

THE STAR ENTERTAINMENT GROUP

Appendix 4E

Preliminary Final Report (unaudited)
for the year ended 30 June 2024

1. Results for announcement to the market (all comparisons to the year ended 30 June 2023)

The Appendix 4E should be read in conjunction with the attached Preliminary Financial Report (unaudited) including the notes to that report, particularly A7, B2, B3 C1 and F in respect of material uncertainty regarding the Group's ability to continue as a going concern and the media release and financial results presentation lodged with the Australian Securities Exchange (ASX) on 26 September 2024. The Star Entertainment Group Limited (the Company) currently expects to lodge audited accounts for the year ended 30 June 2024 by 30 September 2024.

Results in accordance with Australian Accounting Standards		Current period \$m	% change
Revenue from ordinary activities		1,677.8	(10.2%)
Loss from ordinary activities after tax attributable to members of the parent		(1,684.6)	(30.8%)
Net loss after tax for the period attributable to members of the parent		(1,684.6)	(30.8%)

	Current Period Normalised ¹ \$m	% change	Current Period Statutory ² \$m	% change
Revenue	1,677.8	(10.2%)	1,677.8	(10.2%)
Earnings before interest, tax, depreciation and amortisation	174.7	(45.0%)	174.7	(45.0%)
Depreciation and amortisation	(120.6)	(38.2%)	(120.6)	(38.2%)
Earnings before interest and tax	54.1	(55.7%)	54.1	(55.7%)
Share of associates' profits	(3.2)	(15.8%)	(3.2)	(15.8%)
Net interest expense	(35.3)	(37.5%)	(35.3)	(37.5%)
Significant items (net of tax) ³	-	-	(1,696.5)	(31.5%)
Income tax expense	(3.7)	(82.0%)	(3.7)	(82.0%)
Net profit / (loss) after tax	11.9	(71.2%)	(1,684.6)	(30.8%)

¹ The Group suspended all international rebate programs in May 2022 in response to the Bell Review. Consequently, normalised earnings exclude significant items only.

² Statutory results disclose revenues and expenses at actual win rates and include significant items.

³ Significant items include: Impairment of The Star Sydney, The Star Gold Coast, Treasury Brisbane and investments in joint ventures; regulatory, fines, penalties, duty, consultant, legal and other costs; derivative settlement costs and debt termination fees; and reorganisation and employment costs; partially offset by profit on sale of assets.

2. Dividend information

	Year ended 30 June 2024	Half year ended 31 December 2023
Fully franked dividend (amount per share) ¹	N/A	N/A
Record Date	N/A	N/A
Date Payable	N/A	N/A

¹ No final dividend was declared for the year ended 30 June 2024.

Dividend reinvestment plan

The key terms of The Star Entertainment Group Limited's dividend reinvestment plan (DRP) in operation for the final dividend are:

N/A

The last date for receipt of election notices for the dividend reinvestment plan is:

N/A

3. Net tangible assets per share

	Current period	Previous corresponding period
Net tangible asset backing per ordinary share ¹	\$0.26	\$0.88

¹ Net tangible asset backing per ordinary share excludes right of use assets.

4. Supplementary comments

Additional Appendix 4E disclosures and other significant information may be found in the attached Preliminary Financial Report (unaudited) for the year ended 30 June 2024, and the media release and financial results presentation lodged with the ASX on 26 September 2024.

5. Independent auditor's report

This Preliminary Final Report (unaudited) is based on the attached Preliminary Financial Report (unaudited) for the year ended 30 June 2024 which is in the process of being audited. The audited accounts are likely to include an emphasis of matter in relation to Going Concern, Regulatory and Legal Provisions and Contingent Liabilities. The Group is subject to ongoing regulatory and legal matters which may have a material impact on these results. Further information is included in the attached Preliminary Financial Report (unaudited), note B3.

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THE  STAR ENTERTAINMENT GROUP

THE STAR ENTERTAINMENT GROUP LIMITED

A.C.N 149 629 023

ASX Code: SGR

AND ITS CONTROLLED ENTITIES

UNAUDITED PRELIMINARY FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2024

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THE STAR ENTERTAINMENT GROUP

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$m	2023 \$m
Revenue	A2	1,677.8	1,867.5
Other income	A3	2.7	1.0
Government taxes and levies	A3	(412.1)	(456.1)
Employment costs	A3	(723.6)	(737.0)
Depreciation, amortisation and impairment	A4	(1,559.2)	(2,363.1)
Cost of sales		(86.3)	(95.5)
Property costs		(72.6)	(72.2)
Advertising and promotions		(49.5)	(68.8)
Regulatory and legal costs		(100.0)	(594.8)
Other expenses		(169.6)	(139.4)
Share of net profit of associate and joint venture entities accounted for using the equity method	D1	19.7	5.4
Loss before interest and income tax (LBIT)		(1,472.7)	(2,653.0)
Net finance costs	A5	(59.0)	(110.0)
Loss before income tax (LBT)		(1,531.7)	(2,763.0)
Income tax (expense)/benefit		(152.9)	327.8
Net loss after tax (NLAT)		(1,684.6)	(2,435.2)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value of cash flow hedges taken to equity, net of tax		5.8	(6.5)
Total comprehensive loss for the period		(1,678.8)	(2,441.7)
Loss per share:			
Basic loss per share		(66.8) cents	(211.7) cents
Diluted loss per share		(66.8) cents	(211.7) cents

The above consolidated income statement (unaudited) should be read in conjunction with the accompanying notes.

