest Registered Bondholders as at 1 August 2022

	NUMBER OF BONDS	% OF BONDS
Forsyth Barr Custodians Limited	45,104,000	25.78
Custodial Services Limited	32,916,000	18.81
FNZ Custodians Limited	23,494,000	13.43
Hobson Wealth Custodian Limited	13,490,000	7.71
BNP Paribas Nominees (NZ) Limited – NZCSD	9,100,000	5.20
HSBC Nominees (New Zealand) Limited – NZCSD	5,776,000	3.30
National Nominees Limited – NZCSD	5,125,000	2.93
Investment Custodial Services Limited	4,893,000	2.80
Forsyth Barr Custodians Limited	2,935,000	1.68
JBWere (NZ) Nominees Limited	2,527,000	1.44
FNZ Custodians Limited	2,234,000	1.28
Westpac Banking Corporate NZ Financial Markets Group – NZCSD	1,234,000	0.71
FNZ Custodians Limited	981,000	0.56
Forsyth Barr Custodians Limited	980,000	0.56
Woolf Fisher Trust Incorporated	815,000	0.47
Falstaff Investments Limited	770,000	0.44
Hobson Wealth Custodian Limited	610,000	0.35
Tea Custodians Limited Client Property Trust Account – NZCSD	610,000	0.35
BNP Paribas Nominees (NZ) Limited – NZCSD	600,000	0.34
Queen Street Nominees ACF Hobson Wealth – NZCSD	600,000	0.34
Total	154,794,000	88.48

Distribution of Bonds and Registered Holdings as at 1 August 2022

	NUMBER OF BONDHOLDERS	NUMBER OF BONDS	% OF TOTAL BONDS ISSUED
1,000–5,000	32	160,000	0.09
5,001–10,000	123	1,183,000	0.68
10,001–100,000	405	12,788,000	7.31
> 100,000	50	160,869,000	91.92
Total	610	175,000,000	100

Directors' Disclosures

Disclosure of Directors' Interests

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

The following are particulars included in the company's Interests Register as at 30 June 2022 (notices given by directors during the financial year ended 30 June 2022 are marked with an asterisk):

JULIAN COOK (CHAIR)		SILVANA SCHENONE	
Motutapu Investments Limited	Director	MinterEllisonRuddWatts	Partner
WEL Networks Limited	Director*	Jarden Management Limited	Managing Director & Co-Head of Investment Banking NZ* ⁽¹⁾
Winton Land Limited	Director*		
		New Zealand Takeovers Panel	Member
		OnBeingBold Limited	Director
		Sequin Family Trust	Independent Trustee
SUE SUCKLING		CHAD BARTON	
5th Element Limited	Chair	Casheaw Pty Limited	Chair and Shareholder
Boulcott Hospital	Chair*	Nuix Holding Pty Limited	Director*
Eat My Lunch Limited	Chair	Nuix Ireland Limited	Director*
Insurance & Financial Services Ombudsman Scheme Commission	Chair	Nuix Limited	Chief Operating Officer and Chief Financial Officer*
Jacobsen Holdings Limited	Chair		
Jade Software Corporation Limited	Chair	Nuix North America Inc	Director*
NZ Healthcare Investments Limited	Director*	Nuix Philippines ROHQ (Branch of Nuix Holding Pty Limited)	Director*
Rubix Limited	Chair	Nuix Pte. Ltd	Director*
Sue Suckling Holdings Limited	Managing Director	Nuix SaleCo Limited	Director*
Taska Prosthetics Limited	Chair	Nuix Technology UK Limited	Director*
		Nuix USG Inc	Director*
JENNIFER OWEN			
Aspire Child Care (Mascot) Pty Ltd	Director		
Owen Gaming Research	Principal		

(1) In May 2022, Silvana Schenone was appointed Managing Director and Co-Head of Investment Banking New Zealand and will take up this new role in October 2022.

The following details included in the Interests Register as at 30 June 2021, or entered during the financial year ended 30 June 2022, have been removed during the financial year ended 30 June 2022:

- Chad Barton is no longer a director of Neurological Research Australia (NeuRA) or an external adviser of Bain & Company

Directors’ and Senior Managers’ Indemnities

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

Disclosure of Directors’ Interests in Securities Transactions

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in SkyCity securities during the period to 30 June 2022:

DIRECTOR	NATURE OF RELEVANT INTEREST	NATURE OF SECURITY	DATE OF TRANSACTION DURING PERIOD	CONSIDERATION (PER SECURITY)	ACQUIRED/ (DISPOSED)
Silvana Schenone	Beneficially owned	Shares	19/10/2021	\$3.1610	31,745
Chad Barton	Beneficially owned ⁽¹⁾	Shares	24/02/2022	A\$2.735 (average)	60,000
Rob Campbell ⁽²⁾	Beneficially owned ⁽³⁾	Shares	26/08/2021	\$3.3233	9,064

(1) Shares held by the trustee of the Casheaw Super Fund.
(2) Rob Campbell resigned as a director effective from 31 December 2021.
(3) Shares held by FNZ Custodians Limited on behalf of Tutaneikai Investments Limited.

Details of the directors' relevant interests in SkyCity securities as at 30 June 2022 are outlined on page 99 of this annual report.

Company Disclosures

Stock Exchange Listings

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

SkyCity Entertainment Group Limited has been designated as ‘Non-Standard’ by the NZX due to the nature of the company’s constitution. In particular, the constitution places restrictions on the transfer of shares in the company in certain circumstances and provides that votes and other rights attached to shares may be disregarded and shares may be sold if these restrictions are breached, as more particularly described on page 111 of this annual report.

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

SkyCity Entertainment Group Limited

The following persons held office as directors of SkyCity Entertainment Group Limited as at 30 June 2022:

DIRECTORS	APPOINTMENT TO OFFICE
Julian Cook (Chair)	8 June 2021
Sue Suckling	9 May 2011
Jennifer Owen	5 December 2016
Silvana Schenone	8 June 2021
Chad Barton	8 June 2021

Murray Jordan ceased to hold office as a director of SkyCity Entertainment Group Limited effective from 30 September 2021 and Rob Campbell ceased to hold office as a director of SkyCity Entertainment Group Limited effective from 31 December 2021.

On 20 June 2022, the SkyCity Board announced its intention to appoint Kate Hughes and Glenn Davis as non-executive directors to the SkyCity Board, subject to obtaining the requisite approvals from the regulatory authorities in each of the gaming jurisdictions in which SkyCity operates. As at the date of this annual report, those regulatory approvals remain pending.

Subsidiary Companies

The following persons held office as directors of subsidiaries of SkyCity Entertainment Group Limited as at 30 June 2022:

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

OVERSEAS SUBSIDIARIES	
Directors	Michael Ahearne, Jo Wong
Companies	Horizon Tourism Limited SkyCity Investment Holdings Limited
Directors	Michael Ahearne, Jo Wong, David Christian
Companies	SkyCity Adelaide Pty Limited SkyCity Australia Finance Pty Limited SkyCity Australia Pty Limited SkyCity Treasury Australia Pty Limited
Directors	Steve Salmon, Joe Borg
Company	SkyCity Malta Limited
Directors	Steve Salmon, WH Management Limited
Company	SkyCity Malta Holdings Limited
Directors	Steve Salmon, Michael Ahearne
Company	SkyCity Management (UK) Limited

For the financial year ended 30 June 2022, SkyCity paid director’s fees of:

- €12,000 (plus VAT) to WH Partners for professional services provided by Joe Borg in relation to his directorship of SkyCity Malta Limited; and
- €6,000 (plus VAT) to WH Management Limited for professional services provided in relation to its directorship of SkyCity Malta Holdings Limited.

No director’s fees were paid to, or received by, any other director of a subsidiary company during the financial year ended 30 June 2022.

Waivers from the New Zealand and Australian Stock Exchanges

The following waivers from the NZX and ASX Listing Rules were either granted and published by NZX or ASX (as the case may be) within, or relied upon by the company during, the 12-month period preceding the balance date:

- on 17 September 2019, NZX granted SkyCity a waiver from NZX Listing Rule 8.1.5 (which provides that no benefit or right attaching to a quoted financial product may be cancelled or varied by reason only of a transfer of that quoted financial product) to the extent that that rule would otherwise prevent SkyCity from suspending voting rights or requiring a transfer of shares in accordance with the provisions set out in the company’s constitution. Further details of those provisions are set out below. The waiver was granted following the introduction of new NZX Listing Rules on 1 January 2019 and effectively re-documents prior decisions of NZX Regulation in respect of the same matters.

All other waivers granted prior to the 12-month period preceding the balance date had ceased to have effect or were not relied upon during the period.

Voting Rights Attached to Securities

Each share gives the holder a right to attend and vote at a meeting of shareholders. Holders have the right to cast one vote per share on a poll of any resolution put to the shareholders.

There are no voting rights attached to SkyCity’s debt securities although bondholders are welcome to attend the annual meeting of shareholders.

Limitations on Acquisitions of Ordinary Shares

The company’s constitution contains various provisions which are included to take into account the application of the:

- Gambling Act 2003 (New Zealand);
 - Casino Act 1997 (South Australia); and
 - legislation providing for the establishment, operation and regulation of casinos in any other jurisdiction in which SkyCity or any of its subsidiaries may hold a casino licence.
- SkyCity needs to ensure when it participates in gaming activities that:
- it has the power under its constitution to take such action as may be necessary to ensure that its suitability to do so in a particular jurisdiction is not affected by the identity or actions (including share dealings) of a shareholder; and
 - there are appropriate protections to ensure that persons do not gain positions of significant influence or control over SkyCity or its business activities without obtaining any necessary statutory or regulatory approvals in those jurisdictions.

Accordingly, the constitution contains the following provisions restricting the acquisition of shares in the company to achieve this.

Clause 11.12 of the constitution provides that if a transfer of shares results in the transferee, and the persons associated with that transferee:

- holding more than 5% of the shares in SkyCity; or
- increasing their combined holding further beyond 5% if:
 - they already hold more than 5% of the shares in SkyCity; and
 - the transferee has not been approved by the relevant regulatory authority as an associated casino person of any casino licence holder,

then the votes attaching to all shares held by the transferee and the persons associated with that transferee are suspended unless and until either:

- each regulatory authority advises that approval is not needed; or
- any regulatory authority which determines that its approval is required approves the transferee, together with the persons associated with that transferee, as an associated casino person of any applicable casino licence holder; or
- the Board of the company is satisfied that registration of the proposed transfer will not prejudice any casino licence; or
- the transferee and the persons associated with that transferee dispose of such number of SkyCity shares as will result in their combined holding falling below 5% or, if the regulatory authorities approve in respect of the transferee and the persons associated with that transferee a higher percentage, the lowest such percentage approved by the regulatory authorities.

If a regulatory authority does not grant its approval to the proposed transfer, SkyCity may sell such number of the shares held by the transferee and by any persons associated with that transferee, as may be necessary to reduce their combined shareholding to a level that will not result in the transferee and the persons associated with that transferee being an associated person of that casino licence holder.

The power of sale can only be exercised if SkyCity has given one month’s notice to the transferee of its intention to exercise that power and the transferee has not, during that one-month period, transferred the requisite number of shares in SkyCity to a person who is not associated with the transferees.

During the financial year ended 30 June 2022, the Board considered all such transfers and was satisfied in each case that the registration of the relevant transfer would not prejudice any casino licence.

Donations

Donations of \$3,308.35 were made by the company during the financial year ended 30 June 2022 (\$15,924.50 during the financial year ended 30 June 2021).

Other Legislation and Requirements

General limitations on the acquisition of securities imposed by the jurisdiction in which SkyCity is incorporated (ie. New Zealand law) are outlined in the following paragraphs.

Other than the provisions included in the company's constitution, the only significant restrictions or limitations in relation to the acquisition of securities are those imposed by New Zealand laws relating to takeover, overseas investment and competition.

The New Zealand Takeovers Code creates a general rule under which the acquisition of more than 20% of the voting rights in SkyCity, or the increase of an existing holding of 20% or more of the voting rights in SkyCity, can only occur in certain permitted ways. These include a full takeover offer in accordance with the Takeovers Code, a partial takeover offer in accordance with the Takeovers Code, an acquisition approved by an ordinary resolution, an allotment approved by an ordinary resolution, a creeping acquisition (in certain circumstances), or compulsory acquisition if a shareholder holds 90% or more of the shares in the company.

The New Zealand Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 regulate certain investments in New Zealand by overseas persons. In general terms, the consent of the New Zealand Overseas Investment Office is likely to be required when an 'overseas person' acquires shares or an interest in shares in SkyCity Entertainment Group Limited that amount to 25% or more of the shares issued by the company or, if the overseas person already holds 25% or more, the acquisition increases that holding.

The New Zealand Commerce Act 1986 is likely to prevent a person from acquiring shares in SkyCity if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

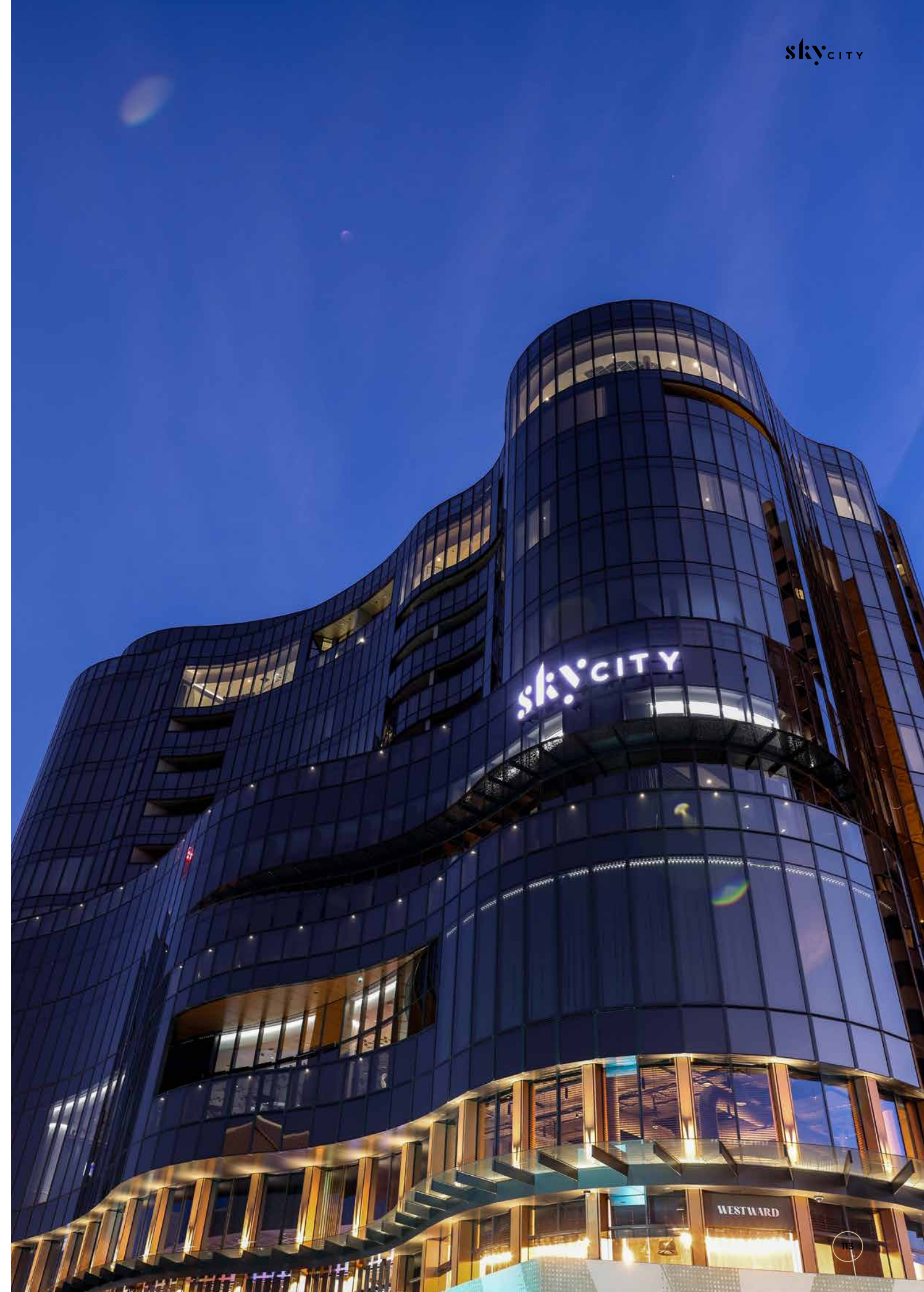
Escrow and Buy Back Arrangements

SkyCity Entertainment Group Limited has no securities subject to an escrow arrangement.

From time to time, the Public Trust acquires shares in the company on-market for the purposes of the company's long term incentive employee plans as detailed in the remuneration report on pages 103–104 of this annual report. In addition, SkyCity (or a nominee or agent of SkyCity) may, from time to time, acquire existing shares in the company to satisfy its obligations to participating shareholders under the company's Dividend Reinvestment Plan established in February 2011.

Credit Rating

As at the date of this annual report, SkyCity Entertainment Group Limited has a BBB– rating (stable outlook) from S&P Global Ratings.



FINANCIAL

Statements and Notes

FOR THE YEAR ENDED 30 JUNE 2022

These financial statements were signed on 24 August 2022 on behalf of the Board of directors of SkyCity Entertainment Group Limited by:



Julian Cook
Chair of the SkyCity Board



Jennifer Owen
Chair of the Audit and Risk Committee



Independent auditor's report

To the shareholders of SkyCity Entertainment Group Limited

Our opinion

In our opinion, the accompanying financial statements of SkyCity Entertainment Group Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the balance sheet as at 30 June 2022;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, provision of market survey data relating to executive remuneration benchmarking, other assurance services in relation to compliance with banking and debt covenants and agreed-upon-procedure services in relation to the allocation of Community Trust Revenue, compliance with banking and debt covenants, the reconciliation of normalised results to reported results, scrutineering of the vote count at the Annual General Meeting and the verification of share-based payment calculations. The provision of these other services have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Description of the key audit matter	How our audit addressed the key audit matter
<p>Accounting for the NZICC fire</p> <p>As disclosed in note 5 of the financial statements, the extent of damage pertaining to the New Zealand International Convention Centre (NZICC) and adjacent Hobson Street Hotel (HSH) as a result of the fire, has been re-estimated by an independent external expert engaged by the Group, Rider Levett Bucknall Auckland Limited (RLB).</p> <p>Expert investigation in respect of the damage sustained remains ongoing and as a result, the estimates are sensitive and continue to be based on incomplete information. During the year, the estimate for the extent of damage has been reduced and \$34.3 million of previously derecognised capitalised work in progress has been recapitalised, offset by the re-recognition of deferred licence value liability of \$12.6 million.</p> <p>The related insurance recovery receivable and income estimate has been informed by the early estimates the Group received from RLB on the possible reconstruction costs, current estimates provided by Fletcher Construction Company Limited (the Contractor), the total indemnity limits, sub-limits, terms and conditions of the Contract Works Insurance policy (the insurance policy), feedback from the insurers and their representatives to date, and advice from the Group's legal and insurance advisors as to the likely insurance policy response.</p> <p>As at 30 June 2022, the total insurance income recognised since the date of the fire of \$595.2 million represents what the Group has determined to be virtually certain under the insurance policy. Due to uncertainty in relation to the response by the insurers to future claims, the recovery of future insurance income over and above this amount is not considered to be virtually certain. This position and the interpretation of the insurance policy has been supported by legal and expert insurance advice received by the Group.</p> <p>The most significant assumptions, and associated risk to the estimates provided, relate to the extent of damage to the NZICC, the percentage of contingency included in the estimates, the timeline for remediation, insurer responses and the apportionment of costs between capitalisation and expenditure. Any changes to these and other assumptions can significantly impact the amounts recorded.</p>	<p>We have obtained management's workings on the estimates of damage and insurance recoveries and assessed the Group's estimates and related judgements by performing the following procedures:</p> <ul style="list-style-type: none"> Assessing the facts and circumstances, assumptions and methodology underpinning the key estimates that were used by management in the calculation of the estimates of damage and insurance recoveries with reference to supporting documentation and through meetings with management and their experts; Considering legal and expert insurance advice on the interpretation of the insurance policy in respect of the total indemnity limits, sub-limits and likelihood of recovery of any further cost escalation; Discussed the uncertainties and complexities in relation to the insurance policy with management's external legal advisor; and Challenged management on the judgements applied in relation to the virtual certainty assessment for insurance recoveries. <p>Additionally, we have:</p> <ul style="list-style-type: none"> Assessed the professional competence, independence and objectivity of the Group's damage estimate expert; Checked the mathematical accuracy of the underlying calculations of the fire related adjustments; Assessed the recoverability of the insurance recoveries recognised giving consideration to the credit risk of the respective insurers; Substantively tested a sample of other recoveries back to supporting documentation to validate the amounts recorded during the year; and Considered the adequacy of the associated disclosures in the financial statements.

Description of the key audit matter	How our audit addressed the key audit matter
<p>There is significant estimation uncertainty inherent in the balances recorded on the balance sheet and the amounts recognised in the income statement pertaining to the accounting implications of the fire. It is possible that the actual financial impacts of the fire will differ from those recorded and those differences may be material. We have therefore considered this to be an area of focus for our audit.</p> <p>Impairment considerations in respect of goodwill and other intangible assets</p> <p>At 30 June 2022, the carrying amount of goodwill and casino licences totalled \$582.7 million (30 June 2021: \$585.4 million). Refer to note 23 of the financial statements.</p> <p>Accounting standards require an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. There is also a requirement to perform an impairment assessment of goodwill and other indefinite life intangible assets at least annually. Due to the significance of the judgement involved, we considered this to be an area of focus for our audit.</p> <p>The Group performed an impairment assessment for the Auckland and Hamilton cash generating units (CGUs), both of which include indefinite life intangible assets. An assessment of the value in use using discounted cash flow forecast (DCF) models was prepared for both of these CGUs. The Group concluded that the recoverable amount exceeds the carrying amount and no impairment has been recorded.</p> <p>An impairment assessment was also prepared in relation to the Adelaide CGU which includes a finite life intangible asset, the Adelaide casino licence. In FY20, the Group recorded an impairment charge of \$160.6 million against the Adelaide casino licence.</p> <p>The Group engaged a valuation expert to perform an independent valuation of the Adelaide CGU which was prepared using a DCF model under the fair value less costs of disposal (FVLCD) method.</p> <p>Impairment testing is a key focus of our audit due to the materiality of the balances and the significant level of management estimation and judgement in determining the key assumptions used in the impairment assessments. The most significant of these are disclosed in note 23.</p>	<p>For the Auckland and Hamilton CGUs, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Understood the process undertaken by management to prepare the forecast cash flows; Compared the forecast cash flows used for FY23 to the Board approved business plan; Considered and challenged key assumptions, in particular those underpinning the earnings before interest, tax, depreciation and amortisation (EBITDA) margin and the ongoing impacts of COVID-19; Engaged our auditor's valuation expert to assess management's valuation conclusions and key assumptions, including the pre tax discount rates and terminal growth rates; and Compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts. <p>For the Adelaide CGU, we performed the following audit procedures:</p> <ul style="list-style-type: none"> Understood the process undertaken by management to prepare the forecast cash flows; Compared the forecast cash flows used for FY23 to the Board approved business plan; Considered the adoption by the Board of the five year forecast included in management's expert's valuation; Compared historical performance against budget, investigated material differences and considered the impact on future cash flow forecasts; Considered and challenged key assumptions, including: the ongoing impacts of COVID-19; international business strategy; and the key drivers of EBITDA growth and overall business performance, with reference to external evidence where possible;



Description of the key audit matter	How our audit addressed the key audit matter
<p>In relation to Adelaide, the impairment review and independent valuation concluded on a valuation of the CGU being within a reasonable range, the mid point of which implies a potential impairment reversal of \$3.2 million at 30 June 2022 (with the low end of the range resulting in an additional impairment of \$19.3 million and the high end a reversal of impairment of \$28.4 million).</p> <p>However, given the uncertainties associated with forecasting in a COVID-19 environment, and acknowledging the sensitivities of the valuation to small changes in assumptions as disclosed in note 23, management determined that the resulting valuation range did not warrant a reversal of the impairment previously recognised, nor any additional impairment.</p>	<ul style="list-style-type: none"> Considered the potential impact of the ongoing Australian Transaction Reports and Analysis Centre (AUSTRAC) investigation and subsequently announced Consumer and Business Services (CBS) investigation; Engaged our auditor's valuation expert to: <ul style="list-style-type: none"> Assess and challenge key assumptions, including the discount and terminal growth rates; Assess the reasonableness of the 2% cost of disposal assumption applied under the fair value less costs of disposal (FVLCOB) method; and; Evaluate the valuation conclusions and cross checks performed by management's valuation expert with reference to external market evidence. In conjunction with our auditor's valuation expert, we also met with management's valuation expert to understand and challenge the valuation approach and key assumptions, including the ongoing impact of COVID-19, in particular the impact on international business; Considered the key drivers for movements in both the independent valuation of the CGU and the carrying value of the CGU from the prior year. Assessed whether the valuation conclusion supports both no impairment reversal and no further impairment, noting consistent with the prior year that there remains significant uncertainty in forecasting in a COVID-19 environment; and Considered and challenged the extent of disclosure provided in note 23 of the financial statements, with particular emphasis on the valuation sensitivities.
<p>Capital structure and liquidity</p> <p>As at 30 June 2022, the Group's net debt was \$601.8 million (30 June 2021: \$557.9 million). The Group's borrowings are comprised of syndicated banking facilities, United States Private Placement (USPP) notes, and a retail bond. Subsequent to the reporting date but prior to the date of the financial statements, the Group has extended the maturity date of syndicated bank facilities amounting to \$160.0 million. Further details have been disclosed in notes 11, 12, 13 and 39 of the financial statements.</p>	<p>We considered the Group's assessment of their ability to continue as a going concern and our procedures included the following:</p> <ul style="list-style-type: none"> Reviewed agreements between the Group and their funding providers to obtain an understanding of the revised covenant terms; Assessed and challenged management's forecasted cash flows and associated assumptions, placing particular emphasis on management's assessment of the potential outcomes for the contingent liabilities disclosed in note 36, with reference to supporting documentation and/or expert advice received by management;

Description of the key audit matter	How our audit addressed the key audit matter
<p>As noted in note 1 of the financial statements, the Group's performance has been significantly impacted in the current year due to COVID-19 restrictions. The Group obtained covenant waivers for the 31 December 2021 testing period and also obtained covenant waivers and amended covenant terms for the 30 June 2022 testing period. The Group is currently compliant with all debt covenants as at 30 June 2022.</p> <p>There remain significant uncertainties in relation to future events and operating conditions of the Group which may impact funding liquidity and the going concern assumption. To address these uncertainties, management has prepared forecasts that consider a range of possible scenarios including consideration of the contingent liabilities disclosed in note 36. These scenarios have been informed by recent trading performance and assumes no further COVID-19 lockdowns at any sites nor a move to the red traffic light setting under the COVID-19 Protection Framework in New Zealand.</p> <p>Because of the significance of the judgements involved in the assumptions, we have considered this to be an area of focus for the audit.</p> <p>As a result of management's forecasted cash flows and scenario/sensitivity analysis, the Group has concluded that it continues to have access to a sufficient level of liquidity to sustain the business and remain compliant with its financial obligations. The Directors have therefore concluded that there are no material uncertainties related to the Group being a going concern.</p>	<ul style="list-style-type: none"> Tested the mathematical accuracy of management's forecasted covenant calculations for the 31 December 2022 and 30 June 2023 testing periods; Performed a range of sensitivities on the forecasts and considered possible alternative scenarios, including a scenario incorporating a reduction in forecasted EBITDA as a result of further COVID-19 restrictions; and Considered the appropriateness of the Group's disclosures.
<p>Contingent liabilities relating to regulatory matters</p> <p>The Group operates in a highly regulated environment. The SkyCity Adelaide casino is currently the subject of an enforcement investigation by the Australian Transaction Reports and Analysis Centre (AUSTRAC) into potential serious breaches of the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the Act).</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> Held meetings with management, including in-house legal counsel, to obtain the most recent facts and circumstances in relation to ongoing regulatory matters; Assessed our obligations under auditing and ethical standards and relevant legislation to determine whether the matters are required to be reported to third parties; Read meeting minutes from relevant committees to identify and consider information relating to regulatory matters; Discussed the matters with external legal counsel, where applicable, to corroborate the information provided by management;



Description of the key audit matter	How our audit addressed the key audit matter
<p>The investigation remains ongoing, and AUSTRAC are yet to clarify the nature and extent of any potential breaches of the Act. There remains a high degree of uncertainty in relation to the outcome of the investigation. As such, the Group has deemed that there is insufficient information available to assess the likelihood of AUSTRAC taking enforcement action; or the magnitude of any potential financial penalties that may be imposed. The Group has disclosed the AUSTRAC investigation as a contingent liability in note 36 of the financial statements.</p> <p>In addition, on 1 July 2022, Consumer and Business Services South Australia (CBS) advised that they would be conducting an investigation under the Casino Act 1997 into SkyCity Adelaide's suitability to hold a casino licence in South Australia. In accordance with statements from CBS, it is the Group's view that this is in response to perceived industry-wide issues within the Australian casino sector. SkyCity has not to date been advised by CBS of any specific misconduct by SkyCity Adelaide. The investigation remains ongoing and is due to be completed by February 2023.</p> <p>Given the ongoing investigations by regulators in Australia, and the general nature of casino operations across both New Zealand and Australia, there remains a high degree of risk in respect of legal and regulatory compliance. Contingent liabilities in relation to legal and regulatory matters are therefore considered to be a key audit matter.</p> <p>Given the significance of the matters outlined above, their subjective nature and the associated uncertainties, any related assumptions have the potential to be subject to bias, error or inconsistent application by management. This was therefore considered to be an area of focus for our audit.</p>	<ul style="list-style-type: none"> Read correspondence between the Group and the applicable regulatory bodies; Evaluated the Group's assessment of whether a present obligation exists arising from past events, against the criteria in NZ IAS 37 <i>Provisions, contingent liabilities and contingent assets</i>; and Assessed the appropriateness of the associated disclosures in the financial statements.



Our audit approach

Overview



Overall group materiality: \$5.6 million, which approximately represents 5% of weighted-average profit before tax from continuing operations over the past five years, excluding the net gain on the Auckland car park concession transaction, NZICC fire related income, NZICC fire related expenses and income from liquidated damages, recorded in either or both the current and prior years.

We chose profit before tax from continuing operations, which is a generally accepted benchmark, because in our view, it is the benchmark against which the performance of the Group is most commonly measured by users.

We chose to use a weighted average of the last five years and to adjust it as described above because, in our view, it provides a more stable measure of the Group's performance.

We selected transactions and balances to audit based on the overall group materiality to SkyCity Entertainment Group rather than determining the scope of procedures to perform by auditing only specific subsidiaries or entities.

As reported above, we have four key audit matters, being:

- Accounting for the NZICC fire
- Impairment considerations in respect of goodwill and other intangible assets
- Capital structure and liquidity
- Contingent liabilities relating to regulatory matters.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.



How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

Chartered Accountants
24 August 2022

Auckland

Income Statement

For the year ended 30 June 2022

	NOTES	2022	RESTATED* 2021
		\$'000	\$'000
Revenue	3	553,543	713,216
Other income	4	32,969	67,936
NZICC fire related income	5(a)	52,483	170,727
NZICC fire related expenses	5(b)	(88,849)	(141,845)
Employee benefits expense		(254,778)	(269,126)
Asset impairment	6	(7,293)	(8,834)
Other expenses	6	(92,550)	(112,330)
Directors' fees		(1,070)	(962)
Gaming taxes and levies		(37,438)	(41,146)
Direct consumables		(34,143)	(44,042)
Marketing and communications		(15,440)	(18,701)
Community contributions, sponsorships and donations		(5,098)	(8,350)
Fair value (losses)/gains on investment properties	14	(5,400)	7,386
Earnings Before Interest, Tax, Depreciation and Amortisation Expenses (EBITDA)		96,936	313,929
Depreciation and amortisation	6	(88,692)	(86,556)
Depreciation on right-of-use assets	9	(5,968)	(1,894)
Earnings Before Interest and Tax (EBIT)		2,276	225,479
Net finance costs	10	(35,044)	(32,455)
(Loss)/Profit Before Income Tax		(32,768)	193,024
Income tax expense	17	(827)	(37,191)
(Loss)/Profit for the Year Attributable to Shareholders of the Company		(33,595)	155,833
Earnings per share for Profit Attributable to the Shareholders of the Company		CENTS	CENTS
Basic and diluted (loss)/earnings per share	7	(4.4)	20.6

*Refer to note 23 for details on prior period restatement.

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

Statement of Comprehensive Income

For the year ended 30 June 2022

	NOTES	2022	RESTATED* 2021
		\$'000	\$'000
(Loss)/Profit for the Year		(33,595)	155,833
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Asset Revaluation Reserve			
Asset revaluation reserve – revaluation on transfer to investment property	30	–	8,755
Asset revaluation reserve – income tax		–	(1,921)
		–	6,834
Items that may be subsequently reclassified to profit or loss			
Foreign Currency Translation Reserve			
Exchange differences on translation of overseas subsidiaries	30	10,681	(4,676)
Cash Flow Hedge Reserve	30		
Cash flow hedges – revaluations		13,777	(24,859)
Cash flow hedges – transfer to finance costs		(3,369)	35,790
Cash flow hedges – income tax		(2,914)	(3,076)
Cost of Hedging Reserve	30		
Cost of hedging reserve – costs incurred/revaluations		37	(6)
Cost of hedging reserve – transfer to finance costs		462	463
Cost of hedging reserve – income tax		(140)	(128)
		18,534	3,508
Other Comprehensive Income for the Year, Net of Tax		18,534	10,342
Total Comprehensive Income for the Year		(15,061)	166,175

*Refer to note 23 for details on prior period restatement.

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

Balance Sheet

As at 30 June 2022

	NOTES	2022	RESTATED* 2021	RESTATED* 1 JULY 2020
		\$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	26	48,698	49,940	54,224
Receivables and prepayments	25	25,826	33,405	42,252
Inventories		7,528	7,187	6,628
Derivative financial instruments	31	363	156	53,288
Current tax receivables		4,431	–	1,989
NZICC fire recoveries	5(c)	212,475	175,352	49,571
Assets held for sale	27	26,646	13,517	11,019
Total Current Assets		325,967	279,557	218,971
Non-current Assets				
NZICC fire recoveries	5(d)	17,183	233,000	227,000
Deferred tax assets	18	19,372	9,740	6,910
Finance lease receivable		12,737	11,605	10,574
Other non-current assets		2,000	–	–
Derivative financial instruments	31	11,598	4,109	23,100
Investments in associates	24	42,136	–	–
Investment properties	14	119,720	124,368	72,400
Property, plant and equipment	22	1,442,680	1,370,762	1,528,902
Intangible assets	23	623,897	627,065	630,592
Right-of-use assets	9	126,412	126,755	51,967
Total Non-current Assets		2,417,735	2,507,404	2,551,445
Total Assets		2,743,702	2,786,961	2,770,416

*Refer to note 23 for details on prior period restatement.

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

Balance Sheet (continued)

As at 30 June 2022

	NOTES	2022	RESTATED* 2021	RESTATED* 1 JULY 2020
		\$'000	\$'000	\$'000
LIABILITIES				
Current Liabilities				
Payables and provisions	28	187,199	200,165	221,842
Interest bearing liabilities	12	78,000	48,031	302,509
Current tax liabilities		94	16,256	776
Derivative financial instruments	31	12	–	6,113
Lease liabilities	9	3,576	3,014	485
Deferred licence value	15	–	2,088	153,165
Total Current Liabilities		268,881	269,554	684,890
Non-current Liabilities				
Interest bearing liabilities	11	451,372	440,964	282,731
Non-current payables		24,557	20,317	10,569
Lease income in advance	21	29,501	36,310	39,815
Derivative financial instruments	31	–	7,528	24,375
Deferred tax liabilities	19	60,591	51,975	39,903
Lease liabilities	9	117,530	115,793	52,188
Deferred licence value	16	219,996	207,436	214,972
Total Non-current Liabilities		903,547	880,323	664,553
Total Liabilities		1,172,428	1,149,877	1,349,443
Net Assets		1,571,274	1,637,084	1,420,973
EQUITY				
Share capital	29	1,340,556	1,338,223	1,288,287
Reserves	30	(4,445)	(22,979)	(33,321)
Retained earnings		235,163	321,840	166,007
Total Equity		1,571,274	1,637,084	1,420,973

*Refer to note 23 for details on prior period restatement.

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

Statement of Changes in Equity

For the year ended 30 June 2022

	NOTES	SHARE CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL EQUITY
		\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020		1,288,287	(33,321)	179,641	1,434,607
Adjustment on change in accounting policy*		–	–	(13,634)	(13,634)
Restated balance at the beginning of the year*		1,288,287	(33,321)	166,007	1,420,973
Total comprehensive income		–	10,342	155,833	166,175
Equity raising	29	48,737	–	–	48,737
Share rights issued for employee service	29	3,253	–	–	3,253
Net movement in treasury shares	29	(2,054)	–	–	(2,054)
Balance as at 30 June 2021 (restated)*		1,338,223	(22,979)	321,840	1,637,084
Balance as at 1 July 2021 (restated)*		1,338,223	(22,979)	321,840	1,637,084
Total comprehensive income		–	18,534	(33,595)	(15,061)
Dividends paid	8	–	–	(53,082)	(53,082)
Share rights issued for employee service	29	2,292	–	–	2,292
Net movement in treasury shares	29	41	–	–	41
Balance as at 30 June 2022		1,340,556	(4,445)	235,163	1,571,274

*Refer to note 23 for details on prior period restatement.

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

Statement of Cash Flows

For the year ended 30 June 2022

	NOTES	2022	RESTATED* 2021
		\$'000	\$'000
Cash Flows from Operating Activities			
Receipts from customers		554,816	718,898
Payments to suppliers and employees		(414,543)	(401,113)
Government grants		7,476	28,643
Other insurance income		10,749	–
Gaming taxes and levies paid		(41,698)	(46,074)
Income taxes paid		(25,679)	(15,569)
Net Cash Inflow from Operating Activities	38	91,121	284,785
Cash Flows from Investing Activities			
Acquisition of associate	24	(42,136)	–
Capital additions		(100,065)	(171,673)
Purchased intangible assets		(11,411)	(2,399)
Proceeds from disposal of assets held for sale	27	3,250	–
NZICC fire related income		231,177	30,533
NZICC fire related costs		(112,494)	(108,040)
Net Cash Outflow from Investing Activities		(31,679)	(251,579)
Cash Flows from Financing Activities			
Issue of new share capital		–	46,683
Cash flows associated with net derivatives		(2,531)	17,669
Proceeds from borrowings		224,429	208,031
Repayment of borrowings		(194,460)	(267,447)
Movement in treasury shares		41	–
Dividends paid to company shareholders	8	(53,082)	–
Interest paid		(25,735)	(35,857)
Lease interest paid		(6,169)	(2,879)
Repayment of lease liabilities		(3,177)	(3,690)
Net Cash Outflow from Financing Activities		(60,684)	(37,490)
Net Decrease in Cash and Bank Balances	13	(1,242)	(4,284)
Cash and bank balances at the beginning of the year		49,940	54,224
Cash and Bank Balances at the End of the Year	26	48,698	49,940

*Refer to note 23 for details on prior period restatement.

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

CONTENTS

of the Notes to the Financial Statements

1	Summary of Significant Accounting Policies	131
2	Segment Information	134
3	Revenue	135
4	Other Income	136
5	NZICC Fire	137
6	Expenses	140
7	Earnings per Share	142
8	Dividends	142
9	Leases - SkyCity as the Lessee	143
10	Net Finance Costs	144
11	Non-current Liabilities - Interest Bearing Liabilities	144
12	Current Liabilities - Interest Bearing Liabilities	146
13	Net Debt Reconciliation	146
14	Non-current Assets - Investment Properties	146
15	Current Liabilities - Deferred Licence Value	148
16	Non-current Liabilities - Deferred Licence Value	148
17	Income Tax Expense	149
18	Deferred Tax Assets	150
19	Deferred Tax Liabilities	151
20	Imputation and Franking Credits	151
21	Non-current Liabilities - Lease Income in Advance	151
22	Property, Plant and Equipment	152
23	Intangible Assets	154
24	Investments in Associates	160
25	Receivables and Prepayments	160
26	Cash and Cash Equivalents	161
27	Assets Held for Sale	161
28	Payables and Provisions	161
29	Share Capital	162
30	Reserves	162
31	Derivative Financial Instruments	163
32	Financial Risk Management	164
33	Share-Based Payments	167
34	Related Party Transactions	170
35	Subsidiaries	171
36	Contingencies	172
37	Commitments	173
38	Reconciliation of Profit After Income Tax to Net Cash	
	Inflow from Operating Activities	174
39	Events Occurring after the Balance Sheet Date	174

1 Summary of Significant Accounting Policies

SkyCity Entertainment Group Limited (the **Company**) and its subsidiaries (together, **SkyCity** or the **Group**) operate in the gaming, entertainment, hotel, convention, hospitality and tourism sectors. The Group has operations in New Zealand and Australia.

The Company is a limited liability company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is 99 Albert Street, Auckland. The Company is listed on the New Zealand stock exchange and has a foreign exempt listing on the Australian stock exchange (NZX and ASX respectively).