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CONSOLIDATED BALANCE SHEET (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$m	2023 \$m
ASSETS			
Cash and cash equivalents	B1	299.6	88.7
Trade and other receivables		31.5	20.8
Inventories		13.6	14.9
Income tax receivable		56.0	30.8
Derivative financial instruments		-	2.6
Other assets		87.4	93.7
Total current assets		488.1	251.5
Property, plant and equipment		1,157.4	1,752.3
Intangible assets		72.6	332.8
Derivative financial instruments		-	37.4
Investment in associate and joint venture entities	D1	161.7	669.2
Deferred tax assets		-	190.4
Other assets		18.0	26.7
Total non current assets		1,409.7	3,008.8
TOTAL ASSETS		1,897.8	3,260.3
LIABILITIES			
Trade and other payables		180.4	184.9
Interest bearing liabilities	B4	6.1	6.0
Provisions	B3	490.2	505.7
Derivative financial instruments		-	3.8
Other liabilities		75.2	18.6
Total current liabilities		751.9	719.0
Interest bearing liabilities	B4	295.7	751.2
Provisions	B3	8.1	8.0
Other liabilities		8.8	11.1
Total non current liabilities		312.6	770.3
TOTAL LIABILITIES		1,064.5	1,489.3
NET ASSETS		833.3	1,771.0
EQUITY			
Share capital		4,695.7	3,955.6
Accumulated losses		(3,872.0)	(2,187.4)
Reserves		9.6	2.8
TOTAL EQUITY		833.3	1,771.0

The above consolidated balance sheet (unaudited) should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$m	2023 \$m
Cash flows from operating activities			
Net cash receipts from customers (inclusive of GST)		1,768.0	1,986.6
Payments to suppliers and employees (inclusive of GST)		(1,208.8)	(1,277.5)
Payment of government levies, gaming taxes and GST		(413.2)	(461.7)
Interest received		9.0	0.8
Income taxes received/(paid)		14.6	(20.0)
Regulatory, fines, penalties, duty, consultant, legal and other costs		(123.6)	(184.4)
Net cash inflow from operating activities		46.0	43.8
Cash flows from investing activities			
Payments for property, plant, equipment and intangibles		(76.3)	(135.3)
Proceeds from sale of plant and equipment		0.3	0.5
Loans from joint venture entities		55.9	-
Payments for investment in associate and joint venture entities		(75.2)	(19.5)
Loans to joint venture entities		(22.7)	(6.3)
Distributions received from joint venture entities		8.9	25.4
Repayments of loans from joint venture entities		14.3	-
Net cash outflow from investing activities		(94.8)	(135.2)
Cash flows from financing activities			
Proceeds from interest bearing liabilities		318.0	228.0
Repayment of interest bearing liabilities		(752.2)	(831.1)
Proceeds from settlement of derivative financial instruments		49.7	20.5
Finance costs		(82.4)	(81.8)
Purchase of treasury shares		-	(6.4)
Proceeds from issue of shares		734.5	778.5
Interest payment of lease liabilities		(2.9)	(3.1)
Principal payment of lease liabilities		(5.0)	(6.5)
Net cash inflow from financing activities		259.7	98.1
Net increase in cash and cash equivalents		210.9	6.7
Cash and cash equivalents at beginning of the year		88.7	82.0
Cash and cash equivalents at end of the year	B1	299.6	88.7

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

	Ordinary shares \$m	Treasury shares \$m	Retained earnings \$m	Hedging reserve \$m	Cost of hedging reserve \$m	Share based payment reserve \$m	Total \$m
2024							
Balance at 1 July 2023	3,962.9	(7.3)	(2,187.4)	(8.2)	2.4	8.6	1,771.0
Loss for the year	-	-	(1,684.6)	-	-	-	(1,684.6)
Other comprehensive income	-	-	-	8.2	(2.4)	-	5.8
Total comprehensive loss	-	-	(1,684.6)	8.2	(2.4)	-	(1,678.8)
Issue of share capital (net of tax)	739.2	-	-	-	-	-	739.2
Shares issued to settle employee share programs	-	0.9	-	-	-	-	0.9
Employee share based payments	-	-	-	-	-	1.0	1.0
Balance at 30 June 2024	4,702.1	(6.4)	(3,872.0)	-	-	9.6	833.3
2023							
Balance at 1 July 2022	3,177.9	(6.9)	247.8	(1.9)	2.6	10.8	3,430.3
Loss for the year	-	-	(2,435.2)	-	-	-	(2,435.2)
Other comprehensive income	-	-	-	(6.3)	(0.2)	-	(6.5)
Total comprehensive loss	-	-	(2,435.2)	(6.3)	(0.2)	-	(2,441.7)
Issue of share capital (net of tax)	785.0	-	-	-	-	-	785.0
Shares purchased for future employee share programs	-	(6.4)	-	-	-	-	(6.4)
Shares issued to settle employee share programs	-	6.0	-	-	-	-	6.0
Employee share based payments	-	-	-	-	-	(2.2)	(2.2)
Balance at 30 June 2023	3,962.9	(7.3)	(2,187.4)	(8.2)	2.4	8.6	1,771.0

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

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

A KEY INCOME STATEMENT DISCLOSURES

A1 SEGMENT INFORMATION

The Group's operating segments have been determined based on the internal management reporting structure and the nature of products and services provided by the Group. They reflect the business level at which financial information is provided to those in the roles of executive decision makers, being the Acting Chief Executive Officer and Interim Chief Financial Officer, for decision making regarding resource allocation and performance assessment.

The Group has three reportable segments:

Sydney	Comprises The Star Sydney's casino operations, including hotels, restaurants, bars and other entertainment facilities.
Gold Coast	Comprises The Star Gold Coast's casino operations, including hotels, theatre, restaurants, bars and other entertainment facilities.
Brisbane	Comprises Treasury Brisbane's casino operations, including hotel, restaurants and bars.

	Sydney \$m	Gold Coast \$m	Brisbane \$m	Total \$m
2024				
Gross revenues - domestic	877.5	456.1	344.2	1,677.8
Segment revenue	877.5	456.1	344.2	1,677.8
Segment earnings before interest, tax, depreciation, amortisation and significant items	51.8	71.3	51.6	174.7
Depreciation and amortisation (refer to note A4)	64.2	36.2	20.2	120.6
Capital expenditure	41.6	24.6	10.1	76.3
2023				
Gross revenues - domestic ^a	984.0	508.9	374.6	1,867.5
Segment revenue	984.0	508.9	374.6	1,867.5
Segment earnings before interest, tax, depreciation, amortisation and significant items	127.2	107.0	83.2	317.4
Depreciation and amortisation (refer to note A4)	109.0	60.6	25.7	195.3
Capital expenditure	85.4	37.6	12.9	135.9

^a Total gross revenue is presented as the gross gaming win before player rebates and promotional allowances of nil (2023: nil).

	2024 \$m	2023 \$m
Reconciliation of reportable segment profit to profit before income tax		
Segment earnings before interest, tax, depreciation, amortisation and significant items	174.7	317.4
Depreciation and amortisation (refer to note A4)	(120.6)	(195.3)
Significant items (refer to note A7)	(1,547.3)	(2,824.8)
Unallocated items:		
- net finance costs ^a (refer to note A5)	(35.3)	(56.5)
- share of net loss of associate and joint venture entities accounted for using the equity method ^a	(3.2)	(3.8)
Loss before income tax (LBT)	(1,531.7)	(2,763.0)

^a These items are before significant items (refer to note A7).

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

A2 REVENUE

	2024 \$m	2023 \$m
Gaming	1,111.2	1,260.0
Non-gaming	554.7	596.2
Other	11.9	11.3
Total revenue	1,677.8	1,867.5

Revenue

Revenue is recognised when the Group satisfies its obligations in relation to the provision of goods and services to its customers in the ordinary course of business. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for performing these obligations, including any discounts, rebates, price concessions, incentives or performance bonuses. Revenue is constrained such that the significant reversal of revenue in a future period is not highly probable. Revenue comprises net gaming win, less player and gaming promoter rebates and promotional allowances, as well as other non-gaming revenue from hotels, restaurants and bars.

Customer loyalty programs

The Group operates customer loyalty programs enabling customers to accumulate award credits for on-property spend. A portion of the spend, equal to the fair value of the award credits earned and reduced for expected breakage, is treated as deferred revenue. Revenue from the award credits is recognised in the income statement when the award is redeemed or expires. The standalone selling price of complimentary services (including hotel room nights, food and beverage, and other services) that are provided to casino guests as incentives related to gaming play are recorded as revenues related to the respective goods or services, as they are provided to the patron. The residual amount is recorded as gaming revenue.

A3 OTHER INCOME AND EXPENSES

Loss before income tax is stated after charging the following expenses and significant items:

	2024 \$m	2023 \$m
Other income		
Gain on disposal of assets	0.9	0.8
Net foreign exchange gain	0.4	0.2
Other	1.4	-
	2.7	1.0
Government taxes and levies (including gaming GST):		
New South Wales (NSW)	247.2	271.3
Queensland	164.9	184.8
	412.1	456.1
Employment costs:		
Salaries, wages, bonuses, redundancies and other benefits	663.3	677.1
Defined contribution plan expense (superannuation guarantee charges)	58.7	57.3
Share based payment expense	1.6	2.6
	723.6	737.0

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

A4 DEPRECIATION, AMORTISATION AND IMPAIRMENT

	2024 \$m	2023 \$m
Property, plant and equipment	101.6	161.0
Intangible assets	18.1	33.3
Other	0.9	1.0
Total depreciation and amortisation	120.6	195.3
Impairment - Property, plant and equipment (refer to note B2)	539.0	817.9
Impairment - Goodwill (refer to note B2)	128.8	1,150.9
Impairment - Intangible assets (refer to note B2)	143.2	184.3
Impairment - Investment in associates (refer to note B2)	602.2	-
Impairment - Other non-current assets (refer to note B2)	16.9	14.7
Impairment - Other	8.5	-
Total impairment (refer to note A7)	1,438.6	2,167.8
Total depreciation, amortisation and impairment	1,559.2	2,363.1

Depreciation is calculated using a straight line method. The useful lives over which the assets are depreciated are as follows:

Freehold and leasehold buildings	10 - 95 years
Leasehold improvements	4 - 75 years
Plant and equipment	5 - 20 years
Software	3 - 10 years
Licences	Until expiry

Operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as a depreciation expense based on usage. The period of usage depends on the nature of the operating equipment.

Right of use assets, which includes plant, equipment and property, is depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. The Group's lease portfolio includes assets with lease terms between 1 and 75 years. The residual values and useful lives are reviewed annually, and adjusted if appropriate, at each financial reporting date.