These consolidated financial statements were approved for issue by the Board of Directors (**Board**) on 24 August 2022. The Board does not have the power to amend the financial statements once they have been issued.

For the purposes of complying with generally accepted accounting practice in New Zealand (**GAAP**), the Group is a for-profit entity.

(a) Basis of Preparation

The financial statements of the Group have been prepared in accordance with GAAP. They comply with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**), International Financial Reporting Standards, the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules.

The Group financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Non-GAAP Financial Information

The Group's standard profit measure prepared under GAAP is profit for the year. When discussing financial performance, the Group also uses non-GAAP financial information, which is not prepared in accordance with NZ IFRS and therefore may not be comparable to similar financial information presented by other entities. The Directors and management believe that this non-GAAP financial information provides useful information to readers of the financial statements to assist them in understanding the Group's financial performance and is consistent with the information used internally to evaluate the performance of business units.

Definitions of non-GAAP financial information used in these financial statements are:

- EBITDA: Earnings before interest, tax, depreciation and amortisation; and
- EBIT: Earnings before interest and tax.

Going Concern

For the 12 months to 30 June 2022, the Group incurred a loss of \$33.6 million. This loss arose substantially as a result

of the trading restrictions imposed by the New Zealand and South Australian Governments in response to the ongoing COVID-19 pandemic. Information on those trading restrictions is provided below.

The significant financial impact of these closures and trading restrictions on the Group created the potential for a breach of financial covenants at 30 June 2022. To ensure that such a breach would not occur, the Group obtained a waiver of EBITDA-based covenants (debt gearing ratio and interest cover ratio) measured at 30 June 2022.

SkyCity has prepared forecasts to support its going concern assessment that consider a range of possible scenarios including consideration of the contingent liabilities disclosed in note 36. These scenarios have been informed by recent trading performance and assume there are no further COVID-19 lockdowns at any sites nor a move to the red traffic light setting under the COVID-19 Protection Framework in New Zealand. While there remain uncertainties regarding the near term financial performance of the Group, SkyCity's forecasts indicate that the Group continues to have access to a sufficient level of liquidity to sustain the business, remain compliant with its financial obligations and meet any future challenges that may arise from contingent liabilities.

The Company's directors (**Directors**) have therefore concluded that there are no material uncertainties related to the Group being a going concern and, accordingly, these annual financial statements are prepared on a going concern basis.

Measurement Basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities, as identified in specific accounting policies below and in the notes.

Presentation Currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency. Amounts are rounded to the nearest thousand dollars, unless otherwise stated.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires the use of certain critical accounting estimates and the exercise of judgement regarding the application of accounting policies. The critical estimates and judgements made in the preparation of these financial statements relate to the following:

- goodwill and casino licences that have an indefinite useful life are impairment tested annually, which requires the use of key estimates. Details of the estimates made are provided in note 23;
- the SkyCity Adelaide casino licence, which has a finite useful life, was impaired in a prior period and consequently was tested for impairment in the current period. This impairment testing required the use of key estimates, which are discussed in note 23(c);

- as reported in the Group's 30 June 2020 financial statements, in October 2019 there was a significant fire at the construction site of the New Zealand International Convention Centre (**NZICC**). Accounting for the consequences of the fire has required the exercise of judgement and the use of estimates. Details of the judgements and estimates made are provided in note 5;
- investment properties are carried at fair value. Determining the fair value of properties requires the use of estimates. Details of estimates made are provided in note 14;
- 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. Information on the Group's provisions is provided in note 28 and information on the Group's contingent liabilities is provided in note 36; and
- judgement and estimation is required when determining the amount of deferred tax assets to be recognised. Further information is provided in note 18.

(b) COVID-19 Pandemic

On 11 March 2020, the World Health Organization declared a global pandemic as a result of the outbreak and spread of COVID-19. As a result of the pandemic, SkyCity has faced a number of closures and other trading restrictions during the 2020, 2021 and 2022 financial years.

In the 2020 financial year, SkyCity took a number of actions to manage the impacts of COVID-19. Those actions, which are detailed in the Group's 30 June 2020 annual financial statements, included a rapid restructure of the New Zealand workforce, the implementation of cost and capital savings initiatives, an equity raise, the arrangement of new bank facilities and securing covenant waivers in relation to lending facilities.

During the comparative year:

- the SkyCity Auckland site was closed from 12 August to 30 August 2020, 15 February to 17 February 2021 and 28 February to 6 March 2021 and operated with social distancing restrictions from 30 August to 8 October 2020, 18 February to 22 February 2021 and 7 March to 11 March 2021;
- the SkyCity Adelaide site was closed for three days from 18 November 2020 and operated under social distancing restrictions for the majority of the remainder of the year;
- the Group received both the New Zealand Government wage subsidy and Australian JobKeeper Payments (note 4); and
- the Board resolved to voluntarily return a portion of the New Zealand Government wage subsidy and Australian JobKeeper Payments that it had received (note 4).

During the current year:

- the SkyCity Auckland site was closed for 107 days from 18 August to 2 December 2021 and operated with social distancing restrictions from 3 December to 30 December 2021 and 24 January to 13 April 2022;
- the SkyCity Hamilton site was closed for 65 days from 18 August to 7 September 2021 and from 4 October to 17 November 2021 and operated with social distancing restrictions from 24 January to 13 April 2022;
- the SkyCity Queenstown site was closed for 21 days from 18 August to 7 September 2021 and operated with social distancing restrictions from 24 January to 13 April 2022;
- the SkyCity Adelaide site was closed for eight days from 20 July to 27 July 2021; and
- the Group continued to receive the New Zealand Government wage subsidy (note 4).

(c) Principles of Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated in the Group financial statements. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(d) Foreign Currency Translation

(i) Transactions and Balances

Items included in the financial statements of each Group entity are measured using that entity's functional currency (which is the currency that best reflects the economic substance of the events and circumstances relevant to that operation).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value through profit or loss are recognised in the Income Statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equity instruments classified at fair value

through other comprehensive income are included in the Statement of Comprehensive Income.

(ii) Foreign Operations

The results and financial position of foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as outlined below:

- assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
- income and expenses for each Income Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity.

(e) Goods and Services Tax (GST)

The Income Statement, Statement of Cash Flows, Statement of Comprehensive Income and Statement of Changes in Equity have been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(f) Statement of Cash Flows

Cash flows associated with derivatives that are part of a hedging relationship are off-set against cash flows associated with the hedged item.

(g) New Accounting Standards Adopted in the Year

The accounting policies that materially affect recognition and measurement in the financial statements have been applied on a basis consistent with the prior year.

In the current period, the Group revised its accounting policy for the configuration and customisation costs associated with software as a service (**SaaS**) arrangements. Information on the change made, the reason for the change, and the impact of the change is provided in note 23.

(h) Standards, Amendments and Interpretations to Existing Standards that are not yet Effective

There are no published new or amended standards or interpretations that become effective on or after 1 July 2022 that would have a material impact on the Group's financial statements.

(i) Fair Value Hierarchy

Some of the items in the financial statements are carried at fair value. In addition, for some items carried under a different measurement basis, fair value is disclosed. Where a fair value measurement is made, the measurement is categorised as falling within one of three levels on the fair value hierarchy, with categorisation based on the nature of the significant inputs to the valuation:

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

2 Segment Information

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

(a) Primary Reporting Format – Business Segments

	SKYCITY AUCKLAND	OTHER NZ OPERATIONS	SKYCITY ADELAIDE	INTERNATIONAL BUSINESS	CORPORATE /GROUP	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Gaming revenue	226,640	50,367	134,129	19,331	–	430,467
Online revenue	–	16,928	–	–	–	16,928
Non-gaming revenue	52,990	6,926	49,495	42	448	109,901
Other income	27,960	1,682	96	–	3,231	32,969
NZICC fire income	52,483	–	–	–	–	52,483
Total income	360,073	75,903	183,720	19,373	3,679	642,748
Expenses	(209,923)	(35,697)	(161,808)	(15,664)	(26,578)	(449,670)
Impairment	(1,057)	(4,390)	–	–	(1,846)	(7,293)
NZICC fire expenses	(88,849)	–	–	–	–	(88,849)
Depreciation and amortisation	(42,450)	(5,923)	(33,055)	–	(13,232)	(94,660)
Segment profit/(loss) (EBIT)	17,794	29,893	(11,143)	3,709	(37,977)	2,276
Net finance costs						(35,044)
Loss before income tax						(32,768)
Segment assets	1,805,614	92,243	584,118	1,707	260,020	2,743,702
Net additions to non-current assets (other than financial assets and deferred tax)	116,930	4,587	6,781	–	55,319	183,617
2021 – RESTATED						
Gaming revenue	345,737	65,360	143,937	24,547	–	579,581
Online revenue	–	13,140	–	–	–	13,140
Non-gaming revenue	81,300	10,129	36,359	35	–	127,823
Other income	9,640	1,220	16,596	–	980	28,436
NZICC fire income	170,727	–	–	–	–	170,727
Liquidated damages	39,500	–	–	–	–	39,500
Total revenue	646,904	89,849	196,892	24,582	980	959,207
Expenses	(243,806)	(43,307)	(156,094)	(21,474)	(38,752)	(503,433)
NZICC fire expenses	(141,845)	–	–	–	–	(141,845)
Depreciation and amortisation	(45,468)	(5,887)	(22,545)	–	(14,550)	(88,450)
Segment profit/(loss) (EBIT)	215,785	40,655	18,253	3,108	(52,322)	225,479
Net finance costs						(32,455)
Profit before income tax						193,024
Segment assets	1,924,204	109,669	596,489	(15,679)	172,278	2,786,961
Net additions to non-current assets (other than financial assets and deferred tax)	52,660	3,783	149,900	–	12,217	218,560

(b) Secondary Reporting Format – Geographical Segments

	TOTAL REVENUE		NON-CURRENT ASSETS EXCLUDING FINANCIAL INSTRUMENTS AND DEFERRED TAX ASSETS	
	2022 \$'000	2021 \$'000	2022 \$'000	RESTATED 2021 \$'000
New Zealand	445,868	745,932	1,816,631	1,913,487
Australia	196,880	213,275	570,135	580,068
	642,748	959,207	2,386,766	2,493,555

(c) Description of Segments

The Group is organised into the following main operating segments:

SkyCity Auckland

This segment consists of the Group's Auckland operations and includes casino operations, hotels and conventions (including the NZICC), food and beverage, Sky Tower, investment properties and a number of other related activities. This segment does not include International Business operations.

Other NZ Operations

This segment consists of the Group's operations at SkyCity Hamilton, SkyCity Queenstown, SkyCity Wharf and online gaming. This segment does not include International Business operations.

SkyCity Adelaide

This segment consists of the Group's Adelaide operations, which comprise casino operations, hotel and food and beverage. This segment does not include International Business operations.

International Business

This segment comprises gaming operations for international customers, most of whom are from Asia. The revenue is generated at SkyCity's Auckland, Adelaide, Queenstown and Hamilton locations. The results of the segment include commission and complimentary play.

Corporate/Group

This segment includes head office functions, funding entities and the Group's investment in its associate (note 24). It is not considered an operating segment.

3 Revenue

Accounting Policy

Gaming revenues represent the net win to the casino from gaming activities, being the difference between amounts wagered and amounts won by casino patrons. Revenue is recognised at the conclusion of each game. International Business rebates are accounted for as a reduction in gaming revenue.

The revenue from the online casino is from New Zealand based players using technology developed by Gaming Innovation Group Inc (GiG) and under a Malta gaming licence held by Silvereye Entertainment Limited (a subsidiary of GiG). SkyCity is not the principal transacting with online casino customers. Revenue is reported net of GiG costs allowable under the arrangement.

Non-gaming revenues include revenues arising from hotels and conventions, food and beverage, Sky Tower, car parking and other sources. These revenues are recognised when the associated goods or services have been provided.

	2022	2021
	\$'000	\$'000
Gaming	426,714	572,249
Non-gaming	109,901	127,827
Online gaming	16,928	13,140
Total revenue	553,543	713,216

The Group provides complimentary hotel accommodation, food and beverage and other goods and services to certain groups of customers. As the goods and services offered under these arrangements are tailored to meet the needs of individual customers, it is not practical to allocate total revenue received to all of the goods and services provided. Consequently, this revenue is all recognised as gaming revenue. The retail value of complimentary items provided in the current year was \$13.3 million (2021: \$18.9 million).

	NOTES	2022	2021
		\$'000	\$'000
Reconciliation to the segment note			
Total revenue	3	553,543	713,216
Other income	4	32,969	67,936
NZICC fire income	5	52,483	170,727
Total income as per Income Statement		638,995	951,879
International Business rebates		3,753	7,328
Total income as per segment note		642,748	959,207

4 Other Income

	2022	2021
	\$'000	\$'000
Net gain/(loss) on disposal of property, plant and equipment	2,413	(528)
Dividend income	2	2
Rental income from investment properties	2,323	2,148
Government grants	17,482	26,814
Liquidated damages	–	39,500
Other insurance income	10,749	–
	32,969	67,936

Government Grants

As part of its COVID-19 response, the New Zealand Government introduced wage subsidy schemes to enable businesses to retain employees. SkyCity received \$17.5 million of subsidies for the current financial year under those schemes (2021: \$10.2 million).

The Australian Government also introduced wage subsidies (referred to as JobKeeper Payments) as part of its response to the COVID-19 pandemic. No payments were received in the current year - however, in the prior year SkyCity received \$16.6 million (A\$15.4 million) of JobKeeper Payments.

In June 2021, the Board resolved to voluntarily repay a portion of the wage subsidies/payments received from the New Zealand and Australian Governments and consequently recognised an expense (note 6) in the year to 30 June 2021 and a provision at 30 June 2021 (note 28). The \$6.7 million voluntary repayment to the New Zealand Government was made on 27 July 2021 and the A\$3.1 million voluntary repayment to the Australian Government was made on 8 October 2021.

Other Insurance Income

As outlined in note 5, in October 2019 there was a fire at the NZICC construction site. As a result of the NZICC fire the Group is required to make payments to compensate MPF Parking Limited (**Macquarie**) for car parks that are not available under a concession agreement (**Car Park Concession Agreement**) dated 3 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 site. Other insurance income arises as a result of the insurer's partial payment of the Group's claim in relation to this payment to Macquarie and is recognised when received.

Liquidated Damages

Fletcher Construction Company Limited (**FCC**, or the **Contractor**) is the contractor building the NZICC and Horizon Hotel (which is on an adjacent site to the NZICC). Included within the construction contracts with FCC for the NZICC and Horizon Hotel is the right to liquidated damages if certain milestones are not met. As part of a settlement agreement signed 30 November 2020, FCC agreed to not challenge retention of the amount, and accordingly \$39.5 million was recognised as other income in the previous financial period.

5 NZICC Fire

On 22 October 2019, there was a significant fire at the NZICC construction site which caused extensive damage to the NZICC and also damaged Horizon Hotel, which is being constructed on the adjacent site.

Both NZICC and Horizon Hotel are insured, and the insurers have acknowledged the fire event and confirmed that SkyCity's contract works policy will respond in relation to damage caused by the fire. Any costs not covered by insurance are expected to be incurred by or sought from FCC who is the contractor constructing both buildings.

The NZICC is being built under an agreement between the Group and the Crown. Under that agreement, the NZICC must be completed by a specified date, referred to as the completion long stop date, which was extended to 15 December 2027. SkyCity expects to complete the NZICC before this date.

In accounting for the impact of the fire, a number of significant judgements and estimates have been made. The most significant assumptions, and associated risk to the estimates provided, relate to the extent of the damage to the NZICC building and the uncertain cost to remediate, the timeline for remediation and the final view of the insurers as the claims are presented. These judgements and estimates will continue to be reviewed as new information becomes available. It is possible that the actual financial impacts of the fire will differ from those included in these financial statements; those differences may be material. Details of judgements and estimates made are provided throughout this note.

(a) Income

	2022	2021
	\$'000	\$'000
Other income		
Contract works insurance recovery (remediation and pre-remediation)	52,483	171,793
Other recoveries	–	(1,066)
	52,483	170,727

Contract Works Insurance Recovery

The accounting treatment of the insurance recovery for the damage caused by the fire is dependent on the relationship between SkyCity, the insurers and the Contractor. It is the Group's view, supported by legal advice, that SkyCity is the principal in the insurance relationship and therefore receives, and has control over, all insurance proceeds. As a result of this relationship, and because insurance proceeds are recognised when their receipt is virtually certain, the Group has recognised the following where recovery of the associated costs is virtually certain under the Contract Works Insurance policy:

- the expected insurance proceeds for reconstruction/remediation of the fire damage as income and a receivable, based on estimated rebuild costs; and
- actual pre-remediation costs as income and a receivable as the works are undertaken.

Amounts claimed under the Contract Works Insurance policy relate to the following items:

- reconstruction costs paid to the Contractor;
- pre-remediation costs, including site preparation, demolition and clearing costs paid to the Contractor;
- costs of professional advisers assisting the Group as a result of the fire; and
- insurance premiums and other project costs for additional periods due to construction delays.

Pre-remediation costs relating to site preparation, and

including demolition and clearing costs paid to the Contractor and associated costs incurred by SkyCity, are recognised as expenses when they are incurred. Other recoveries disclosed in 2021 have been restated as they previously included pre-remediation costs amounting to \$128.2 million that have now been reclassified to contract works insurance recovery. Payments to the Contractor for the reconstruction and associated costs incurred by SkyCity (i.e. remediation costs) are capitalised to property, plant and equipment as the rebuild occurs over time.

While the insurers have confirmed that SkyCity's Contracts Works Insurance policy will respond in relation to the damage caused by the fire, the final insurance recovery will be dependent on the final view of the insurers as the claims are presented. The damage assessment, reconstruction scope and insurance claim process by the Contractor and the insurers is still underway, so no complete reconstruction cost insurance recovery has been confirmed at this stage. Accordingly, the Group has had to estimate the level of insurance recovery for the purposes of these accounts with income not recognised in relation to costs for which the recoverability has not been assessed to be virtually certain at this stage.

This estimate has been informed by the early estimates the Group received from quantity surveyor Rider Levett Bucknall Auckland Limited (**RLB**) on the possible reconstruction costs, current estimates provided by the Contractor, the total indemnity limits, sub limits, terms and conditions of the Contract Works Insurance policy,

feedback from the insurers and its representatives to date, and advice from the Group's legal and insurance advisors as to the likely insurance policy response.

At this stage it is not possible to provide a high level of certainty on the likely outcome and quantum of the recoveries under the Contract Works Insurance policy. The Group has assumed a total insurance recovery for remediation and pre-remediation costs for both buildings of \$595.2 million (2021: \$542.7 million). The Group considers recovery of this amount to be virtually certain. At 30 June 2022, \$328.1 million of this has been provisionally confirmed as covered under the policy by the insurers. However, as with large and complex claims like this and where expected costs have not all been incurred to date and not all claims have been presented to the insurers, there are further costs for which policy coverage has not been confirmed by the insurers at this stage and therefore for which the recoverability has not been assessed to be virtually certain. The Group will only recognise insurance income in relation to these costs as recovery becomes virtually certain. Some of these costs are disclosed as a contingent asset (note 36) where recovery is probable.

As outlined above, insurance income related to estimated pre-remediation and remediation costs is recognised when the recoverability of those costs is considered virtually certain. The assessment of whether the recoverability of specific costs is virtually certain is a key judgement of the Group, and that judgment is based on limited information and is highly sensitive to the final view of the insurers as the claims are compiled and presented. In addition, for remediation costs, the judgement is highly sensitive to the actual extent of rebuild required (i.e. the extent of damage done by the fire) and the actual remediation costs, and could be further affected by potential market movements in construction costs. As a result of these factors, the ultimate insurance recovery may differ, potentially materially, from the current assessment.

The majority of pre-remediation and remediation/reconstruction costs are expected to be incurred by the Contractor. However, costs are also incurred by SkyCity and initial recovery for these items will be sought from insurers where appropriate. To the extent that recovery under the Group's insurance policies is not available, recovery of these costs may be sought from the Contractor.

Other Recoveries

In addition to recovery of the expected pre-remediation and remediation/reconstruction costs, the Group seeks recovery of additional costs. These costs include business interruption costs and lost gross profit while the Auckland precinct was closed or affected by the fire, additional ongoing costs that have arisen as a result of the fire and insurance excess.

Initial recovery for these additional items will be sought from insurers where appropriate and, to the extent that recovery under the Group's insurance policies is not available, recovery may be sought from the Contractor.

Income in relation to these items is recognised as other recoveries when the costs are incurred, and it is virtually certain that these costs will be reimbursed. Where recovery of these costs is considered probable but not considered virtually certain, a contingent asset is disclosed (note 36). The assessment of whether recoverability of these costs is virtually certain is a key judgement by the Group.

(b) Expenses

	2022	2021
	\$'000	\$'000
(Add back)/Write-off of NZICC and Horizon Hotel capitalised work-in-progress	(34,270)	34,713
Release from deferred licence value liability	12,559	(7,536)
NZICC obligation	-	(6,551)
Site preparation, demolition and other costs	110,560	121,219
	88,849	141,845

Write-off of NZICC and Horizon Hotel Capitalised Work-in-Progress

The fire is accounted for as the disposal of the damaged asset and the purchase of new component parts (or, as applicable, the part-replacement of repaired component parts). As a result, the carrying value of the damaged/destroyed parts of the NZICC and Horizon Hotel are expensed. As the investigation of the extent of damage is finalised, more damaged components may be identified and written off.

Based on updated estimates provided by RLB, and additional advice relating to damage assessment from the NZICC project managers, Beca Limited, the Group estimates that approximately 51% (30 June 2021: 55%) of the NZICC and 13% (30 June 2021: 13%) of the Horizon Hotel construction work that had been completed to the date of the fire has been destroyed and will need to be replaced. In addition, the Group estimates that 28% (30 June 2021: 45%) of the associated

overheads and direct costs incurred by the Group that were capitalised to the build prior to the fire were destroyed by the fire and those costs have consequently been written off. As a result, approximately \$194.3 million of costs previously capitalised as work in progress in property, plant and equipment have been written off (30 June 2021: \$228.6 million). This has resulted in a decrease of \$34.3 million in the current financial year to the impairment expense recognised in relation to the fire (2021: increase of \$34.7 million) (note 22).

While there is now more certainty around the extent of damage than in the prior year, and hence refinement of the numbers above, this estimate is still highly sensitive to the actual extent of damage and the ultimate write off may differ materially as the final assessment of the damage to both buildings is completed.

Future costs (external and internal) related to rebuilding the NZICC and Horizon Hotel to their level of completion prior to the fire will be capitalised as incurred.

Release from Deferred Licence Value Liability

In 2016, SkyCity accounted for the granting of the NZICC Auckland casino licence enhancements and recognised a deferred licence value liability of \$405.0 million. Based on the Group's accounting policy adopted in 2014 (at the time of recognising the Adelaide casino licence enhancements), this amount was to be accounted for as a reduction in the carrying value of the NZICC upon completion.

The deferred licence value would normally be allocated against the NZICC upon completion, and therefore when derecognising the parts of the building that were destroyed in the fire (as detailed above) there is also a requirement under the Group's accounting policy to release a portion of the deferred licence value liability.

The amount of the release has been estimated at \$160.8 million (30 June 2021: \$173.3 million), based on the latest estimated percentage of damage to the NZICC. This represents 42.2% (30 June 2021: 45.5%) of the remaining deferred licence value liability (the NZICC was estimated to be 83% complete prior to the fire). The updated estimated damage percentage has resulted in a \$12.6 million increase of the deferred licence value liability in the current financial period.

The ultimate transfer of the deferred licence value liability is highly sensitive to the actual extent of damage and may differ from this assessment once further assessment of the damage to NZICC has been completed. As a result, it is possible the amount of the deferred licence value liability transferred may change materially.

Refer to note 16 for details of the deferred licence value liability release.

NZICC Obligation

The Group has recognised a liability to reconstruct the assets associated with the initial 600 NZICC car parks that are required to be provided to Macquarie. The Group has estimated the liability for the remaining works to be \$30.5 million (30 June 2021: \$36.5 million), based on an estimate prepared by RLB and the Group's assessment of the remediation works carried out to date on the car parks.

The ultimate cost for reconstructing these assets may differ materially from this assessment once detailed planning is completed and the actual extent of the damage is known.

Site Preparation, Demolition and Other Costs

These costs primarily relate to site preparation, clearing costs and damage assessment on-charged by the Contractor and various related costs incurred directly by SkyCity relating to site preparation, site clearing and damage assessment. These costs are generally recoverable from the insurers. To the extent that recovery of these costs is considered virtually certain, a matching amount is included in fire income above.

(c) Current Assets

	2022	2021
	\$'000	\$'000
Insurance recoveries for damages to the NZICC and Horizon Hotel	595,191	542,708
Other recoveries	-	2,177
Payments received from the insurers	(365,533)	(136,533)
Reclassification to non-current receivables (refer note below)	(17,183)	(233,000)
	212,475	175,352

These assets relate to:

Insurance Recovery for Damage to the NZICC and Horizon Hotel

Insurance recoveries under the Contract Works Insurance policy related to pre-remediation and remediation/reconstruction costs, as noted in section (a) above. Note that 2021 comparative numbers now include pre-remediation to give total contract works insurance recoveries (this was previously recognised in Other Recoveries).

Other Recoveries

As outlined above, these relate to recoveries sought for items other than pre-remediation and remediation/reconstruction costs (such as business interruption costs).

Payments Received from the Insurers

To date the Group has received payment from the insurers of \$365.5 million towards pre-remediation (site preparation and clearing) costs and the cost of remediation.

The Group has also received a \$2.3 million payment from insurers towards its business interruption claim.

(d) Non-current Assets

	2022	2021
	\$'000	\$'000
Insurance recoveries for damages to the NZICC and Horizon Hotel	17,183	233,000
	17,183	233,000

The split between current and non-current is based on estimated cash flows associated with the anticipated timing of the reconstruction.

6 Expenses

	2022	RESTATED 2021
	\$'000	\$'000
Other Expenses		
Utilities, insurance and rates	24,686	22,848
Onerous contract expense (relating to the Wharf Casino lease)	–	986
Other property expenses	16,597	17,247
ICT related expenses	14,648	19,235
Professional fees	10,956	8,678
Other items	23,331	32,510
Government grants repaid (note 4)	–	10,006
Expenses relating to short term leases	441	803
Impairment of receivables	1,891	17
	92,550	112,330
Depreciation and Amortisation (excluding right-of-use assets)		
Depreciation (note 22)	75,491	73,151
Casino licence amortisation (Adelaide) (note 23)	2,622	2,629
Computer software amortisation (note 23)	10,455	10,703
Gaming machine entitlements amortisation (note 23)	124	73
	88,692	86,556

	2022	RESTATED 2021
	\$'000	\$'000
Impairment		
Impairment of property plant and equipment (note 22)	2,903	8,834
Impairment of intangible assets (note 23)	4,390	–
	7,293	8,834

Reclassification of Expenses

Expenses for the comparative period have been reclassified to be consistent with the current year's expense classification. There has been no impact on total expenses or profit.

Auditor's Fees

During the year the fees outlined in the table below were incurred for services provided by the Company's auditor and its related practices.

The Group employs PricewaterhouseCoopers (**PwC**) on assignments additional to their statutory audit duties where PwC's expertise and experience with the Group are important and auditor independence is not impaired. For other work, the Group's External Audit Independence Policy requires advisers other than PwC to be engaged wherever practicable.

PwC is engaged to provide tax compliance services, which relate to ad-hoc queries covering a range of tax related matters; and also to provide market survey data for the purposes of executive remuneration benchmarking.

PwC also undertook:

- agreed-upon procedures in relation to the Group's allocation of revenue from the SkyCity Community Trusts, assessment of the normalisation of revenue disclosed in the annual report, verification procedures in relation to share-based payments, and procedures in relation to the vote count at the annual general meeting; and
- other assurance engagements, agreed-upon procedures and specified reporting in relation to compliance with banking and debt covenants.

	2022	2021
	\$'000	\$'000
(a) Assurance and Agreed upon Procedure Services		
Audit and review of financial statements		
PwC New Zealand	1,035	888
PwC Australia	–	52
PwC Hong Kong	29	24
PwC Malta	51	51
Total remuneration for audit services	1,115	1,015
Performed by PwC New Zealand		
Other assurance services	16	25
Agreed upon procedures	50	19
Performed by PwC Australia		
Agreed upon procedures	–	9
Total remuneration for other assurance services	66	53
Total remuneration for assurance related services	1,181	1,068

(b) Other Services		
Performed by PwC New Zealand		
Tax advisory services	-	55
Provision of market survey data relating to executive remuneration levels	59	30
Performed by PwC Australia		
Tax compliance services	60	43
Tax advisory services	-	207
Performed by PwC Hong Kong		
Tax advisory services	-	17
Performed by PwC Singapore		
Tax advisory services	-	19
Total remuneration for other services	119	371
	1,300	1,439

7 Earnings per Share

Accounting Policy

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted Earnings per Share

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

There are no dilutive potential ordinary shares and therefore basic and diluted earnings per share are the same.

	2022	2021
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	760,205,209	759,687,194

8 Dividends

Accounting Policy

Dividends are recognised when declared.

	CENTS PER SHARE	\$'000
2020 final	-	-
2021 interim	-	-
30 June 2021	-	-
2021 final	7.0	53,082
2022 interim	-	-
30 June 2022	7.0	53,082

During the current year, a supplementary dividend of \$5.82 million (1.24 cents per share) was paid on shares held by non-resident shareholders, for which the Group received an equivalent foreign investor tax credit entitlement. The foreign investor tax credit entitlement is included in income taxes paid within the Statement of Cash Flows.

The Directors have not declared a final dividend in respect of the 30 June 2022 financial year.

9 Leases – SkyCity as the Lessee

Accounting Policy

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments to be made under reasonably certain extension options.

The lease payments are discounted using the interest rate implicit in the lease. If, as is generally the case, that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated as follows;

- where possible, using recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- using a build-up approach that starts with a risk free interest rate adjusted for credit risk; and
- making adjustments specific to the lease (e.g. term, country, currency and security).

The weighted average incremental borrowing rate for the Group's leases is 5.2% (with rates ranging from 3.3% to 6.0%).

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Subsequent to initial recognition:

- lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made; and
- right-of-use assets are amortised on a straight-line basis over the remaining term of the lease (or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term).

A small number of immaterial, short-term leases have not been included in the calculation of lease liabilities or right-of-use assets. Payments made in relation to these leases are recognised on a straight-line basis over the lease term.

The Group has a small number of long term leases. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Balance Sheet shows the following amounts relating to leases:

	2022	2021
	\$'000	\$'000
Right-of-use assets net book value		
SkyCity Auckland sub soil	3,089	3,091
SkyCity Auckland airbridges	3,117	3,214
SkyCity Queenstown – Stratton House	1,660	1,930
SkyCity Adelaide – Railway Building and extension	57,202	55,056
SkyCity Adelaide – car park	61,344	63,464
	126,412	126,755
Lease liabilities		
Current	3,576	3,014
Non-current	117,530	115,793
	121,106	118,807

Amounts recognised in the Income Statement are:

	2022	2021
	\$'000	\$'000
Depreciation of right-of-use assets	5,968	1,894
Interest expense on lease liabilities (part of net finance costs)	6,169	3,566

10 Net Finance Costs

	2022	2021
	\$'000	\$'000
Finance costs	38,743	41,743
Foreign exchange gains	(594)	(388)
Interest income	(1,901)	(1,086)
Capitalised interest (note 22)	(1,204)	(7,814)
Total finance costs	35,044	32,455

11 Non-current Liabilities – Interest Bearing Liabilities

Accounting Policy

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. However, the interest margin on US dollar denominated United States private placement notes (**USPP**) maturing in March 2025 is accounted for as a fair value hedge and the carrying value of the borrowings is adjusted for fair value changes attributable to the risk being hedged.

Borrowings are only classified as non-current liabilities if the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

	2022	2021
	\$'000	\$'000
Unsecured Interest Bearing Liabilities		
Car park concession (main site nested car parks)	49,195	47,167
USPP notes	229,872	221,811
New Zealand bonds	175,000	175,000
Deferred funding expenses	(2,695)	(3,014)
Total Non-current Interest Bearing Liabilities	451,372	440,964

(a) USPP Notes

As at 30 June 2022 SkyCity had outstanding:

- US\$100.0 million maturing 17 March 2025; and
- A\$65.4 million maturing 15 March 2028.

Movements in the carrying value of the outstanding balance in the current year relate to movements in exchange rates and interest rates.

The US dollar USPP notes have been hedged to NZ dollars by way of cross currency interest rate swaps to eliminate foreign exchange exposure to the US dollar. The offsetting changes in the value of the cross currency interest rate swaps are included within derivative financial instruments (note 31).

Fair value of USPP debt is estimated at NZ\$236.7 million (2021: NZ\$243.4 million) compared to a carrying value of NZ\$229.9 million (2021: NZ\$221.8 million). Fair value has been calculated based on the present value of future principal and interest cash flows, using market interest rates and credit margins at balance date. This is a level 2 valuation in the fair value hierarchy.

All financial covenants were met at 30 June 2022.

(b) Syndicated Bank Facility

The unsecured syndicated banking facility is provided by ANZ (New Zealand and Australia), Commonwealth Bank of Australia, Bank of New Zealand, National Australia Bank and Westpac (New Zealand and Australia).

As at 30 June 2022, SkyCity had in place revolving credit facilities of:

- A\$100.0 million maturing on 15 June 2023 (NZ\$78.0 million drawn at the reporting date);
- NZ\$50.0 million maturing on 31 May 2023 (undrawn at the reporting date);
- NZ\$115.0 million maturing on 15 June 2024 (undrawn at the reporting date); and
- NZ\$115.0 million maturing on 15 June 2025 (undrawn at the reporting date).

In August 2022, the syndicated bank facility was restructured to the following:

- NZ\$50 million of bank debt maturing in May 2023 extended and replaced; and
- A\$100 million of bank debt maturing in June 2023 extended and replaced.

Post the restructure the syndicated bank facilities include:

- NZ\$135 million of bank debt maturing in June 2024;
- NZ\$175 million of bank debt maturing in June 2025; and
- NZ\$80 million of bank debt maturing in June 2026.

Total committed bank debt facilities remain unchanged at around \$390 million. There has been no material changes to current drawn bank debt since 30 June 2022.

(c) New Zealand Bonds

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

The bonds are quoted on the NZDX. As at 30 June 2022, the closing price was \$0.8981 (2021: \$1.038) per \$1 bond. The bonds are carried at amortised cost. The total fair value is \$157.2 million (2021: \$181.7 million) which is a level 1 valuation in the fair value hierarchy as they are listed securities.

(d) Auckland Car Park Concession

Incorporated in the Car Park Concession Agreement (note 4) is an interest-bearing liability of \$49.2 million relating to the main site nested car parks. This liability will be amortised to nil over the life of the contract with the movements recognised in interest income.

(e) Negative Pledge Deeds

A negative pledge deed has been executed in relation to each of the funding facilities - bank facilities, USPP notes and New Zealand bonds. In each deed there are requirements for minimum guarantee group participation and financial covenants. Unless waived (note 1), all requirements of the negative pledge deeds have been met as at 30 June 2022.

(f) Weighted Average Interest Rate

	2022	2021
	%	\$'000
	%	\$'000
Interest bearing liabilities*	4.51%	652,554
	5.68%	610,798

*The weighted average debt interest rate includes lease liabilities and the impact of interest rate and foreign currency hedging.

12 Current Liabilities – Interest Bearing Liabilities

Accounting Policy

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

	2022	2021
	\$'000	\$'000
Syndicated bank facility	78,000	48,031
Total current interest-bearing borrowings	78,000	48,031

Refer note 11(b) for details concerning the syndicated bank facility.

13 Net Debt Reconciliation

	CASH AND BANK BALANCES	BORROWINGS DUE WITHIN 1 YEAR	BORROWINGS DUE AFTER 1 YEAR	TOTAL
	\$'000	\$'000	\$'000	\$'000
Net debt as at 1 July 2020	(54,224)	302,994	334,918	583,688
Movement in cash and cash equivalents	4,284	–	–	4,284
Recognition of car park concession liability	–	(3,391)	4,365	974
Revaluation of New Zealand bonds	–	(128,500)	175,000	46,500
Revaluation of USPP notes	–	–	(19,608)	(19,608)
Repayment of USPP notes	–	(155,618)	–	(155,618)
Amortisation of deferred funding expenses	–	–	(1,523)	(1,523)
Net movement in bank drawings	–	33,031	–	33,031
Movement in lease liabilities	–	2,529	63,604	66,133
Net debt as at 30 June 2021	(49,940)	51,045	556,756	557,861
Movement in cash and cash equivalents	1,242	–	–	1,242
Movement in car park concession liability	–	–	2,028	2,028
Revaluation of USPP notes	–	–	8,061	8,061
Amortisation of deferred funding expenses	–	–	319	319
Net movement in bank drawings	–	29,969	–	29,969
Movement in lease liabilities	–	562	1,737	2,299
Net debt as at 30 June 2022	(48,698)	81,576	568,901	601,779

14 Non-current Assets – Investment Properties

Accounting Policy

Investment property, principally comprising freehold office buildings and display space, is held for long term rental yields.

Completed investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices in less active markets, or discounted cash flow projections which are level 3 valuations in the fair value hierarchy. Changes in fair value are recorded in the Income Statement.

Investment property under construction is carried at cost if its fair value is unable to be reliably determined during construction but will be reliably determinable when construction is complete. The NZICC car park is carried at cost on that basis.

	2022	2021
	\$'000	\$'000
Balance at the beginning of the year	124,368	72,400
Additions	752	937
Net (loss)/gain from fair value adjustment	(5,400)	7,386
Transfer from property, plant and equipment – NZICC car parks	–	2,245
Transfer from property, plant and equipment – 86 Federal Street	–	9,750
Transfer from property, plant and equipment – 99 Albert Street	–	31,650
Closing balance at 30 June	119,720	124,368

(a) Amounts Recognised in Profit and Loss for Investment Property

	2022	2021
	\$'000	\$'000
Rental income	2,323	2,148
Direct operating expenses from property that generated rental income	(2,485)	(2,455)
Net (loss)/gain from fair value adjustment	(5,400)	7,386
	(5,562)	7,079

(b) Investment Properties held at 30 June 2020

With the exception of the NZICC car park (which is referred to below), investment properties were revalued to fair value on 30 June 2022 by CBRE, a registered valuer and member of the New Zealand Institute of Valuers and the Property Institute of New Zealand who have recent experience in the location and category of the property being valued.

At 30 June 2021, the fair value of these investment properties (other than the NZICC car park) was \$95.0 million. The significant assumptions used in the valuation were:

- capitalisation rate – range from 4.00% to 5.88%; and
- passing yield (calculated as net rent divided by fair value) – range from 3.65% to 5.75%.

At 30 June 2022, the fair value of these investment properties (other than the NZICC car park) was \$90.4 million. The significant assumptions used in the valuation were:

- capitalisation rate – range from 4.25% to 6.25%; and
- passing yield (calculated as net rent divided by fair value) – range from 2.80% to 6.00%.

The 30 June 2021 and 30 June 2022 valuations are sensitive to movements in estimated capitalisation rate and passing yield. If the assumed capitalisation rate increased, or passing yield decreased, fair value would decrease.

(c) NZICC Car Park

As outlined in note 4, under the Car Park Concession Agreement, Macquarie was granted a concession until 2048 over car parks on the SkyCity Auckland main site and the NZICC site. When the Car Park Concession Agreement was brought into effect, approximately 650 car parks on the NZICC site were due to be made available

to Macquarie at a future date. It was initially determined that, when those car parks were made available, the Car Park Concession Agreement in relation to those car parks would be accounted for as a finance lease. However, due to the NZICC fire (note 5), delivery of these car parks has been delayed, with the consequence that the Car Park Concession Agreement in relation to those car parks will now be accounted for as an operating lease, with the underlying car parks classified as investment property.

Initially, \$27.1 million of costs associated with these car parks was transferred from property, plant and equipment to investment properties. In 2021, an additional \$2.2 million was transferred from property, plant and equipment to investment properties, as a result of updated NZICC damage estimates on the car parks prepared by RLB (note 5). No further adjustment has been made in the current year.

(d) Transfer from Property, Plant and Equipment in 2021

86 Federal Street

At 30 June 2021, seven floors in the building were reclassified from property, plant and equipment to investment property.

As SkyCity carries its property, plant and equipment under the cost model, and its investment property under the revaluation model, for each floor transferred from property, plant and equipment to investment property, the difference between carrying value under the cost model and fair value was accounted for as a revaluation of property, plant and equipment (note 22), which resulted in an increase of \$4.3 million in the asset revaluation reserve at 30 June 2021 (note 30).

99 Albert Street

At 30 June 2021, six floors in the building, car parks associated with those floors, and ground floor retail spaces, were reclassified from property, plant and equipment to investment property.

Immediately before reclassification, those floors being transferred from property, plant and equipment to investment property were revalued to their fair value, with the revaluation accounted for as a revaluation of property, plant and equipment. This resulted in an impairment of \$4.0 million of land and an increase of \$4.4 million in the asset revaluation reserve in relation to buildings (note 30).

15 Current Liabilities – Deferred Licence Value

Accounting Policy

Regulatory reforms granted which are specific to the Group are initially recognised at their fair value when it is probable that the reforms will be received, and that the Group will comply with all conditions attached.