A5 NET FINANCE COSTS

	2024 \$m	2023 \$m
Interest paid on borrowings	25.5	43.4
Borrowing costs	15.8	18.3
Debt modification	-	30.0
Derivative settlement costs and debt termination fees	23.7	15.6
Fair value hedging adjustment	-	0.4
Interest income	(9.0)	(0.8)
Leases interest	3.0	3.1
Net finance costs recognised in the income statement ^a	59.0	110.0

a Net finance costs include the following significant items (refer to note A7): \$23.7 million of derivative settlement costs and debt termination fees. In the pcp, net finance costs included \$30.0 million of debt modifications, \$15.6 million of derivative settlement costs (comprising \$8.1 million released from fair value adjustments held against debt, \$6.7 million released from cash flow hedge reserves and \$0.8 million transaction costs) and \$7.9 million of borrowing amendment fees.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

A6 DIVIDENDS

No final dividend was declared.

	2024 \$m	2023 \$m
Franking credit balance		
Amount of franking credits available to shareholders	97.6	111.8

A7 SIGNIFICANT ITEMS

Loss before income tax (LBT) is stated after charging the following significant items:

	2024 \$m	2023 \$m
Impairment ^a	1,438.6	2,167.8
Regulatory, fines, penalties, duty, consultant, legal and other costs ^b	100.0	594.8
Debt refinancing costs ^c	23.7	53.5
Redundancy and employment costs ^d	7.9	16.1
Accounting for software change ^e	-	1.8
Profit on sale of assets ^f	(22.9)	(9.2)
Net significant items	1,547.3	2,824.8
Tax on significant items ^g	149.2	(348.3)
Significant items net of tax	1,696.5	2,476.5

a Impairment of goodwill, property, plant & equipment, intangibles and other current and non-current assets (refer to note B2).

b Regulatory, fines, penalties, underpaid casino duty, consultant, legal, Manager, Special Manager and other costs.

c Derivative settlement costs and debt termination fees. In the pcp, also included debt modifications.

d Reorganisation and cessation of employment costs.

e Software-as-a-Service (SaaS) arrangement project implementation costs. Major projects include the implementation of new payroll and customer management Salesforce systems.

f Equity accounted share of Destination Gold Coast Investment's profit relating to the sale of Sheraton Grand Mirage Resort. In the pcp, equity accounted share of Destination Gold Coast Consortium's profit relating to the sale of Tower 1 residential units and Destination Sydney Consortium's profit on the NSW Government's compulsory acquisition of its Pyrmont property.

g Includes tax benefit of \$415.0 million on significant items listed above offset by a \$564.2 million deferred tax expense in relation to the derecognition of deferred tax assets.

Significant items are determined by management based on their nature and size. They are items of income or expense which are, either individually or in aggregate, material to the Group or to the relevant business segment and:

- not in the ordinary course of business (for example, the cost of significant reorganisation or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature (for example, impairment of assets).

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

B KEY BALANCE SHEET DISCLOSURES

B1 CASH AND CASH EQUIVALENTS

	2024 \$m	2023 \$m
Cash on hand	70.5	69.5
Cash at bank	16.5	9.7
Short term deposits - unrestricted	182.5	9.5
Short term deposits - restricted	30.1	-
	299.6	88.7

B2 IMPAIRMENT TESTING AND GOODWILL

Goodwill acquired through business combinations has been allocated to the applicable cash generating unit (CGU) for impairment testing. Each CGU represents a business operation of the Group.

CARRYING AMOUNT OF GOODWILL ALLOCATED TO EACH CASH GENERATING UNIT

Cash generating unit (Reportable segment)	Sydney \$m	Gold Coast \$m	Brisbane \$m	Total carrying amount \$m
2024	-	-	-	-
2023	-	-	128.8	128.8

The recoverable amount of each of the three CGUs at year end (Sydney, Gold Coast and Brisbane) is determined based on 'fair value less costs of disposal', which is calculated using the discounted cash flow approach. This approach utilises cash flow forecasts that represent a market participant's view of the future cash flows that would arise from operating and developing the Group's assets. These cash flows are principally based on management forecasts for a five-year period, together with longer term projections and forecast capital investment, extrapolated using an implied terminal growth rate of 2.5% (2023: 2.5%). These cash flows are then discounted using a relevant long term post-tax discount rate specific to each CGU, ranging between 9.6% to 10.5% (2023: 10.0% to 12.6%). The pre-tax discount rates range between 9.6% to 13.8% (2023: 11.8% to 15.1%).

An impairment of \$1,430.1 million was recognised at 30 June 2024 (2023: \$2,167.8 million). The impairment was first taken against goodwill (\$128.8 million) and then apportioned between investments in associates (\$602.2 million), property, plant and equipment (\$539.0 million), intangibles (\$143.2 million) and other non-current assets (\$16.9 million).

KEY ASSUMPTIONS

The fair value measurement is valued using level 3 valuation techniques. The key assumptions on which management based its cash flow projections when determining 'fair value less costs of disposal' are as follows:

i. Cash flow forecasts

The cash flow forecasts for Sydney and Gold Coast are based on management forecasts for a five-year period, together with longer term projections, growth rates and capital investment forecasts. Cashflows also include the expected outflows to settle the regulatory and legal provisions held.

The cash flow forecasts for Brisbane incorporate the FY25 budget for the remaining months of Treasury Brisbane operations, valuation of the Treasury buildings, operator fees derived from Destination Brisbane Consortium Integrated Resort (**DBC** and **DBC Queens Wharf Integrated Resort**) (net of an allocation of corporate costs) and management forecasts for a five-year period, together with longer term projections, growth rates and capital investment forecasts.