Regulatory reforms are recognised as an intangible asset (note 23) and included within the value of casino licences. Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to completion of the related property, plant and equipment, the value of the regulatory reforms is accounted for as a deferred licence value.

	ADELAIDE	TOTAL
2022	\$'000	\$'000
Opening Balance	2,088	2,088
Exchange differences	65	65
Transfer to property, plant and equipment (note 22)	(2,248)	(2,248)
Transfer to intangible assets (note 23)	95	95
Closing balance	–	–
2021 – RESTATED		
Opening balance	153,165	153,165
Transfer from non-current liabilities (note 16)	494	494
Transfer to property, plant and equipment (note 22)	(143,323)	(143,323)
Transfer to intangible assets (note 23)	(2,942)	(2,942)
Transfer to right-of-use assets (note 9)	(5,306)	(5,306)
Closing balance	2,088	2,088

SkyCity Adelaide

The SkyCity Adelaide deferred licence value liability was initially recognised in 2014 following an amendment to the Adelaide Approved Licensing Agreement (**ALA**). The agreement to amend the ALA required SkyCity Adelaide to agree to undertake a A\$350.0 million casino expansion and hotel development project and the deferred licence value liability relates to this requirement.

In the current year, the balance of the SkyCity Adelaide deferred licence value was transferred to property, plant and equipment and intangible assets, due to the construction work having been completed.

16 Non-current Liabilities – Deferred Licence Value

	AUCKLAND	TOTAL
2022	\$'000	\$'000
Opening balance	207,436	207,436
Impact of NZICC Fire (note 5)	12,560	12,560
Closing balance	219,996	219,996
2021		
Opening balance	214,972	214,972
Impact of NZICC fire (note 5)	(7,536)	(7,536)
Closing balance	207,436	207,436

SkyCity Auckland

Following the NZICC fire, the damaged portion of the NZICC was disposed of for financial reporting purposes (note 5). As a result of this disposal and the estimates detailed in note 5, \$165.8 million was released to the Income Statement in the year ended 30 June 2020 and a further \$7.5 million was released in the year ended 30 June 2021.

In the current year as a result of updated damage assessments prepared by RLB, \$12.6 million of the above \$173.3 million adjustment has been reversed (note 5).

These amounts are based on the assessment of the damage from the NZICC fire (note 5) and may materially change as further information becomes available.

17 Income Tax Expense

Accounting Policy

The income tax expense for the year is the tax payable on the current year's taxable income, based on the income tax rate for each jurisdiction. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	2022	RESTATED 2021
	\$'000	\$'000
(a) Income Tax Expense		
Current tax expense	4,645	33,053
Deferred tax (benefit)/expense	(3,818)	4,138
Income tax expense	827	37,191
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax (Receivable)/Payable		
(Loss)/Profit from continuing operations before income tax expense	(32,768)	193,024
Prima facie income tax @ 28%	(9,175)	54,047
Tax effects of:		
Items not deductible for tax purposes	2,287	3,566
Items non-assessable for tax purposes	(3,150)	(1,865)
Differences in overseas tax rates	(3,581)	(2,156)
Assets held for sale	(499)	390
Prior period adjustments	322	(1,502)
NZICC fire capital (income)/expenses	10,182	(8,385)
Non-assessable gain on sale	(498)	–
Impairment adjustments	1,746	–
Fair value adjustments	935	2,138
Non-taxable settlement amount	–	(11,060)
Controlled foreign company regime	3,006	2,108
Other	(748)	(90)
Income tax expense	827	37,191

The weighted average applicable tax rate was -2.5% (2021: 19.3%). The weighted average tax rate has been significantly impacted by:

- NZICC fire capital income/expense;
- impairment adjustments;
- fair value adjustments;
- sale of Lets Play Live Media Limited; and
- non-taxable settlement amount.

Excluding these items, the weighted average tax rate would have been 17.5% (2021: 28.7%).

18 Deferred Tax Assets

	2022	RESTATED 2021
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	6,999	8,112
Depreciation	(13,607)	(11,463)
Foreign exchange variances	4	4
Cash flow hedges	80	453
Lease accounting	489	(382)
Tax losses	25,407	12,441
Other	-	575
Net deferred tax assets	19,372	9,740
Movements:		
Balance at beginning of the year	9,740	6,910
Foreign exchange differences	263	21
Charged to the Income Statement (note 17)	9,742	3,088
Tax credited directly to other comprehensive income (note 30)	(373)	(279)
Closing balance at 30 June	19,372	9,740

Deferred tax assets relate to the Australian and other foreign operations.

The Group has recognised a deferred tax asset on tax losses of A\$76.5 million (2021: A\$38.6 million) in relation to Australia as it has determined it is probable that taxable profits will be derived in future periods against which the tax losses can be utilised. As noted in note 23, the Group engaged Deloitte to prepare an independent valuation for the Adelaide cash generating unit for the purposes of impairment testing. A key input into the valuation was the five year forecast which has been adopted by the Board. This forecast of future earnings has been the basis for the assessment that future taxable profit will be available against which the temporary difference can be utilised. It is anticipated based on the five year forecast that tax losses will be fully utilised by the year ending 30 June 2026. The Group reviews future loss utilisation at each reporting date.

19 Deferred Tax Liabilities

	2022	RESTATED 2021
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Provisions and accruals	(3,676)	(9,388)
Depreciation	64,314	63,622
Lease accounting	(219)	(246)
Cash flow hedges	(1,749)	(4,430)
Asset revaluation reserve	1,921	1,921
Other	-	496
Net deferred tax liabilities	60,591	51,975
Movements:		
Balance at beginning of the year	51,975	39,903
Charged to the Income Statement (note 17)	5,924	7,226
Tax debited directly to other comprehensive income (note 30)	2,681	4,846
Transfer out for discontinued operations	11	-
Closing balance at 30 June	60,591	51,975

Deferred tax liabilities relate to the New Zealand operations.

20 Imputation and Franking Credits

	2022	2021
	\$'000	\$'000
Balances available for use in subsequent reporting periods		
Imputation credit account (New Zealand)	40,292	51,601
Franking credit account (Australia) (A\$)	13,951	13,951

As required by the Income Tax Act 2007, the imputation credit account had a credit balance as at 31 March 2022.

21 Non-current Liabilities – Lease Income in Advance

	2022	2021
	\$'000	\$'000
Lease income in advance	29,501	36,310
	29,501	36,310

As detailed in note 14(c), the approximately 650 further NZICC car parks to be delivered as part of the Car Park Concession Agreement will be accounted for as an operating lease when the car parks have been delivered.

The payment received from Macquarie in relation to the Car Park Concession Agreement was allocated between the various car parks that Macquarie was granted a concession to based on their respective fair values.

22 Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as below:

Buildings and fit out	5–75 years
Plant, equipment and motor vehicles	2–75 years
Fixtures and fittings	3–20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	LAND	BUILDINGS AND FITOUT	PLANT, EQUIPMENT AND MOTOR VEHICLES	FIXTURES AND FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2020						
Cost	211,738	783,956	391,221	126,345	739,242	2,252,502
Accumulated depreciation and impairment	–	(326,492)	(299,569)	(97,539)	–	(723,600)
Net book amount	211,738	457,464	91,652	28,806	739,242	1,528,902
Year Ended 30 June 2021						
Opening net book amount	211,738	457,464	91,652	28,806	739,242	1,528,902
Exchange differences	–	159	55	8	1,115	1,337
Net additions/transfers/disposals	–	44,852	36,600	12,642	41,874	135,968
Adelaide expansion	–	296,760	53,583	35,514	(385,857)	–
Transfer of Adelaide deferred licence (note 15)	–	(107,113)	(21,956)	(14,254)	–	(143,323)
Transfer to investment properties – 86 Federal Street (note 14)	(1,674)	(3,765)	–	–	–	(5,439)
Transfer to investment properties – 99 Albert Street (note 14)	(15,262)	(11,944)	–	–	–	(27,206)
Transfer to investment properties – NZICC car parks (note 14)	–	–	–	–	(2,245)	(2,245)
Assets held for sale (note 27)	–	(272)	(262)	–	–	(534)
NZICC fire disposal	–	–	–	–	(34,713)	(34,713)
Depreciation charge	–	(27,199)	(35,759)	(10,193)	–	(73,151)
Impairment (note 6)	(8,834)	–	–	–	–	(8,834)
Closing net book amount	185,968	648,942	123,913	52,523	359,416	1,370,762

At 30 June 2021						
Cost	185,968	1,001,903	445,398	159,320	359,416	2,152,005
Accumulated depreciation and impairment	–	(352,961)	(321,485)	(106,797)	–	(781,243)
Net book amount	185,968	648,942	123,913	52,523	359,416	1,370,762
Year Ended 30 June 2022						
Opening net book amount	185,968	648,942	123,913	52,523	359,416	1,370,762
Exchange differences	–	7,308	1,441	788	441	9,978
Net additions/transfers/disposals	–	1,770	18,339	1,290	102,163	123,562
Adelaide expansion	–	1,446	1,832	473	(3,751)	–
Transfer of Adelaide deferred licence (note 15)	–	(1,093)	(891)	(264)	–	(2,248)
Impairment (note 6)	(1,846)	(1,057)	–	–	–	(2,903)
Assets held for sale (note 27)	(16,370)	–	–	–	1,120	(15,250)
NZICC fire adjustment	–	–	–	–	34,270	34,270
Depreciation charge	–	(28,895)	(36,500)	(10,096)	–	(75,491)
Closing net book amount	167,752	628,421	108,134	44,714	493,659	1,442,680
At 30 June 2022						
Cost	167,752	996,587	402,639	146,724	493,659	2,207,361
Accumulated depreciation and impairment	–	(368,166)	(294,505)	(102,010)	–	(764,681)
Net book amount	167,752	628,421	108,134	44,714	493,659	1,442,680

(a) Capitalised Borrowing Costs

Borrowing costs of \$1.2 million have been capitalised in the current year relating to capital projects (2021: \$7.8 million) using the Group's weighted average cost of debt of 4.51% across the year (2021: 5.68%).

(b) Transfers to Investment Property

86 Federal Street

In 2021, the reclassification of the seven floors from property, plant and equipment carried under the cost model, to investment property carried under the fair value model, was accounted for as a revaluation of property, plant and equipment and resulted in the recognition of a \$4.3 million increase in the asset revaluation reserve. There was no change in carrying value of the three floors that remained classified as property, plant and equipment.

In 2022, there was no change in carrying value of the three floors that remained classified as property, plant and equipment.

99 Albert Street

In 2021, the reclassification of the six floors, associated car parks, and ground floor retail spaces from property, plant and equipment carried under the cost model, to investment property carried under the fair value model, was accounted for as a revaluation of property, plant and equipment and resulted in the recognition of an impairment of \$4.0 million of land and an increase of \$4.4 million in the asset revaluation reserve in relation to buildings.

Where the valuation of a floor that was being retained as property, plant and equipment was lower than the carrying value of that floor, the floor was written down to

its revalued amount. This resulted in the recognition of an impairment of land of \$4.8 million.

In 2022, an impairment of buildings of \$1.1 million was recognised for floors that had a valuation lower than their carrying value.

(c) Capitalisation of Adelaide Expansion

In the current year, minor works were undertaken to complete the Adelaide casino expansion and hotel development. As a result, the remaining capital work in progress was capitalised in the Group's fixed asset register and allocated to the appropriate asset categories. This includes the allocation of the Adelaide Deferred Licence Value of \$2.2 million (2021: \$151.7 million) A\$1.9 million (2021: A\$141.2 million) (note 15).

(d) Encumbrances

A memorandum of encumbrance is registered against the certificate of title for the Auckland casino in favour of Auckland Council. Auckland Council requires prior written consent before any transfer, assignment or disposition of the land. The intent of the covenant is to protect the Council's rights under the resource consent, relating to the provision of the bus terminus, public car park and public footpaths around the complex.

A further encumbrance records the Council's interest in relation to the sub soil areas under Federal and Hobson Streets used by SkyCity as car parking and a vehicle tunnel. The encumbrance is to notify any transferee of the Council's interest as lessor of the sub soil areas.

There are four encumbrances relating to the NZICC site land. One encumbrance protects the rights of the Crown under the agreement between the Crown and the Group for the construction of the NZICC (**NZICC Agreement**),

two relate to firewalls between buildings that have now been demolished and the final encumbrance protects the underground vehicle entrance to the car park on the main Auckland casino site. The NZICC site land is also subject to a covenant in favour of the Crown which restricts the subdivision and use of the site to that permitted under the NZICC Agreement.

23 Intangible Assets

Accounting Policy

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill is included in intangible assets. Goodwill is not amortised but is instead tested for impairment annually (or more frequently if events or changes in circumstances indicate that it might be impaired) and is carried at cost less accumulated impairment losses.

(ii) Acquired Software

Acquired computer software licences that are not SaaS arrangements are capitalised at cost (which includes acquisition cost and any costs incurred in bringing the software into use). Subsequent to initial recognition they are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the useful life, which ranges from three to 15 years.

(iii) Gaming Machine Entitlements

Gaming machine entitlements (**GMEs**) are required to operate gaming machines in South Australia. Each GME gives the licensee the right to own and operate a single gaming machine at the licensee's venue.

The number of GMEs held by a licensee cannot exceed the maximum number of gaming machines which have been approved for the venue. SkyCity Adelaide currently owns 1,080 GMEs and is licensed to hold a maximum of 1,500.

GMEs can be purchased or sold during trading rounds by an eligible person via the South Australian Government's approved trading system. Trading rounds are usually held at least twice a year at the discretion of the Liquor and Gambling Commissioner. The trading price of a GME is determined by a number of factors, including the number of sellers and buyers and the minimum and maximum prices offered.

SkyCity Adelaide's GMEs are treated as intangible assets. They are carried at cost less accumulated amortisation and impairment losses. They are amortised over the term of the exclusivity period, which is to 30 June 2035.

(iv) Casino Licences and Regulatory Reforms

The Group's casino licences that have:

- a finite useful life are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the legal licence term; and
- an indefinite useful life are carried at cost less accumulated impairment losses.

Determining whether a casino licence has a finite or indefinite useful life is a key judgement and involves assessment of the terms and conditions, and in particular the renewal terms, of the relevant licence.

Regulatory reforms granted by a government that are specific to the Group are accounted for as intangible assets arising from a government grant. Accordingly, the reforms are initially recognised at their fair value when there is reasonable assurance that the reforms will be received, and the Group will comply with all conditions attached to them.

Regulatory reforms are recognised as an intangible asset and included within the value of casino licences. Where a regulatory reform is related to property, plant and equipment, once constructed the carrying value of that property, plant and equipment is reduced by the value of the regulatory reforms. Prior to completion of the related property, plant and equipment, the value of the regulatory reforms is accounted for as deferred licence value.

(v) Impairment of Intangible Assets

Intangible assets, including goodwill, that have an indefinite useful life are tested for impairment annually (or more frequently if events or changes in circumstances indicate that the asset might be impaired). Goodwill is allocated to cash generating units for the purpose of impairment testing.

Intangible assets that have a finite useful life are assessed for indicators of impairment annually and tested for impairment if an indicator of impairment is found.

Impairment testing is done by comparing the carrying value of the asset to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense. Impairment on goodwill is not subsequently reversed, but impairment on other assets may be reversed.

The Queenstown Wharf casino has remained closed since 23 March 2020 (at the commencement of the first COVID-19 lockdown in New Zealand) due to the detrimental effect on the local Queenstown economy from the COVID-19 pandemic's ongoing impacts on the international tourism market. In the current period, the Queenstown Wharf casino licence was fully impaired (which resulted in the recognition of an impairment loss of \$4.4 million) due to management's decision not to reopen the Queenstown Wharf casino in the foreseeable future.

	GOODWILL	CASINO LICENCES	COMPUTER SOFTWARE	GAMING MACHINE ENTITLEMENTS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 June 2020 (RESTATED)					
Cost	37,694	777,118	126,142	–	940,954
Accumulated amortisation	–	(225,281)	(85,081)	–	(310,362)
Net book amount	37,694	551,837	41,061	–	630,592
Movements in the Year Ended 30 June 2021					
Exchange differences	–	453	9	–	462
Additions	–	–	5,660	–	5,660
Adelaide expansion	–	–	5,538	3,088	8,626
Transfer of Adelaide deferred licence (note 15)	–	–	(1,677)	(1,265)	(2,942)
Assets classified as held for sale	(1,908)	–	(20)	–	(1,928)
Amortisation charge	–	(2,629)	(10,703)	(73)	(13,405)
Closing net book amount	35,786	549,661	39,868	1,750	627,065
At 30 June 2021 (RESTATED)					
Cost	35,786	778,303	135,611	1,823	951,523
Accumulated amortisation	–	(228,642)	(95,743)	(73)	(324,458)
Net book amount	35,786	549,661	39,868	1,750	627,065
Movements in the Year Ended 30 June 2022					
Exchange differences	–	4,238	235	49	4,522
Additions	–	–	9,822	–	9,822
Adelaide expansion	–	–	(16)	–	(16)
Transfer of Adelaide deferred licence (note 15)	–	–	95	–	95
Impairment charge	–	(4,390)	–	–	(4,390)
Amortisation charge	–	(2,622)	(10,455)	(124)	(13,201)
Closing net book amount	35,786	546,887	39,549	1,675	623,897
At 30 June 2022					
Cost	35,786	785,310	132,656	1,879	955,631
Accumulated amortisation	–	(238,423)	(93,107)	(204)	(331,734)
Net book amount	35,786	546,887	39,549	1,675	623,897

CASINO LICENCE	CONTRACT TERM
SkyCity Auckland Casino (indefinite useful life)	<p>SkyCity Auckland Limited holds a casino premises licence for the Auckland premises.</p> <p>The initial licence was granted in 1996 for nil consideration, and hence there was no associated initial carrying value.</p> <p>Pursuant to the terms of the NZICC Agreement, the initial term of the licence was extended to 30 June 2048.</p> <p>The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ).</p> <p>In addition to the licence extension, the casino premises licence was amended to (a) permit the implementation of account based cashless gaming and ticket in ticket out (TITO) gaming systems; (b) permit an increase in the number of gaming machines, gaming tables and automated table games; and (c) implement various other operational improvements. Under the NZICC Agreement, the Company has agreed to construct the NZICC for a total cost of at least \$430.0 million.</p> <p>The reforms (a to c above) are exclusive to the Group and were recorded at fair value based on the estimated incremental benefit over the life of the reforms. The fair value was determined using a discounted cashflow model falling within level 3 of the fair value hierarchy over the life of the reforms.</p> <p>The carrying amount of the casino licence is \$405.0 million (2021: \$405.0 million).</p>
SkyCity Adelaide (finite useful life)	<p>The casino and associated operations are carried out by SkyCity Adelaide Pty Limited under a casino licence (the Approved Licensing Agreement (ALA)) dated October 1999 (as amended). Unless terminated earlier, the expiry date of the ALA is 30 June 2085. The term of the ALA can be renewed for a further fixed term pursuant to section 9 of the Casino Act 1997 (SA). The carrying value of the casino licence is amortised over the life of the ALA.</p> <p>The casino licence and associated regulatory reforms asset are amortised over 20 years or 71 years depending on whether the incremental benefit is associated with the exclusivity period or the full licence period.</p> <p>The carrying value of the casino licence is A\$128.1 million (2021: A\$130.6 million) (NZ\$141.9 million and NZ\$140.3 million respectively).</p>
SkyCity Hamilton Casino (indefinite useful life)	<p>SkyCity Hamilton Limited holds a Casino Premises Licence for the Hamilton premises. The casino premises licence is for an initial 25 year term from 19 September 2002. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.</p>
SkyCity Queenstown Casino (indefinite useful life)	<p>Queenstown Casinos Limited holds a casino premises licence for the Queenstown premises. The casino premises licence is for an initial 25 year term from 7 December 2000. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). As the licence was initially granted for nil consideration, there is no associated carrying value.</p>
SkyCity Wharf Casino (Queenstown) (indefinite useful life)	<p>Otago Casinos Limited holds a casino premises licence for the Queenstown Wharf premises. The casino premises licence is for an initial 25 year term from 11 September 1999. The licence can be renewed for further periods of 15 years pursuant to section 138 of the Gambling Act 2003 (NZ). The carrying value of the casino licence which arose on SkyCity's acquisition of Otago Casinos Limited is \$0.0 million (2021: \$4.4 million).</p>

(a) Software as a Service Arrangements

In March 2021, the IFRS Interpretations Committee (**Committee**), which is responsible for interpreting the application of IFRS, issued an agenda decision that the costs incurred in configuring and customising software provided under SaaS arrangements must be expensed unless they:

- create an intangible asset, separate from the software, that the customer controls; or
- are paid to the supplier of the cloud based software for significant customisation work (in which case the costs are recorded as a prepayment for services and amortised over the expected term of the SaaS arrangement).

The Committee's agenda decision was ratified by the International Accounting Standards Board in April 2021.

As a result of the Committee's decision, during the year the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements. Until the current period, the Group's accounting policy has been to capitalise the costs of configuring and customising SaaS arrangements as intangible assets. The revised policy is that such costs are expensed as incurred, unless the requirements for capitalisation established by the Committee's decision are met.

This change in accounting policy has been implemented retrospectively, by restating the opening equity position (as at 1 July 2020) and the comparative financial statements. To determine the level of restatement required, the Group identified all SaaS arrangements for which configuration and customisation costs had been capitalised, but not fully amortised at 1 July 2020, to determine which assets no longer met the requirements for capitalisation under the Group's revised accounting policy. Those assets that did not meet the requirements for capitalisation under the Group's revised accounting policy were derecognised.

The impact of this change in accounting policy is presented in the tables below.

The primary impacts of the change in accounting policy are:

- a net reduction in intangible assets of \$18.9 million at 1 July 2020 and \$19.3 million at 30 June 2021;
- a net decrease in profit after income tax of \$0.3 million at 30 June 2021; and
- a decrease in net operating cash inflows of \$3.4 million at 30 June 2021 (offset by an equal decrease in net investing cash outflows at the same date).

	PREVIOUSLY REPORTED	ADJUSTMENT	RESTATED
STATEMENT OF FINANCIAL POSITION			
	\$'000	\$'000	\$'000
Balances as at 1 July 2020			
Intangible assets	649,531	(18,939)	630,592
Deferred tax asset	6,877	33	6,910
Deferred tax liability	(45,175)	5,272	(39,903)
Net assets	1,434,607	(13,634)	1,420,973
Retained earnings	179,641	(13,634)	166,007
Total equity	1,434,607	(13,634)	1,420,973

INCOME STATEMENT			
Balances as at 30 June 2021			
ICT related expenses	(15,835)	(3,400)	(19,235)
Depreciation and amortisation	(89,519)	2,963	(86,556)
Profit before income tax	193,460	(436)	193,024
Income tax expense	(37,334)	143	(37,191)
Profit after income tax	156,126	(293)	155,833

	PREVIOUSLY REPORTED	OPENING ADJUSTMENT FOR FY20	ADJUSTMENT FY21	RESTATED
STATEMENT OF FINANCIAL POSITION				
	\$'000	\$'000	\$'000	\$'000
Balances as at 30 June 2021				
Intangible assets	646,326	(18,939)	(322)	627,065
Deferred tax asset	9,344	33	363	9,740
Deferred tax liability	(57,031)	5,272	(216)	(51,975)
Deferred licence value	(1,963)	–	(125)	(2,088)
Net assets	1,651,018	(13,634)	(300)	1,637,084
Retained earnings	335,767	(13,634)	(293)	321,840
Other equity balances	(22,972)	–	(7)	(22,979)
Total equity	1,651,018	(13,634)	(300)	1,637,084

	PREVIOUSLY REPORTED	ADJUSTMENT FY21	RESTATED
STATEMENT OF CASH FLOWS	\$'000	\$'000	\$'000
Balances as at 30 June 2021			
Payments to suppliers and employees	(397,713)	(3,400)	(401,113)
Net cash inflow from operating activities	288,185	(3,400)	284,785
Purchased intangible assets	(5,799)	3,400	(2,399)
Net cash out flow from investing activities	(254,979)	3,400	(251,579)

In the current period, if the previous policy had been retained, \$0.9 million of software configuration and customisation costs would have been capitalised to intangible assets and \$2.7 million of amortisation would have been expensed. However, under the new accounting policy, the \$0.9 million of configuration and customisation costs were expensed as incurred and amortisation on assets previously capitalised not recognised, as those assets had been derecognised at the beginning of the current period (i.e. 1 July 2021). As a result of this change in policy, income tax expense decreased and deferred tax liability increased by \$0.5 million respectively and loss for the period decreased by \$1.3 million.

(b) Impairment Tests for Intangibles with Indefinite Lives

Goodwill and the casino licences of SkyCity Auckland, SkyCity Hamilton and SkyCity Wharf have indefinite useful lives and consequently are tested annually for impairment.

	SKYCITY AUCKLAND	OTAGO CASINOS LIMITED*	SKYCITY HAMILTON*	TOTAL
	\$'000	\$'000	\$'000	\$'000
2022				
Goodwill	–	–	35,786	35,786
Casino licence	405,000	–	–	405,000
Total	405,000	–	35,786	440,786
2021				
Goodwill	–	–	35,786	35,786
Casino licence	405,000	4,391	–	409,391
Total	405,000	4,391	35,786	445,177

* SkyCity Hamilton and SkyCity Wharf are included within the "Other NZ Operations" segment in note 2.

Other than SkyCity Wharf, the recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use cash flow projections approved by Directors which include cash flows in relation to International Business where those cash flows relate to the relevant cash generating unit. For all of these assets, the calculated value in use significantly exceeds carrying value. The value of the SkyCity Wharf casino licence is the potential ability to utilise the licence to enhance the Group's gaming offering.

Professional judgement has been made to treat the entire Auckland precinct as a single cash generating unit given the close and interconnected relationship of the cash flows across all of SkyCity's Auckland businesses. Impairment testing has also been completed on the Adelaide casino licence (an amortising asset). Judgement was used to determine the valuation and resulting impairment charge.

(c) Key Assumptions used for Value in Use Calculations of Cash Generating Units

	EBITDA MARGIN		TERMINAL GROWTH RATE		PRE-TAX DISCOUNT RATE	
	2022	2021	2022	2021	2022	2021
SkyCity Auckland	29.7%	40.8%	2.5%	2.0%	13.9%	11.5%
SkyCity Hamilton	43.5%	47.9%	2.5%	2.0%	13.9%	11.5%

These assumptions are consistent with past experience adjusted for economic indicators. The discount rates are pre-tax and reflect specific risks relating to the relevant operating segment. The estimated impacts of COVID-19 have been factored into these assumptions.

There is sufficient headroom between the value in use calculations and the carrying value of the related cash generating units' assets that significant changes in the assumptions used would not require an impairment.

(d) Impairment Review of the Adelaide Casino Licence

In the 2020 financial year the Group engaged Deloitte to independently determine the recoverable amount of the Adelaide cash generating unit (**CGU**), for the purposes of determining whether the SkyCity Adelaide casino licence was impaired. This valuation resulted in a A\$150 million impairment of the SkyCity Adelaide casino licence. In 2021 another independent valuation was obtained from Deloitte, but this did not result in the recognition of further impairment, or the reversal of previously recognised impairment. In the current year Deloitte was again engaged to independently determine the recoverable amount of the Adelaide CGU for the purposes of determining whether the SkyCity Adelaide casino licence was impaired. A key input to Deloitte's assessment was the updated Board approved five year forecast for SkyCity Adelaide. The recoverable amount for the current year was determined using the fair value less costs of disposal approach (which is a level 3 measurement in the fair value hierarchy). The valuation resulted in a range - taking the midpoint of the range implies an impairment reversal of A\$2.9 million (NZ\$3.2 million) (with the low end of the range being an increase in impairment of A\$17.4 million (NZ\$19.3 million) and the high end of the range being a reversal in impairment of A\$25.6 million (NZ\$28.4 million)).

The valuation of the CGU is highly sensitive to changes in earnings estimates. The unknown future impact of COVID-19, regulatory matters and customer responses to enhancements in the SkyCity Adelaide AML/CTF Program, create a heightened level of uncertainty that makes forecasting challenging. Small changes in assumptions could lead to an increase in, or a reversal of, impairment of the CGU. Given these uncertainties, management determined that the current period valuation did not warrant an increase in, or a reversal of, the impairment recognised in 2020 on the SkyCity Adelaide casino licence of A\$150 million.

The 2021 and 2022 independent valuations were based on the following key estimates:

- compound annual EBITDA growth rate from 2023 to 2027 = 10.2% (2021: 2022 to 2026 = 8.2%);
- terminal growth rate = 2.5% (2021: 2.0%); and
- discount rate = 11.0% (2021: 10.8%).

EBITDA Growth

Determining an appropriate growth rate has been made difficult by the impact of COVID 19 on the current and prior periods' results and its expected impact on future years. Given the Adelaide expansion has not been able to operate at full capacity for the majority of the time since opening (December 2020) due to COVID-19 restrictions, a significant initial EBITDA uplift is expected over financial years 2023 and 2024. Further growth is then expected until the 2026 financial year, with growth expected to level off from then onwards. Growth estimates have considered a number of factors, including an expected increase in gaming machine market share, an expected increase in premium and VIP gaming activity, an expected increase in visitors to the area due to the new hotel and restaurants and an expected positive impact from recent developments in the surrounding precinct (including a new car park building).

Discount Rate

The discount rate has been independently calculated by Deloitte. It reflects the current market assessment of the risks specific to SkyCity Adelaide, taking into account the time value of money and individual risks of the underlying assets, including those arising from COVID-19 and regulatory reviews, that have not been incorporated in the cash flow estimates.

The impairment assessment is sensitive to changes in the discount rate and information on this sensitivity is provided below.

Valuation Sensitivities

The impact of COVID-19 on the Group has already been wide-ranging and significant. Given the unknown future impact of COVID-19, there is a heightened level of uncertainty at present which makes accurate forecasts of the future particularly challenging.

The sensitivities below illustrate the impact on the impairment assessment of changes in the key assumptions:

- an EBITDA increase/decrease of 5.0% would lead to an increase/decrease in the enterprise value of approximately A\$23 million (2021: an increase/decrease of 5.0% would have led to a variance in enterprise value of A\$26 million);
- a 0.5% increase in terminal growth rate (to 3.0%) would lead to an increase in the enterprise value of approximately A\$20 million (2021: an increase of 0.5% would have led to an increase in enterprise value of approximately A\$19 million), while a decrease in terminal growth rate of 0.5% (to 2.0%) would lead to a decrease in the enterprise value of approximately A\$18 million (2021: a decrease of 0.5% would have decreased the enterprise value by A\$17 million); and
- a 0.5% increase in the discount rate (to 11.5%) would lead to a decrease in the enterprise value of A\$21 million (2021: A\$21 million), while a decrease in discount rate of 0.5% (to 10.5%) would lead to an increase in the enterprise value of A\$23 million (2021: A\$24 million).

The valuation assumes no repeat of the previous COVID-19 lockdown in Adelaide, which is a key judgement and assumption.

Annual Impairment Review

The Group will complete an annual impairment review of the SkyCity Adelaide casino licence going forward. Increases in the fair value less costs of disposal, or reductions in the carrying value of the Adelaide business, could result in a partial reversal of the impairment charge recognised in 2020. Decreases in the fair value less costs of disposal may result in the recognition of an additional impairment charge.

24 Investments in Associates

On 1 April 2022, the Group made an equity investment of €25 million (NZ\$42.1 million) in GiG, in return for which GiG issued 13,487,500 ordinary shares to SkyCity. These shares represent approximately 11.0% of GiG's equity and voting rights. The investment includes notional goodwill of €23.6 million (NZ\$39.7 million). Under the terms of the share purchase agreement, SkyCity also gained entitlement to appoint a director to GiG. That director appointment was made on 4 April 2022.

Although the Group holds less than 20% of the equity shares of GiG, the Group exercises significant influence by virtue of its contractual right to appoint a director to GiG's Board, which gives the Group the power to participate in the financial and operating policy decisions of GiG.

GiG is a European-based online gaming platform provider and media services operator that is listed on the Oslo and Stockholm stock exchanges. As outlined in note 3, the Group earns revenue from an online casino using technology developed by GiG and under a Malta gaming licence held by Silvereye Entertainment Limited (a subsidiary of GiG).

SkyCity's investment in GiG supported the funding of GiG's acquisition of France-Pari/Sportnco (**Sportnco**). Sportnco is a European-based business-to-business online sports and player account management provider, licensed in regulated and high-growth markets globally.

The carrying value of SkyCity's investment in GiG is:

	2022	2021
	\$'000	\$'000
Shares in associates	42,136	–

Due to the timing of GiG's quarterly results releases, the Group's investment in GiG is accounted for using information to 31 March.

At 31 March 2022, GiG has:

- total current assets of €35.7 million;
- total non-current assets of €60.6 million;
- total current liabilities of €25.9 million; and
- total non-current liabilities of €57.2 million.

As at 30 June 2022, the fair value of the Group's interest in GiG, which is listed on the Oslo Stock Exchange, was €21.1 million (NZ\$35.5 million). Although the fair value of the investment is below cost at the reporting date, management has determined that the investment is not impaired, principally because GiG has demonstrated strong revenue and earnings growth in the last two years and is targeting continued organic revenue growth and because the movement in its share price reflects general market fluctuations.

25 Receivables and Prepayments

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less impairment.

	2022	2021
	\$'000	\$'000
Net trade receivables		
Trade receivables (gross)	10,827	13,606
Impairment	(4,543)	(6,206)
Trade receivables (net)	6,284	7,400
Sundry receivables	1,776	1,898
Prepayments	17,766	24,107
Total receivables and prepayments	25,826	33,405

Due to the short-term nature of these receivables, their carrying value approximates fair value.

26 Cash and Cash Equivalents

	2022	2021
	\$'000	\$'000
Cash at bank	8,779	15,537
Cash in house	39,919	34,403
Total cash and bank balances	48,698	49,940

27 Assets Held for Sale

Accounting Policy

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

	2022	2021
	\$'000	\$'000
Land	24,492	8,965
Buildings	2,151	2,359
Plant and equipment	3	265
Intangibles	–	1,928
Total	26,646	13,517

Assets held for sale include certain development land in Queenstown and the Little Mindil site in Darwin (2021: Darwin Little Mindil site and Lets Play Live Media).

During the current period, the sale of Lets Play Live Media, which was classified as held for sale at 30 June 2021, was completed and a gain on sale of \$1.8 million was recognised as other income (note 4). The consideration received for the sale included \$2.0 million of convertible notes issued by the acquirer, which are recognised as other non-current assets.

The Queenstown land has been classified as held for sale in the current period and has been written down to fair value less the costs of disposal, which has resulted in an impairment loss of \$1.8 million being recognised in the Income Statement. Fair value was measured on a comparable sales basis by Bower Valuations Limited, which has recent experience in the location and category of the property being valued.

At the reporting date, the Little Mindil site in Darwin was subject to a sale and purchase agreement and the purchaser had partially paid the purchase price. Subsequent to the reporting date, the balance of the purchase price was received on 27 July 2022, and on 10 August title was transferred to the purchaser and the asset was derecognised (note 39).

28 Payables and Provisions

Accounting Policy

Accounts payable are initially recognised at fair value, net of transaction costs, and thereafter carried at amortised cost.

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

	2022	2021
	\$'000	\$'000
Trade payables	21,128	29,541
Deferred income	21,899	13,833
Accrued expenses	67,733	57,341
Employee benefits	45,227	52,077
NZICC obligation (note 5)	30,487	36,496
Other provisions	725	10,877
Total payables and provisions	187,199	200,165

Other provisions primarily relate to the repayment of the New Zealand Government wage subsidy and Australian JobKeeper Payments (for 2021) (note 6).

The carrying amounts of trade and other payables approximates their fair value, due to their short-term nature.

29 Share Capital

	2022	2021	2022	2021
	Shares	Shares	\$'000	\$'000
Opening balance of ordinary shares issued	760,205,209	739,196,806	1,338,223	1,288,287
Share rights issued for employee services	–	–	2,292	3,253
Net issue of treasury shares	–	–	41	(2,054)
Equity raising	–	21,008,403	–	48,737
	760,205,209	760,205,209	1,340,556	1,338,223

All ordinary shares rank equally with one vote attached to each fully-paid ordinary share.

Included within the number of shares is 2,697,338 treasury shares (2021: 3,394,058) held by the Company. The movement in treasury shares during the year related to the issuance of shares under the employee incentive plans and purchases of shares by an external trustee as part of the executive long term incentive plan (note 33). Treasury shares may be used to issue shares under the Company's employee incentive plans or upon the exercise of share rights/options.

Equity Raising

In the prior period a share purchase plan was completed on 9 July 2020 and involved the issue of 21,008,403 new shares at \$2.38 per share raising a total of \$50.0 million. Costs associated with the placement of \$1.3 million were deducted from the share proceeds.

30 Reserves

	2022	2021
	\$'000	\$'000
Reserves		
Asset revaluation reserve	12,770	12,770
Hedging reserve – cash flow hedges	(4,564)	(12,058)
Foreign currency translation reserve	(11,797)	(22,478)
Cost of hedging reserve	(854)	(1,213)
Total reserves	(4,445)	(22,979)

	2022	2021
	\$'000	\$'000
Movements		
Asset Revaluation Reserve		
Opening balance	12,770	5,936
Revaluation	–	8,755
Deferred tax	–	(1,921)
Closing balance	12,770	12,770
Hedging Reserve – Cash Flow Hedges		
Opening balance	(12,058)	(19,913)
Revaluation	13,777	(24,859)
Transfer to net profit - finance costs (net)	(3,369)	35,790
Deferred tax	(2,914)	(3,076)
Closing balance	(4,564)	(12,058)
Foreign Currency Translation Reserve		
Opening balance	(22,478)	(17,802)
Exchange difference on translation of overseas subsidiaries	10,681	(4,676)
Closing balance	(11,797)	(22,478)
Cost of Hedging Reserve		
Opening balance	(1,213)	(1,542)
Revaluations	37	(6)
Transfer to finance costs	462	463
Deferred tax	(140)	(128)
Closing balance	(854)	(1,213)

31 Derivative Financial Instruments

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of exposures to variability in cash flows associated with recognised assets or liabilities or highly probable forecast transactions (cash flow hedges).

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised as equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are recognised in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the Income Statement when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred to the Income Statement.

Derivatives that do not Qualify for Hedge Accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised in the Income Statement.

	2022	2021	2022	2021
	\$'000 Notional Value	\$'000 Notional Value	\$'000 Fair Value	\$'000 Fair Value
Current Assets				
Interest rate swaps – cash flow hedges	50,000	–	200	–
Forward foreign exchange contracts	20,946	30,826	163	156
Total current derivative financial instrument assets	70,946	30,826	363	156
Non-current Assets				
Interest rate swaps – cash flow hedges	80,000	–	1,134	–
Cross currency interest rate swaps – cash flow hedges*	160,927	142,898	10,464	4,109
Total non-current derivative financial instrument assets	240,927	142,898	11,598	4,109
Current Liabilities				
Forward foreign currency contracts	51,943	–	12	–
Total current derivative financial instrument liabilities	51,943	–	12	–
Non-current Liabilities				
Interest rate swaps – cash flow hedges	–	130,000	–	7,528
Total non-current derivative financial instrument liabilities	–	130,000	–	7,528
Total net derivative financial instruments			11,949	(3,263)

*A component of the interest margin in US\$100.0 million of these cross currency interest rate swaps (CCIRS) is treated as a fair value hedge.

32 Financial Risk Management

The Group's activities expose it to a variety of financial risks - market risks (including currency and interest rate risk), liquidity risk, and credit risk. The Group's overall risk management programme recognises the nature of these risks and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department under a formal Treasury Policy approved by the Board. The Treasury Policy sets out written principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess funds. The Treasury Policy sets conservative limits for allowable risk exposures which are formally reviewed regularly.

(a) Market Risk

(i) Currency Risk

The Group operates internationally and is exposed to currency risk, primarily with respect to Australian and US dollars. Exposure to the Australian dollar arises from the Group's investment in, and intercompany loans to, its Australian operations. Exposure to the US dollar arises from USPP funding denominated in that currency.

The Group utilises natural hedges wherever possible with forward foreign exchange contracts used to manage any significant residual risk to the Income Statement.

The Group's exposure to the US dollar (refer to the USPP notes detailed in note 11) has been fully hedged by way of CCIRS, hedging US dollar exposure on both principal and interest. The CCIRS correspond in amount and maturity to the US dollar borrowings with no residual US dollar exposure.

(ii) Interest Rate Risk

The Group's interest rate risk arises from long-term borrowings.

Interest rate swaps (IRS) and CCIRS are utilised to modify the interest repricing profile of the Group's debt to match the profile required by the Treasury Policy. All IRS and CCIRS are in designated hedging relationships that are highly effective.

As the Group has no significant interest bearing assets, the Group's revenue is substantially independent of changes in market interest rates.

(iii) Summarised Sensitivity Analysis

SkyCity manages its interest rate and foreign exchange rate exposure to minimise the impact of fluctuations in the market. The residual exposure is not considered material or significant.

(b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its financial obligations. SkyCity is largely a cash based business and its material credit risks arise mainly from financial instruments utilised in funding and from International Business activity.

Financial instruments (other than International Business discussed below) that potentially create a credit exposure can only be entered into with counterparties that are explicitly approved by the Board. Maximum credit limits for each of these parties are approved on the basis of long term credit rating (Standard & Poor's or Moody's). A minimum long term rating of A+ (S&P) or A1 (Moody's) is required to approve individual counterparties.