Cashflow forecasts for each CGU include a notional allocation of the Group's corporate costs.

ii. Terminal value

The terminal growth rate used is in line with the forecast long term underlying growth rate in the Consumer Price Index (CPI).

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2024

iii. Discount rates

Discount rates applied are based on the post tax weighted average cost of capital applicable to the relevant cash generating unit. The discount rate includes a risk premium for the uncertainty associated with ongoing regulatory and other matters, including:

- Legal and other matters (Sydney and Gold Coast): significant uncertainty remains around the quantum and timing of any penalty in relation to the AUSTRAC proceeding and the quantum of any amount payable in relation to the Class Action (see Note B3).
- The Star Brisbane (Brisbane): The Star Brisbane opened on 29 August 2024, replacing the Treasury Brisbane operations. As a new property with vastly increased scale, there is inherent uncertainty around the ability to predict sustained longer-term earnings forecasts.

iv. Impairment

The Sydney and Gold Coast CGUs experienced a significant and rapid deterioration in operating conditions, largely driven by the compounding impact of meeting existing regulatory requirements, exclusions and by a continuing significant weakness in consumer discretionary spending behaviour. In Sydney, daily patron cash limits of \$5,000 for carded play and mandatory carded play for private gaming areas and select games on the main gaming floor commenced on 19 August 2024. Fully carded play is required in Sydney by 19 October 2024 and the daily cash permitted per person will be reduced to \$1,000 by 19 August 2025. In Queensland, legislation has been enacted in relation to mandatory carded play and daily patron cash limits. Regulations to give effect to those reforms are yet to be enacted (see Note B3). Carded play is currently anticipated to have a negative impact on earnings. Significant uncertainty also remains around the quantum and timing of any penalty in relation to the AUSTRAC proceeding and the quantum of any amount payable in relation to the Class Action (see Note B3). In Brisbane, the operating and macro-economic conditions affecting Sydney and Gold Coast are expected to impact the future earnings of The Star Brisbane casino.

In combination, these factors have reduced the valuation of the CGUs, requiring an impairment of \$1,430.1 million (Sydney: \$337.1 million, Gold Coast \$274.0 million and Brisbane \$819.0 million) to be recognised for the year ended 30 June 2024 (2023: \$2,167.8 million). The impairment is recognised in the line 'Depreciation, amortisation and impairment expense' in the Consolidated Income Statement (unaudited). The impairment was first allocated against the CGU's goodwill balance (\$128.8 million) and then apportioned between investment in associates (\$602.2 million), property, plant and equipment (\$539.0 million), intangibles (\$143.2 million) and other non-current assets (\$16.9 million).

v. Sensitivities

The key estimates and assumptions used to determine the 'fair value less costs of disposal' of a CGU are based on management's current expectations after considering past experience, future investment forecasts and external information. They are considered to be reasonably achievable, however, changes in any of these key estimates, assumptions or regulatory or operating environments may require further impairment charges to be recognised.

An increase or decrease of 0.5% in the discount rate would result in changes to the impairment of each cash generating unit: Sydney (+\$54.6 million or -\$62.1 million); Gold Coast (+\$26.7 million or -\$30.6 million), and Brisbane (nil).

IMPAIRMENT OF ASSETS

Goodwill and indefinite life intangible assets are tested for impairment at least annually. Property, plant and equipment, other intangible assets and other non-financial assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic entity, the viability of the unit itself.

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FOR THE YEAR ENDED 30 JUNE 2024

B3 PROVISIONS, CONTINGENT LIABILITIES AND REGULATORY MATTERS

	2024 \$m	2023 \$m
Current		
Regulatory and legal provisions ^a	399.5	423.1
Employee benefits	82.3	76.2
Worker's compensation	8.4	6.4
	490.2	505.7
Non current		
Employee benefits	6.7	6.6
Other	1.4	1.4
	8.1	8.0

^a The Group recognised provisions relating to various regulatory and legal matters including fines issued by the NSW Independent Casino Commission (**NICC**) and Office of Liquor and Gaming Regulation (**OLGR**), AUSTRAC proceeding, underpaid casino duty in NSW, consultants, Manager, Special Manager, legal and other costs. Disclosing individual amounts would seriously prejudice these matters considering the present status and range of potential outcomes.

AUSTRAC proceeding

On 30 November 2022, the Australian Transaction Reports and Analysis Centre (**AUSTRAC**), commenced civil penalty proceedings in the Federal Court of Australia against The Star Pty Limited and The Star Entertainment QLD Limited (collectively **The Star Entities**). AUSTRAC alleges that The Star Entities contravened the *Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act 2006 (Cth)* by failing to conduct appropriate due diligence on customers who were higher risk and by failing to have an appropriate AML/CTF program.

The Star Entities filed a Statement of Admissions and Factual Contentions (**SAFC**) on 10 November 2023 and subsequently the parties continued to negotiate with a focus on narrowing the issues in dispute. On 24 July 2024, the Court made orders referring a list of issues of fact in the proceeding to a referee who will provide a report to the Court to assist it to determine those issues. The reference process involves a hearing in the period from 4 to 22 November 2024 with the report to be delivered to the Court some time thereafter.

AUSTRAC has commenced civil penalty proceedings against other companies on five occasions. The AUSTRAC proceedings to date have led to the Federal Court approving and / or ordering the respondent to pay significant penalties: Tabcorp \$45 million (2017); CBA \$700 million (2018); Westpac \$1.3 billion (2020); Crown \$450 million (2023); and most recently, SkyCity \$67 million (2024). The determination of the Federal Court's penalty (including where a penalty has been jointly proposed by AUSTRAC and the defendant to the Court) is specific to the facts of each case and arrived at after consideration of admissions made and evidence and submissions in relation to the appropriateness of the penalty.