The maximum credit risk of any financial instrument at any time is the fair value where that instrument is an asset. All derivatives are carried at fair value in the Balance Sheet. Trade receivables are presented net of an allowance for estimated doubtful receivables.

International Business activity is managed in accordance with accepted industry practice. Settlement risk associated with International Business customers is minimised through credit checking and a formal review and approval process.

The Group has a significant receivable from the NZICC insurers (note 5). The lead insurer is a subsidiary of a leading global firm and has an AA- insurer financial strength rating given by S&P Global Ratings.

Other than the NZICC fire insurance receivable, there are no other significant concentrations of credit risk in the Group.

(c) Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of unutilised committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties and maturities.

Maturities of Committed Funding Facilities

Debt maturities are detailed in note 11.

	LESS THAN 6 MONTHS	6-12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022						
Bank facility	–	160,730	115,000	115,000	–	390,730
USPP	–	–	–	157,471	72,401	229,872
New Zealand bonds	–	–	–	175,000	–	175,000
Car park concession liability	–	–	–	–	49,195	49,195
Lease liabilities	1,764	1,812	3,947	14,444	99,139	121,106
Total committed debt facilities	1,764	162,542	118,947	461,915	220,735	965,903
Total drawn debt	1,751	79,798	3,917	346,809	220,278	652,553
Future contracted interest on drawn debt	8,043	7,562	15,291	30,704	2,594	64,194
Future interest of lease liabilities	3,155	3,133	6,142	17,171	300,966	330,567
Future contracted interest on CCIRS/IRS	427	522	1,053	560	–	2,562
Total drawn debt and derivatives	13,376	91,015	26,403	395,244	523,838	1,049,876

	LESS THAN 6 MONTHS	6-12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021						
Bank facility	–	360,752	85,000	85,000	–	530,752
USPP	–	–	–	151,580	70,231	221,811
New Zealand bonds	–	–	–	–	175,000	175,000
Car park concession liability	–	–	–	–	47,167	47,167
Lease liabilities	1,400	1,615	3,457	11,513	100,822	118,807
Total committed debt facilities	1,400	362,367	88,457	248,093	393,220	1,093,537
Total drawn debt	1,400	49,645	3,457	163,092	393,221	610,815
Future contracted interest on drawn debt	7,280	7,157	14,433	36,096	10,769	75,735
Future interest of lease liabilities	1,702	1,453	2,567	5,557	329,625	340,904
Future contracted interest on CCIRS/IRS	1,101	1,083	1,626	1,040	–	4,850
Total drawn debt and derivatives	11,483	59,338	22,083	205,785	733,615	1,032,304

(d) Fair Value Estimation

Other than the New Zealand bonds, which are listed on the NZDX and therefore level 1 in the fair value hierarchy, all SkyCity financial instruments that are carried at fair value, which includes CCIRS, IRS and forward foreign currency contracts, are valued using level 2 in the fair value hierarchy.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

Specific valuation techniques used to value financial instruments include:

- the fair value of IRS and CCIRS is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

Further details on derivatives are provided in note 31.

(e) Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and to maximise returns for shareholders and benefits for other stakeholders over the long term.

In order to optimise its capital structure, the Group manages actual and forecast operational cash flows, capital expenditure and equity distributions.

The Group primarily manages capital on the basis of gearing measured as a ratio of net debt (debt at hedged exchange rates less cash at bank) to normalised EBITDA and interest coverage (normalised EBITDA relative to net interest cost).

The primary ratios were as follows at 30 June:

	2022	2021
Gearing ratio	4.6 x	2.3 x
Interest cover ratio	3.8 x	6.2 x

Ratios for 2022 have been significantly distorted due to the impact of COVID-19 on 2022 EBITDA due to closures.

33 Share-Based Payments

Accounting Policy

SkyCity operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the share rights is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share rights granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). At each reporting date, the Company revises its estimates of the number of shares expected to be distributed. It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity over the remaining vesting period.

Current Plans

Executive Long Term Incentive Plan (LTI Plan)

Under the LTI Plan, executives purchase ordinary SkyCity shares funded by an interest-free loan from the Group. The shares purchased by the executives are held by a trustee company with executives entitled to exercise the voting rights attached to the shares and receive dividends, the proceeds of which are used to repay the interest-free loan.

At the end of the restricted period (three years), the Group will pay a bonus to each executive to the extent their performance targets have been met which is sufficient to repay the initial interest-free loan associated with the shares which vest. The shares upon which performance targets have been met will then fully vest to the executives. The loan owing on shares upon which performance targets have not been met (the forfeited shares) will be novated from the executives to the trustee company and will be fully repaid by the transfer of the forfeited shares. Performance targets relate to total shareholder return relative to other comparable companies.

At 30 June 2022, the interest-free loans relating to the LTI Plan total \$3,889,982 (2021: \$7,152,885).

2021 Chief Executive Officer Incentive Shares (CEO Plan)

Under the terms of his employment agreement, the CEO will be issued 157,347 ordinary SkyCity shares on 16 November 2022. There are no performance targets associated with these shares (other than continued employment during the period from his commencement date to November 2022). The CEO will also receive a cash payment equivalent to the cash dividends declared and paid by SkyCity on shares during the 12-month period preceding the anniversary of the commencement date.

CEO Restricted Share Rights (CEO RSR Grant)

On 21 December 2021 a one-off issue of restricted share rights (**RSRs**) was granted to the CEO. This grant is subject to the rules of the SkyCity Restricted Share Rights Plan, as amended by the specific terms of the CEO RSR Grant.

Each RSR confers a right to receive one ordinary share in the Company. There are no performance measures associated with the vesting of the RSRs under the CEO RSR Grant (other than continued employment by the Company at the respective vesting dates being):

- 8 September 2024 in respect of 50% of the RSRs; and/or
- 8 September 2025 in respect of the remaining 50% of the RSRs.

Each vested RSR may be exercised on or before the termination date (being 8 September 2026) by paying the exercise price of NZ\$3.237 per RSR, as reduced by the aggregate cash amount per share of any dividends paid by the Company between 8 September 2021 and the relevant date of exercise of the RSR. No dividends will be paid on the RSRs.

Performance Incentive Plan (PIP)

The PIP includes both cash (the short term incentive scheme component of the PIP) and deferred equity components (the deferred short term incentive component of the PIP).

The deferred short term incentive scheme under the PIP offers participants, subject to the relevant performance conditions being met, the opportunity to acquire RSRs of an amount equivalent to between 10% and 50% of their base salary. RSRs (if any) issued to a participant on a short term incentive cash payment date (**Declaration Date**) will only vest if that participant remains an employee up and until:

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

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

These RSRs will be issued to staff after the finalisation of the Group's results.

2018 SkyCity Restricted Share Rights Plan (2018 RSR Plan)

A prior plan, the 2018 Short Term Incentive Plan, was replaced with the 2018 RSR Plan for 116 staff, with RSRs issued to staff after the finalisation of the Group's results. Each right conferred a right to receive one ordinary SkyCity share, which, unless otherwise agreed by the Board, would only vest if the relevant employee remained continuously employed by SkyCity (or a company within the Group) from the date of issue until the vesting date on 1 July 2020.

Outstanding Share Rights

Movements in the number of share rights outstanding are as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT END OF THE YEAR
		Number	Number	Number	Number	Number
2022						
LTI Plan						
23/08/17	23/08/21	750,883	–	–	(750,883)	–
22/08/18	22/08/21	376,019	–	(62,670)	(313,349)	–
28/08/19	28/08/22	420,418	–	–	–	420,418
17/09/20	17/09/23	556,986	–	–	–	556,986
08/09/21	08/09/24	–	233,805	–	–	233,805
CEO Plan						
16/11/20	16/11/21	166,003	–	(166,003)	–	–
16/11/21	16/11/22	–	157,347	–	–	157,347
CEO RSR Plan						
08/09/21	08/09/26	–	3,947,368	–	–	3,947,368
PIP						
06/09/19	06/09/21	459,327	–	(459,327)	–	–
10/09/19	10/09/21	8,720	–	(8,720)	–	–
07/09/21	07/09/23	–	688,834	–	(22,742)	666,092
07/09/21	07/09/23	–	122,860	–	(19,358)	103,502
Total		2,738,356	5,150,214	(696,720)	(1,106,332)	6,085,518
2021						
LTI Plan						
24/08/16	24/08/20	380,000	–	–	(380,000)	–
23/08/17	23/08/21	850,883	–	–	(100,000)	750,883
22/08/18	22/08/21	434,035	–	–	(58,016)	376,019
28/08/19	28/08/22	484,638	–	–	(64,220)	420,418
17/09/20	17/09/23	–	642,067	–	(85,081)	556,986
CEO Plan						
16/11/20	16/11/21	–	166,003	–	–	166,003
2018 RSR Plan						
11/09/18	01/07/20	1,808,708	–	(1,808,708)	–	–
PIP						
06/09/19	06/09/20	503,744	–	(503,744)	–	–
10/09/19	10/09/20	23,047	–	(23,047)	–	–
06/09/19	06/09/21	472,291	–	–	(12,964)	459,327
10/09/19	10/09/21	8,720	–	–	–	8,720
Total		4,966,066	808,070	(2,335,499)	(700,281)	2,738,356

The weighted average remaining contractual life of rights outstanding at the end of the period was 3.08 years (2021: 0.74 years).

Fair Values

Fair Value of Share Rights Granted (LTI Plan)

The assessed fair value at grant date of the rights granted on 8 September 2021 was \$1.40 (17 September 2020 was \$0.96). This was calculated using the single index model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 8 September 2021 included:

- rights are granted for no cash consideration;
- exercise price: nil (17 September 2020: nil); and
- share price at grant date: \$3.24 (17 September 2020: \$2.94).

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of Chief Executive Officer Incentive Shares (CEO Plan)

The assessed fair value at grant date of the incentive shares at 16 November 2021 was \$2.53 (16 November 2020 was \$2.62). This was calculated using the European call option model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the commencement shares on 16 November 2021 included:

- rights granted for no cash consideration;
- exercise price: nil; and
- share price at grant date: \$3.18 (16 November 2020: \$2.96).

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the commencement shares.

Fair Value of Chief Executive Restricted Share Rights (CEO RSR Grant)

The assessed fair value at grant date of the rights granted on 21 December 2021 was \$0.76. This was calculated using the Black Scholes model by Ernst & Young Transaction Advisory Services Limited.

The valuation inputs for the rights granted on 21 December 2021 included:

- rights are granted for no consideration;
- exercise price: \$3.24 per RSR pre-adjustments for cash dividends paid throughout the period; and
- share price at grant date: \$3.00.

The expected price volatility is derived by analysing the historic volatility over a recent historical period similar to the term of the right.

Fair Value of SkyCity Deferred Share Rights (PIP Plan)

The assessed value of each 2021 right was determined by Ernst & Young Transaction Advisory Services Limited. RSRs vesting one year after year end were valued at \$2.84 and RSRs vesting two years after year end were valued at \$2.57. No RSRs were issued in respect of the year ended 30 June 2020.

Expenses Arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022	2021
	\$'000	\$'000
Rights issued under share rights plans	2,292	3,253

34 Related Party Transactions

(a) Key Management Personnel Compensation

Key management personnel compensation is set out below. The key management personnel are all the Directors of the Company, the CEO and the Senior Leadership Team.

	SHORT TERM BENEFITS	TERMINATION BENEFITS	SHARE-BASED PAYMENTS	TOTAL
	\$'000	\$'000	\$'000	\$'000
2022	8,087	–	851	8,938
2021	11,618	1,456	1,424	14,498

(b) Other Transactions with Key Management Personnel or Entities Related to Them

Certain Directors and management have relevant interests in a number of companies with which SkyCity has transactions in the normal course of business. A number of SkyCity Directors are also non-executive directors of other companies, and a register of Directors' interests is maintained. Any transactions undertaken with these entities have been entered into in the normal course of business.

Certain Directors and management hold shares in SkyCity and receive dividends in the normal course of business.

In the current year consultancy services of \$8,769 (2021: \$88,855) were paid to incoming Directors, for the period from 20 June to 30 June 2022 (inclusive), prior to their appointment.

From time to time certain Directors provide additional consultancy services to the Group outside of their capacity as Directors. No additional fees were paid in the current year (2021: Nil).

(c) Subsidiaries

Interests in subsidiaries are set out in note 35.

(d) Associates

As outlined in note 24, the Group acquired an associate, GiG, on 1 April 2022. As outlined in note 3, the Group also earns revenue from online gaming under a gaming licence held by GiG. From 1 April to 30 June 2022, the Group earned €2.4 million (NZ\$4.0 million) from online gaming under the gaming licence held by GiG. At 30 June 2022, the Group has a receivable of €1.4 million (NZ\$2.3 million) from GiG in relation to online gaming.

35 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following significant subsidiaries in accordance with the accounting policy described in note 1(c):

			2022	2021
			%	%
Cashel Asset Management Limited	New Zealand	Ordinary	100%	100%
Horizon Tourism New Zealand Limited (formerly SkyCity Wellington Limited)	New Zealand	Ordinary	100%	100%
Lets Play Live Media Limited	New Zealand	Ordinary	–	100%
New Zealand International Convention Centre Limited	New Zealand	Ordinary	100%	100%
Otago Casinos Limited	New Zealand	Ordinary	100%	100%
Queenstown Casinos Limited	New Zealand	Ordinary	100%	100%
Sky Tower Limited	New Zealand	Ordinary	100%	100%
SkyCity Action Management Limited	New Zealand	Ordinary	100%	100%
SkyCity Auckland Holdings Limited	New Zealand	Ordinary	100%	100%
SkyCity Auckland Limited	New Zealand	Ordinary	100%	100%
SkyCity Casino Management Limited	New Zealand	Ordinary	100%	100%
SkyCity Development Limited	New Zealand	Ordinary	100%	100%
SkyCity Enterprises Limited	New Zealand	Ordinary	100%	100%
SkyCity Hamilton Limited	New Zealand	Ordinary	100%	100%
SkyCity Holdings Limited	New Zealand	Ordinary	100%	100%
SkyCity International Holdings Limited	New Zealand	Ordinary	100%	100%
SkyCity Investments Australia Limited	New Zealand	Ordinary	100%	100%
SkyCity Investments Queenstown Limited	New Zealand	Ordinary	100%	100%
SkyCity Management Limited	New Zealand	Ordinary	100%	100%
SkyCity Precinct Limited	New Zealand	Ordinary	100%	100%
SkyCity Projects Limited	New Zealand	Ordinary	100%	100%
SkyCity Properties Limited	New Zealand	Ordinary	100%	100%
SkyCity Properties Albert St Limited	New Zealand	Ordinary	100%	100%
SkyCity Properties Victoria St Limited	New Zealand	Ordinary	100%	100%
SkyCity Ventures Limited	New Zealand	Ordinary	100%	100%
TNZ Esports Limited	New Zealand	Ordinary	–	100%
LPL Media Pty Limited	Australia	Ordinary	–	100%
SkyCity Adelaide Pty Limited	Australia	Ordinary	100%	100%
SkyCity Australia Finance Pty Limited	Australia	Ordinary	100%	100%
SkyCity Australian Limited Partnership	Australia	Ordinary	100%	100%
SkyCity Australia Pty Limited	Australia	Ordinary	100%	100%
SkyCity Treasury Australia Pty Limited	Australia	Ordinary	100%	100%
Horizon Tourism Limited	Hong Kong	Ordinary	100%	100%
SkyCity Investment Holdings Limited	Hong Kong	Ordinary	100%	100%
SkyCity Malta Holdings Limited	Malta	Ordinary	100%	100%
SkyCity Malta Limited	Malta	Ordinary	100%	100%
SkyCity Management (UK) Limited	United Kingdom	Ordinary	100%	100%

All wholly-owned subsidiary companies have balance dates of 30 June.

36 Contingencies

(a) Contingent Liabilities

Car Parks

As outlined in note 4, the Car Park Concession Agreement provides Macquarie with a long-term concession over the car parks on the SkyCity Auckland main site and the NZICC site, for the consideration of \$220 million.

If SkyCity is unable to hand over the car parks on the NZICC site to Macquarie by 22 October 2022 due to the damage caused by the NZICC fire, Macquarie has the option to terminate the Car Park Concession Agreement. In the event Macquarie chooses to exercise this option, this would result in the Car Park Concession Agreement being terminated and SkyCity taking back the operation of all of the car parks under the concession agreement, in return for a consideration determined by a methodology and process detailed in the Car Park Concession Agreement.

SkyCity is engaging with Macquarie on this matter. To date, Macquarie has not indicated whether it will exercise the termination option that may crystallise on 22 October 2022 in the likely event that the car parks on the NZICC site are not handed over to them by this date. Due to this uncertainty, no provision has been recognised at 30 June 2022. If Macquarie chooses to exercise the termination option, all costs and/or losses incurred by SkyCity because of the termination will be assessed for recovery from the NZICC Contractor.

Regulators

SkyCity operates in an industry with a complex regulatory framework. During the current and prior periods, there has been heightened focus from a range of regulators across New Zealand and in particular Australia. SkyCity takes its obligations seriously and continues to work proactively with its regulators and respond to their inquiries.

(i) AUSTRAC Enforcement Investigation

On 4 June 2021, SkyCity Adelaide Pty Ltd was notified by the Australian Transaction Reports and Analysis Centre's (**AUSTRAC**) Regulatory Operations Team that it had identified potential serious non compliance by SkyCity Adelaide Pty Ltd with the Australian Anti Money Laundering and Counter Terrorism Financing Act 2006 and Anti Money Laundering and Counter Terrorism Financing Rules Instrument 2007 (No.1). The Regulatory Operations Team had therefore referred the matter to AUSTRAC's Enforcement Team, which initiated a formal enforcement investigation into the compliance of SkyCity Adelaide Pty Ltd.

The potential serious non-compliance noted by AUSTRAC includes concerns relating to ongoing customer due diligence, adopting and maintaining an AML/CTF Program and compliance with Part A of an AML/CTF Program. These concerns were identified in the course of a compliance assessment which AUSTRAC commenced in September 2019, focusing on SkyCity Adelaide Pty Ltd's

management of customers identified as high risk and politically exposed persons for the periods of 1 July 2015 to 30 June 2016 and 1 July 2018 to 30 June 2019.

AUSTRAC has not yet indicated that it has made a decision regarding the appropriate regulatory response that it may apply to SkyCity Adelaide Pty Ltd, including whether enforcement action will be taken. If any enforcement action is taken, this could result in a significant financial penalty, however SkyCity Adelaide Pty Ltd considers that it is not yet possible to reliably estimate a potential financial penalty and accordingly no provision has been raised in respect of these matters. SkyCity Adelaide Pty Ltd regards the matters raised by AUSTRAC with the utmost seriousness and, in June 2021, appointed an independent expert to conduct a comprehensive review of its AML/CTF Program and broader AML function which, together with SkyCity Adelaide Pty Ltd's own internal review, is aimed at putting in place a comprehensive enhancement programme to address issues in, and improve more generally, the quality of its AML/CTF Program and AML function.

Judgments in civil penalty proceedings brought by AUSTRAC to date demonstrate that the Federal Court's determination of the appropriate penalty (where contraventions are admitted or established) is very specific to the facts in each case. The Court will have regard to all relevant matters in determining an appropriate penalty, including the nature and extent of any contravention(s), loss and damage suffered as a result of any contravention(s), steps taken to improve existing systems, and relative size and financial position of the business.

(ii) Independent Review

On 1 July 2022, SkyCity and SkyCity Adelaide Pty Ltd were advised by Consumer and Business Services (the South Australian gaming regulator) that it had appointed the Honourable Brian Martin AO QC to undertake an independent review of SkyCity Adelaide Pty Ltd in accordance with Part 3 of the Casino Act 1997 (SA).

In its media release dated 1 July 2022, Consumer and Business Services noted that it was commissioning an independent review of the casino operations in South Australia "in light of interstate inquiries into various casino operations" given "a number of the matters raised to date extend beyond any one organisation and point instead to broader systemic issues within the casino industry". Mr Martin has been asked to consider, amongst other things, whether SkyCity Adelaide Pty Ltd is a suitable person to continue to hold the casino licence in South Australia, whether SkyCity is a suitable person to continue to be a close associate of SkyCity Adelaide Pty Ltd, and, if neither is a suitable person, what changes (if any) are required for that party to become a suitable person.

Mr Martin is due to report back to the South Australian Liquor and Gambling Commissioner by 1 February 2023. Prior to this report back occurring, it is not possible to determine what penalties, if any, might be applied to SkyCity Adelaide Pty Ltd.

(iii) Casino Duty

SkyCity Adelaide Pty Ltd 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. Proceedings are expected to commence in the 2023 financial year. As Revenue South Australia and SkyCity Adelaide Pty Ltd have agreed to seek a Court ruling on the matter, and proceedings have not yet commenced no provision has been raised in respect of these matters as there is no present obligation. An unfavourable ruling could result in additional casino duty being payable, however as potential Court rulings on either issue could produce a range of positive or negative outcomes SkyCity Adelaide Pty Ltd considers it is not possible to reliably estimate the potential financial outcome.

(b) Contingent Assets

As detailed in note 5, while the insurers have confirmed that SkyCity's Contracts Works Insurance policy will respond in relation to the damage caused by the fire, the final insurance recovery will be dependent on the final view of the insurers as the claims are presented and no final insurance recovery has been confirmed at this stage. There are further remediation costs for which policy coverage has not yet been confirmed by the insurers and therefore for which the recoverability has not been assessed to be virtually certain.

The Group will also seek recovery from the Contractor for additional costs and losses associated with the NZICC fire that are not covered by the insurers. These include insurance excesses, payments to Macquarie under the Car Park Concession Agreement, additional project costs, and other items.

The Group has identified \$68.7 million (2021: \$23.3 million) of costs incurred to date where it does not believe that recovery is virtually certain at this time given the position currently being taken by the Contractor and by the Insurers, and therefore no income has been recognised. However, recovery of these costs is considered probable and they are therefore included as a contingent asset. This does not include the full extent of the costs and losses that have been incurred or that could be claimed from the NZICC and Horizon Hotel contractor relating to the fire and construction delays.

There are no other significant contingent assets at year end.

37 Commitments

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as set out below.

	2022	2021
	\$'000	\$'000
Property, plant and equipment	296,575	445,269

The majority of the capital commitments relate to the construction of the NZICC and Horizon Hotel.

38 Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	2022	2021
	\$'000	\$'000
(Loss)/Profit for the year	(33,595)	155,833
Depreciation and amortisation	94,660	88,306
Net finance costs	35,044	32,455
Current period employee share expense	2,292	3,253
Gain on sale of fixed assets	(634)	528
Fair value (losses)/gains to investment property	5,400	(7,386)
NZICC fire related income	(52,483)	(170,727)
NZICC fire related costs	88,849	141,845
Asset impairment	7,293	8,834
Change in operating assets and liabilities		
Change in receivables and prepayments	7,579	8,847
Change in inventories	(341)	(559)
Change in deferred tax asset	(9,632)	(2,467)
Change in current payables	(12,966)	(21,677)
Change in deferred tax liability	8,616	11,856
Change in tax receivable – current	(4,431)	1,989
Change in non-current payables	4,240	9,748
Change in tax payable – current	(16,162)	15,480
Investing and financing items included in working capital movements	(32,608)	8,627
Net cash inflow from operating activities	91,121	284,785

39 Events Occurring after the Reporting Date

Syndicated Bank Facility

Subsequent to the reporting date, SkyCity's syndicated bank facility was restructured (note 11).

Little Mindil

On 27 July 2022, the balance of the purchase price for Little Mindil was received from the purchaser. Title transferred to the purchaser on 10 August 2022 and the asset was derecognised on that date (note 27).

Regulatory Review of SkyCity Adelaide Pty Ltd

On 1 July 2022, Consumer and Business Services (the South Australian gambling regulator) advised that it had commenced an independent review of SkyCity Adelaide Pty Ltd (note 36). SkyCity is continuing to cooperate with the review and requests for information and documents as they arise.

AUSTRAC Enforcement Investigation

As outlined in note 36, AUSTRAC has initiated a formal enforcement investigation into the compliance of SkyCity Adelaide Pty Ltd with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1). SkyCity is continuing to cooperate with the investigation and requests for information and documents as they arise.

Reconciliation of Normalised Results to Reported Results

SkyCity's objective of producing normalised financial information is to provide data that is useful to the investment community in understanding the underlying operations of the Group. The intention is to provide information which:

- is representative of SkyCity's underlying performance (as a potential indicator of future performance);
- can be compared across years; and
- can assist with comparison between publicly listed casino companies in New Zealand and Australia.

This objective is achieved by:

- eliminating inherent volatility or the “luck” factor from International Business, which has variable turnover and actual win % from period to period;
- eliminating structural differences in the business between periods; and
- eliminating known different treatments with other New Zealand and Australian publicly listed casino companies.

SkyCity believes that, by making these adjustments, the users of the financial information will be able to understand the underlying performance of the Group and form a view on future performance. For internal purposes, including budgeting and determination of staff incentives, normalised results are used.

Non-GAAP information is prepared in accordance with a Board approved Non-GAAP Financial Information Policy and is reviewed by the Board at each reporting period. The Non-GAAP Financial Information Policy was applied in FY22 consistent with the approach adopted in FY21.

	FY22				FY21			
	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m	Revenue \$m	EBITDA \$m	EBIT \$m	NPAT \$m
Reported	639.0	96.9	2.3	(33.6)	952.0	313.9	225.5	155.8
International Business revenue adjustment	3.8	–	–	–	7.3	–	–	–
Gaming GST	57.1	–	–	–	78.7	–	–	–
International Business at theoretical win rate	(5.2)	(3.8)	(3.8)	(2.7)	(5.3)	(4.9)	(4.9)	(3.6)
NZICC fire impacts	(63.2)	32.1	32.1	33.3	(170.7)	(22.4)	(22.4)	(24.2)
Liquidated damages	–	–	–	–	(39.5)	(39.5)	(39.5)	(39.5)
Asset impairment	–	7.3	7.3	7.3	–	8.8	8.8	8.8
Property revaluation	–	5.4	5.4	5.4	–	(7.4)	(7.4)	(7.4)
Normalised	631.5	137.9	43.3	9.7	822.5	248.6	160.1	90.0

Adjustment	Discussion
Treat International Business commissions as an expense rather than reduction in revenue which reduces both reported revenue and operating expenses within International Business (by \$3.8 million in FY22 and \$7.3 million in FY21)	<ul style="list-style-type: none"> • This adjustment adds back International Business commissions (treated as a reduction from revenue in the reported results) and increases both revenue and expenses. This adjustment does not impact EBITDA, EBIT or NPAT. This adjustment has been made to maintain the relationship between turnover and the theoretical win rate of 1.35% when determining normalised revenue.

Adjustment	Discussion
Add gaming GST to reported revenue (by \$57.1 million in FY22 and \$78.7 million in FY21)	<ul style="list-style-type: none"> Reported revenue included within the financial statements of the Group excludes GST. This adjustment adds back GST associated with gaming so that normalised revenue equals the amount bet by gaming customers. All publicly listed New Zealand and Australian casino companies include GST associated with gaming within their revenue results. Including gaming GST within reported revenue is not consistent with GAAP and SkyCity therefore does not do so. However, SkyCity does include gaming GST within its normalised revenue. This adjustment does not impact EBITDA, EBIT or NPAT.
Apply a theoretical win rate of 1.35% for International Business vs an actual win rate of 1.77% (FY22) and 1.67% (FY21)	<ul style="list-style-type: none"> This adjustment recalculates gaming win from International Business to the theoretical win rate. The vast majority of International Business play is baccarat. Statistically, over the long term the casino expects to win 1.35% of all bets taken on baccarat. However, in any particular reporting period the actual results of play will vary depending on “luck”. The 1.35% win rate is used by all publicly listed New Zealand and Australian casino companies in addition to casino companies in Asia and the United States. In order to understand the long term results within International Business, there is the need to eliminate the inherent volatility or “luck” factor.
Eliminate net loss (\$33.3 million post-tax) arising from impacts of the NZICC fire, which includes recoveries of compensation payments made to Macquarie for car parks compromised by reinstatement of the NZICC and Horizon Hotel (\$24.2 million net gain in FY21)	<ul style="list-style-type: none"> On 22 October 2019, there was a significant fire at the construction site of the New Zealand International Convention Centre (NZICC) in Auckland. The fire caused extensive damage to the NZICC and damage to the Horizon Hotel which is being constructed on the adjacent site. Both buildings are insured, and all significant costs associated with the fire are expected to be covered. Any costs not covered by insurance are expected to be sought from Fletcher Construction. The fire has significant implications for the financial statements for the Group which were recognised in FY20 – these impacts are explained further on pages 184-188 of SkyCity’s FY20 financial statements which have been released to the NZX and ASX. The FY20 financial statements included a number of significant judgements and estimates to determine the appropriate accounting. These judgements and estimates have continued to be reviewed as new information has become available – following a revised damage assessment for the NZICC/ Horizon Hotel project, the expected insurance recovery relating to the asset has increased and is required to be recognised as income as SkyCity is the principal in the insurance relationship. This income has been offset by an increase in costs relating to demolition and deconstruction of the site post fire that are required to be expensed as incurred. The NZICC fire (and associated accounting impact) is a significant, one-off event that has impacted the comparability of the FY22 result with the prior year.
Reverse impact of revaluation (decrease of \$5.4 million) of Auckland investment properties (FY21: increase of \$7.4 million)	<ul style="list-style-type: none"> SkyCity has a number of investment properties in Auckland. In accordance with the appropriate accounting standard, these investment properties are revalued by an independent expert every year and the carrying value adjusted within the Group’s financial statements. This adjustment eliminates/reverses the increase/decline in value of these properties. The revaluation is non-cash and unrelated to the operations of the Group. This adjustment will be made each year to determine the Group’s normalised results.

Adjustment	Discussion
AA Centre (SkyCity HQ) impairment (decrease of \$1.1 million FY21: increase of \$7.4 million)	AA Centre <ul style="list-style-type: none"> In FY21, the Group impaired the AA Centre (SkyCity HQ), majority owned by SkyCity, by \$8.8 million. The impairment arose due to revised expectations regarding the carrying value of the asset and the cost of significant improvements and remediation required to the building. In FY22, the Group impaired the AA Centre by a further \$1.1 million following valuation by an independent expert.
SkyCity Queenstown land impairment (decrease of \$1.8 million)	Queenstown Land <ul style="list-style-type: none"> During FY22, SkyCity concluded that it was no longer feasible to develop land it owns in Queenstown into a VIP gaming and hotel resort and, as such, the property is now classified as property held for sale. An independent valuation of the property resulted in an impairment to the carrying value of \$1.8 million.
SkyCity Wharf licence impairment (decrease of \$4.4 million)	Wharf Licence <ul style="list-style-type: none"> The Queenstown Wharf casino has remained closed since 23 March 2020 (at the commencement of the first COVID-19 lockdown in New Zealand) due to the detrimental effect on the local Queenstown economy from the COVID-19 pandemic’s ongoing impacts on the international tourism market. In the current period, the Queenstown Wharf casino licence was fully impaired (which resulted in the recognition of an impairment loss of \$4.4 million) due to management’s decision not to reopen the Queenstown Wharf casino in the foreseeable future. This group of adjustments eliminate these non-cash expenses, which are unrelated to the operations of the Group.
Eliminate benefit (\$39.5 million) arising from liquidated damages for the NZICC/ Horizon Hotel project withheld in lieu of late practical completion (FY21 only)	<ul style="list-style-type: none"> SkyCity entered into Building Works Contracts for the NZICC and Horizon Hotel projects in November 2015. Under the Building Works Contracts, liquidated damages apply for late delivery of separable portions related to contractual completion dates. Given the significant delays to completion of the NZICC and Horizon Hotel, SkyCity is entitled to claim the liquidated damages under the Building Works Contracts up to the agreed cap (\$39.5 million in total). Following several pre-fire claims being settled with Fletcher Construction during 1H21, recovery of the liquidated damages has been deemed virtually certain and hence the full amount is required to be accounted for as income in SkyCity’s interim financial statements. The liquidated damages are a significant, one-off event – making this adjustment (which eliminates the one-off gain) will enhance the reader’s understanding as this item does not impact the underlying operations of the Group.

GRI Content Index

General Standard Disclosures

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS
Organisational Profile	102-1	Name of organisation	Annual Report 2022: Company Disclosures	9	
	102-2	Activities, brands, products and services	Annual Report 2022: About SkyCity	28–35	
	102-3	Location of headquarters	Annual Report 2022: About SkyCity	28	
			Annual Report 2022: Directory	183	
	102-4	Location of operations	Annual Report 2022: About SkyCity	28–35	
			Annual Report 2022: Directory	183	
	102-5	Ownership and legal form	Annual Report 2022: Notes to the Financial Statements	131	
			Annual Report 2022: Shareholder and Bondholder Information	107–108	
	102-6	Markets served	Annual Report 2022: About SkyCity	28–35	
	102-7	Scale of organisation			
		i. Total number of employees	Annual Report 2022: Diversity Snapshot	26	
			Annual Report 2022: Our People	63	
		ii. Total number of operations	Annual Report 2022: Creating Value	14–15	
			Annual Report 2022: About SkyCity	28	
		iii. Net sales	Annual Report 2022: Income Statement	124	
		iv. Total capitalisation	Annual Report 2022: Balance Sheet	126–127	
		v. Quantity of products and services provided	Annual Report 2022: Creating Value	14–15	
			Annual Report 2022: About SkyCity	28	
		Additional information	Annual Report 2022	14–21	
	102-8	Information on employees and other workers	Annual Report 2022: Our People	62–71	Note 1

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS
Organisational Profile	102-9	Supply chain	Annual Report 2022: Our Suppliers	78–81	
	102-10	Significant changes to the organisation and its supply chain	Annual Report 2022: Chair's Review, Chief Executive Officer's Review and Delivering Our Group Strategy	4–7 22–25	
	102-11	Precautionary principle or approach	SkyCity Ethical Sourcing Code	80	
	102-12	External initiatives	Annual Report 2022: Our Sustainability Annual Report 2022: Our People Annual Report 2022: Our Environment	51–53 62–71 82–88	
Strategy	102-14	Statement from senior decision-maker	Annual Report 2022: Chair's Review, Chief Executive Officer's Review and Delivering Our Group Strategy	4–7 22–25	
Ethics and Integrity	102-16	Values, principles, standards and norms of behaviour	SkyCity Code of Conduct	www.skycityentertainmentgroup.com	
Governance	102-18	Governance structure	Annual Report 2022: Our Senior Leadership Team	47–50	
			Annual Report 2022: Corporate Governance Statement and Other Disclosures	89–112	
Stakeholder Engagement	102-40	List of stakeholder groups	Annual Report 2022: Our Sustainability	www.skycityentertainmentgroup.com	
	102-41	Collective bargaining agreements	Annual Report 2022: Our People	62–71	
	102-42	Identifying and selecting stakeholders	SkyCity Code of Conduct	www.skycityentertainmentgroup.com	
	102-43	Approach to stakeholder engagement	SkyCity Code of Conduct	www.skycityentertainmentgroup.com	
	102-44	Key topics and concerns raised	Annual Report 2022: Our Sustainability	51–53	
	Reporting Practice	102-45	Entities included in the consolidated financial statements	Annual Report 2022: Notes to the Financial Statements	130–174
102-46		Defining report content and topic boundaries	Annual Report 2022: About this Annual Report	28–35	
			Annual Report 2022: Our Sustainability	51–53	
102-47		List of material topics	Annual Report 2022: Our Sustainability	51–53	

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS
Reporting Practice	102-48	Restatements of information	Not applicable	N/A	
	102-49	Changes in reporting	Annual Report 2022: Notes to the Financial Statements	131–133	
	102-50	Reporting period	Annual Report 2022	Cover Page	
	102-51	Date of most recent report	Annual Report 2022: About this Annual Report	9	
	102-52	Reporting cycle	Annual Report 2022	Cover Page	
	102-53	Contact point for questions regarding the report	Annual Report 2022: Our Sustainability Annual Report 2022: Directory	9 183	
	102-54	Claims of reporting in accordance with the GRI standards	Annual Report 2022: About this Annual Report	9	

Limitations:

Note 1 – The reporting on GRI 102-8 on employees and other workers does not include ‘activities performed by workers who are not employees’ and ‘significant variations in numbers reported’.

Specific Standard Disclosures

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS
Conserve the Environment	GRI 103	Energy management approach	Annual Report 2022: Our Environment	82–88	
	GRI 302-3	Energy intensity	Annual Report 2022: Our Environment	82–88	
	GRI 103	Emissions management approach	Annual Report 2022: Our Environment	82–88	
	GRI 305-4	GHG emissions intensity	Annual Report 2022: Our Environment	82–88	
Source Ethically and Responsibly	GRI 103	Ethical and sustainable procurement management approach	Annual Report 2022: Our Suppliers	78–81	

SECTION	ASPECT / GRI DISCLOSURE	DESCRIPTION	PUBLICATION	PAGE(S)	LIMITATIONS
Inspire Our People	GRI 103	Health and safety management approach	Annual Report 2022: Our Risk Profile and Management	36–43	
			Annual Report 2022: Health, Safety and Wellbeing	64–65	
	GRI 403-2	Types and rates of injury	Annual Report 2022: Our Risk Profile and Management	36–43	
			Annual Report 2022: Health, Safety and Wellbeing	64–65	
	GRI 103	Employee engagement management approach	Annual Report 2022: Our People	62–71	
	GRI 404-2	Employee programmes	Annual Report 2022: Our People	62–71	
	GRI 103	Diversity, inclusion and belonging management approach	Annual Report 2022: Our People	62–71	
	GRI 405-1	Governance and employee diversity	Annual Report 2022: Our People	62–71	
			SkyCity Diversity and Inclusion Policy	www.skycityentertainmentgroup.com	
	Host Responsibly GRI 103	Customer health and safety management approach	Annual Report 2022: Our Risk Profile and Management	36–43	
			Annual Report 2022: Our Customers	54–61	
	GRI 416-1	Assessment of health and safety of products and services	Annual Report 2022: Our Risk Profile and Management	36–43	
			Annual Report 2022: Our Customers	54–61	
	GRI 416-2	Non-compliance incidents related to health and safety of products and services	Annual Report 2022: Our Customers	54–61	
	GRI 103	Socio-economic compliance management approach	Annual Report 2022: Our Customers	54–61	
	GRI 419-1	Non-compliance with socio-economic laws and regulations	Annual Report 2022: Our Customers	54–61	Note 2

Limitations:

Note 2 – The reporting of GRI 419-1 on Non-compliance with Socio-Economic Laws and Regulations does not include economic laws and regulations.

GLOSSARY

Casino Win	the amount lost or spent by players, calculated as Turnover minus amounts awarded to players
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
GAAP	generally accepted accounting principles
Hold or Win Rate	casino win expressed as a percentage of turnover
Normalised EBITDA	earnings before interest, tax, depreciation and amortisation adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy
Normalised NPAT	net profit/(loss) after tax adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy
Normalised Revenue	revenue adjusted to take into account a theoretical win rate of 1.35% on International Business play and other adjustments and calculated in accordance with SkyCity's Non-GAAP Financial Information Policy
Normalised Win Rate	the expected long term average hold
NPAT	net profit/(loss) after tax
Reported EBITDA	earnings before interest, tax, depreciation and amortisation calculated in accordance with GAAP in New Zealand
Reported NPAT	net profit after tax calculated in accordance with GAAP in New Zealand
Reported Revenue	revenue calculated in accordance with GAAP in New Zealand
RevPar	revenue per available room
Turnover	total amount wagered by players

DIRECTORY

REGISTERED OFFICE

SkyCity Entertainment Group Limited

NEW ZEALAND

Level 13
99 Albert Street
Auckland 1010
New Zealand
Telephone: +64 9 363 6000

AUSTRALIA

North Terrace
Adelaide
SA 5000
Australia
Telephone: +61 8 8212 2811

Email: sceginfo@skycity.co.nz
www.skycityentertainmentgroup.com

SKYCITY LOCATIONS

SKYCITY AUCKLAND

Corner Victoria and Federal Streets
Auckland 1010
New Zealand
Telephone: +64 9 363 6000

SKYCITY HAMILTON

346 Victoria Street
Hamilton 3204
New Zealand
Telephone: +64 7 834 4900

SKYCITY QUEENSTOWN

Level 2, Stratton House
16–24 Beach Street
Queenstown 9300
New Zealand
Telephone: +64 3 441 0400

SKYCITY QUEENSTOWN WHARF

Steamer Wharf
88 Beach Street
Queenstown 9300
New Zealand
Telephone: +64 3 441 0400

SKYCITY ADELAIDE

Railway Building
North Terrace
Adelaide
SA 5000
Australia
Telephone: +61 8 8212 2811

AUDITOR

PricewaterhouseCoopers

Level 27
15 Customs Street West
Private Bag 92162
Auckland 1010

SUPERVISOR FOR BONDS

Public Trust

Private Bag 5902
Wellington 6140

REGISTRARS

NEW ZEALAND

Computershare Investor Services Limited

Level 2
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland

Telephone:
+64 9 488 8700
Facsimile:
+64 9 488 8787
Email: enquiry@computershare.co.nz

AUSTRALIA

Computershare Investor Services Pty Limited

Level 3
60 Carrington Street
Sydney NSW 2000
GPO Box 7045
Sydney NSW 2000

Telephone:
+61 2 8234 5000
Facsimile:
+61 2 8234 5050
Email: enquiry@computershare.co.nz