AUSTRAC alleges that the number of contraventions committed by The Star Entities is innumerable. The Group has determined a provision on the Balance Sheet at 30 June 2024. This provision was, and is, recognised at a time where there remains considerable uncertainty as the quantum of the penalty, including what approach the Court may take into consideration of any evidence or submissions as to appropriate quantum which may be put forward by the parties. Any actual penalty paid by The Star Entities may differ materially to the provision recorded at 30 June 2024.

Underpaid casino duty

The Bell Inquiry of The Star Pty Ltd conducted in 2022 (**Bell One Review**) identified potential issues with the way in which the Group calculated rebate duty payable to the NSW Government.

In accordance with the recommendations from the Bell One Review, an independent review has been conducted of all rebate play at The Star Sydney between 28 November 2016 and 9 May 2022 in accordance with the scope agreed with Liquor and Gaming NSW (**L&GNSW**). L&GNSW has conducted an assurance review over the findings of that independent review.

In addition, the Group is working with the NICC and NSW Treasury to develop a clear and objective test for the residency of rebate players. Such a test was recommended from the Bell One Review and will require an amendment to The Star Sydney's Duty agreement and result in changes to relevant internal controls.

The Group has determined a provision on the Balance Sheet at 30 June 2024 of the potential impact based on the amount determined from the independent review which was subsequently agreed with L&GNSW (refer to note C1). Penalty interest could be enforced under the relevant Duty Agreements during the relevant period for late payment of casino duty and responsible gambling levy at a daily penalty rate of 0.15%. If this is applied, the final quantum of the penalty interest could materially increase the amount provided. The penalty interest is subject to discussions with the Department of Creative Industries, Tourism, Hospitality and Sport and NSW Treasury.

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ASIC proceedings against former directors and officers of the Company

In December 2022, the Australian Securities and Investment Commission (ASIC) commenced civil penalty proceedings in the Federal Court of Australia against 11 former directors and officers of The Star Entertainment Group Limited (**Company**) alleging contraventions of the *Corporations Act 2001* (Cth).

As no entity of the Group is party to these proceedings, it is not possible to predict the timing and any financial impact of these claims on the Group, including in relation to the likely costs incurred by the Group on behalf of the defendants, or the extent to which those costs might be covered by the Group's insurance policies and indemnities in place for former officers and directors.

The Group has determined a provision on the Balance Sheet at 30 June 2024 relating to an estimate of legal costs.

Class Action

On 30 March 2022, a shareholder class action was commenced in the Supreme Court of Victoria, alleging the Company failed to comply with its continuous disclosure obligations and engaged in misleading or deceptive conduct in relation to the Company systems, controls, operations and regulatory risks.

The Company has filed its defence containing no admissions of any contravention. At 30 June 2024, the Company has assessed there is no present obligation in respect of this matter and represents a contingent liability. The outcome of the Class Action and any potential financial impacts are unknown, including the extent to which any amounts might be covered by the Group's insurance policies.

GST amended assessments

On 11 August 2021 the Group received amended assessments from the Australian Taxation Office (**ATO**) in respect of a dispute for the period October 2013 to August 2017 (inclusive) in relation to the GST treatment of rebates paid to junket operators for The Star Pty Limited. The amount in dispute for this period is approximately \$149.3 million (primary tax of \$81.9 million and interest of \$67.4 million). In FY22 the Group paid \$40.9 million as a deposit to the ATO on a no-admissions basis. The deposit is held as a current asset on the balance sheet.

On 6 September 2021 the Group filed an application for judicial review with the Federal Court of Australia in relation to the interest assessment and on 5 October 2021 lodged an objection against the primary assessments with the ATO. The ATO disallowed the Group's objections in October 2023. On 5 December 2023 the Group appealed by commencing proceedings in the Federal Court.

Withholding tax penalty

The Group is in dispute with the ATO in relation to the appropriate method for calculating withholding tax on rebates paid to junket operators for the 2015 to 2020 income tax years. The amount in dispute for the period is \$7.7 million (primary penalty of \$6.4 million and interest of \$1.3 million). The relevant Group entities objected to the ATO's decision to issue the penalties. The ATO disallowed the Group's objections in October 2023 and on 5 December 2023 the relevant Group entities appealed by commencing proceedings in the Federal Court of Australia. In FY2024 the Group paid \$3.2 million as a deposit to the ATO on a no-admissions basis. The deposit is held as a current asset on the balance sheet.

Legal challenges

There are outstanding legal proceedings between the Company and its controlled entities and third parties as at 30 June 2024. The Group has notified its insurance carrier of all relevant litigation and currently anticipates that any damages (other than exemplary damages) that may be awarded against the Group, in addition to its costs incurred in connection with the proceedings, may be covered by its insurance policies where such policies are in place. Provisions are made for known obligations where the existence of a liability is probable and can be reasonably estimated. As the outcomes of these actions remain uncertain, contingent liabilities exist for possible amounts eventually payable.

NEW SOUTH WALES

Disciplinary Action

The final instalment of the \$100 million penalty issued following the Bell Review, was paid on 28 December 2023.

In November 2023, the NICC requested that the term of the appointment of the Manager be extended by regulation to 30 June 2024. Following the commencement of Bell Two Inquiry (**Bell Two**) (see below) the NICC confirmed on 25 March 2024 that it intended to seek a further extension of the term of the Manager's appointment to 30 September 2024 to allow for the Bell Two Report and findings to be delivered on 31 July 2024. The Manager's appointment was further extended on 1 August 2024 to 31 March 2025 (see below).

Regulatory reforms

Compulsory carded play and cash play limits were due to commence on 19 August 2024 however the timetable for compliance was amended by the NSW Government to transition these requirements. From 19 August 2024, mandatory carded play is required in private gaming areas and on select games on the main gaming floor with daily cash limits of \$5,000 for carded play. Fully carded play is required by 19 October 2024 and the daily cash permitted per person will be reduced to \$1,000 by 19 August 2025.

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Bell Two

On 19 February 2024, the NICC announced an inquiry to investigate the suitability of The Star Pty Ltd (**The Star Sydney**) and its close associate, the Company, to be concerned in or associated with the management and operation of The Star Sydney Casino. The NICC appointed Mr Adam Bell SC to preside over an inquiry with the powers of a royal commissioner in NSW. Public hearings were conducted from 15 April 2024 to 3 May 2024.

On 1 August 2024, the NICC advised that its request to extend the term of the appointment of the Manager of The Star Sydney Casino by regulation to 31 March 2025 had been approved. In addition, on 30 August 2024, the NICC provided to the Company and The Star Sydney, a copy of the report of the Second Inquiry conducted by Mr Adam Bell SC in respect of The Star Sydney (the **Bell Two Report**). A copy of the non-confidential parts of the Bell Two Report was released to the public on the same day.

The Company and The Star Sydney acknowledge the findings of the Bell Two Report. While the Bell Two Report finds that there has been substantial reform of the control environment of The Star Sydney and a material improvement in risk management resources, systems, and culture, along with the “positive steps” of the recent appointments of experienced personnel to important leadership positions in the Company, it nonetheless concludes that the Company and The Star Sydney are presently unsuitable to be concerned in, or associated with, the management and operation of The Star Sydney. The Company and The Star Sydney accepted during the Bell Two Inquiry that The Star Sydney was not presently suitable to hold a licence in its own right.

The Bell Two Report also analyses four compliance breaches reported to L&GNSW by The Star Sydney during 2023 and 2024 which are the subject of ongoing consideration by the NICC and could, in the future, potentially involve the imposition of fines and penalties under the relevant NSW legislation. A range of outcomes against The Star Sydney are possible, including among other things, the imposition of a penalty, letter of censure, amendments to the conditions, further suspension, or cancellation, of The Star Sydney’s licence.

On 13 September 2024, the NICC served a 'show cause' notice (**Notice**) on the Company, requesting a response to the Breach Findings from the Bell Two inquiry. The NICC has also requested information about the Company's current financial position and its plans to address these issues so that it can make informed decisions about the Company's financial suitability to hold the casino licence for The Star Sydney. The Company will lodge its response by Friday, 27 September 2024. The Company and The Star Sydney are also reflecting on the recommendations and guidance in the Bell Two Report and, subject to any response to the Bell Two Report by the NICC, will seek to implement relevant recommendations at an appropriate time.

Casino duty reforms

On 11 August 2023 the NSW Treasurer and the Group announced an in-principle agreement had been reached in relation to changes to casino duty rates for casinos in New South Wales and their impact on The Star Sydney. An agreement was finalised between NSW Treasury and The Star Sydney on 20 November 2023.

The changes include rate increases for rebate duty (10% to 12.5%) and Table Games (17.91% to 20.25%) from 1 July 2023. Poker Machine duty rates will remain as follows until 2030 (20.91% until 30 June 2024, 21.91% from 1 July 2024 and 22.91% from 1 July 2027). From 1 July 2030 poker machines will be taxed based on average poker machine revenue using a progressive rate scale with a maximum of 51.6%. In the period 1 July 2023 to 30 June 2030 an additional levy will apply equal to 35% of The Star Sydney’s gaming revenue above \$1.125 billion per financial year. There is no change to the Responsible Gambling Levy rate.

This agreement includes an undertaking that provides employment certainty for team members as agreed with the United Workers Union.

QUEENSLAND

Disciplinary action

The final instalment of the \$100 million penalty issued following the review by the Hon. Robert Gotterson AO into the Group’s Queensland Operations, was paid on 28 December 2023.

On 24 November 2023, the Group received confirmation that the Remediation Plan was approved by the Attorney-General of Queensland in accordance with the provisions of the *Casino Control Act 1982 (QLD)*. Following this decision, on the recommendation of the Honourable Yvette D’Ath MP, Attorney-General of Queensland (**Qld A-G**), the Governor-in-Council deferred the decision on the licence suspensions of Treasury Brisbane and The Star Gold Coast to 31 May 2024 and extended the term of the Special Manager by 12 months to 8 December 2024.

On 17 May 2024, the Group was advised by OLGR, on the recommendation of the Qld A-G, that the Governor-in-Council approved changing the date of effect of the licence suspensions for The Star Gold Coast and Treasury Brisbane casinos from 31 May 2024 to 20 December 2024.

The Company has been advised that this will allow the Queensland Government to consider the outcomes of Bell Two and to better assess the Group’s remediation progress, before making further decisions. The term of the Special Manager appointment for The Star Gold Coast and Treasury Brisbane casinos remains unchanged and is currently due to end on 8 December 2024 (no later than 23 October 2024 for Treasury Brisbane on surrender of its casino licence following the opening of The Star Brisbane).

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An External Adviser has also been appointed by the Minister for The Star Brisbane casino operations which are managed by the Group (see note C1).

Regulatory reforms

On 28 March 2024, the *Casino Control and Other Legislation Act 2024* was enacted to give effect to the balance of the recommendations of the Gotterson Report and certain other casino reforms. The proposed reforms include the introduction of mandatory carded play, restrictions on the use of cash, mandatory player pre-commitments including play and break limits, and a supervisory levy payable by casino licence holders. Most reforms took effect from enactment, with the remaining reforms to either commence on a date to be fixed by proclamation (including the introduction of a supervisory levy) or 6 months after enactment. The implementation of each of the key measures noted above requires the introduction of regulations giving effect to those reforms.

Suitability Investigation – Chow Tai Fook Enterprises (CTFE)

On 2 May 2024, the Qld A-G noted that there is insufficient evidence to conclude that CTFE or its relevant associates are unsuitable to be an associate or close associate of DBC, which holds The Star Brisbane casino licence. CTFE is a 25% interest-holder in DBC.

B4 INTEREST BEARING LIABILITIES

	2024 \$m	2023 \$m
Current		
Lease liabilities	6.1	6.0
	6.1	6.0
Non current		
Bank loans - unsecured (net of unamortised borrowing costs)	269.6	362.9
Private placement - US dollar - amortised cost	-	357.5
Lease liabilities	26.1	30.8
	295.7	751.2

On 8 November 2023, a new Australian dollar syndicated facility agreement was executed, providing \$450 million of commitment across two debt facilities:

- \$300 million four-year term facility, fully drawn on 8 December 2023.
- \$150 million four-year revolving working capital facility, undrawn.

The syndicated facility (**SFA**) matures in December 2027 (2023: weighted average maturity of 2.0 years) and is subject to covenants and undertakings typical of this type of facility. Interest on the facilities is variable, linked to the Australian Bank Bill Swap Bid Rate, plus a margin. The \$150.0 million revolving working capital facility allows up to \$50.0 million of issued bank guarantees, of which \$29.5 million has been utilised at 30 June 2024.

In October 2023, following completion of the capital raising, existing bank loans were repaid and the US dollar private placements (**USPP**) notes were prepaid and terminated. The bank loan facilities were subsequently terminated in November 2023 following execution of the syndicated facility agreement. Fees of \$3.0 million were recognised in finance costs in relation to the terminations.

Net cash was \$30.0 million (2023: net debt of \$595.5 million), with the movement due to completion of a \$750.0 million capital raising in October 2023. Net leverage ratio as agreed with the financiers under the SFA was 2.7x. The Group was compliant with all covenants at 30 June 2024. The Group and its lenders executed a commitment letter on 25 September 2024 for a new debt facility (of up to \$200 million in two tranches) which will become effective upon completion of long-form documentation and satisfaction of various conditions precedent. As part of the new debt facility, the lenders have agreed to provide covenant waivers for the next two testing dates, being 30 September 2024 and 31 December 2024, with the waiver for the latter date being subject to execution of long-form documentation for the new debt facility and other customary conditions (see Note F).

2024 Type	Facility amount \$m USD	Facility amount \$m AUD	Unutilised at 30 June \$m ^a	Maturity date
Bank loans	-	150.0	120.5	December 2027
Bank loans	-	300.0	-	December 2027
Total	-	450.0	120.5	

^a At 30 June 2024, \$29.5 million of bank guarantees have been issued against the revolving facility. No amount has been drawn.

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2023	Facility amount	Facility amount	Unutilised at 30 June	
Type	\$m USD	\$m AUD ^b	\$m	Maturity date
Bank loans	-	104.0	104.0	March 2024
Bank loans	-	540.0	226.0	July 2024
Bank loans	-	120.0	70.0	July 2025
Bank loans	-	28.0	28.0	July 2026
Total bank loans	-	792.0	428.0	
USPP	28.9	37.0	-	August 2025
USPP	166.5	213.3	-	August 2027
USPP	40.4	54.2	-	September 2028
Total USPP	235.8	304.5	-	
Total	235.8	1,096.5	428.0	

^b USPP Notes are issued in USD and presented at the AUD amount repayable under cross currency interest rate swaps at maturity.

FINANCIAL RISK MANAGEMENT

The Group is exposed to interest rate risk as a result of the syndicated facility. The Group utilises its cash in bank, short term deposits and restricted cash, which receive a floating rate of interest, to provide a natural hedge against this risk, with approximately 76.4% of the Group's borrowings covered.

Bank loans and USPP notes in the prior comparative period exposed the Group to foreign currency and interest rate risk, which was hedged with cross currency interest and interest rate swaps. These hedges were closed in October 2023 in conjunction with the repayment of existing bank loans and prepayment and termination of the USPP notes.

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C SUBSEQUENT EVENTS

C1 SUBSEQUENT EVENTS

The following events occurred after balance date:

Refinance

The Group and its lenders executed a commitment letter on 25 September 2024 for a new debt facility (of up to \$200 million in two tranches) which will become effective upon completion of long-form documentation and satisfaction of various conditions precedent. The first tranche is expected to be available to be drawn, subject to conditions precedent, from the end of October 2024 through to 20 December 2024. The second tranche is subject to more extensive conditions precedent but, if satisfied, would be expected to be available to be drawn from the end of December 2024 and have a 4 month availability period following the drawing of the first tranche (see Note F).

The Group's existing \$450 million facility has been reduced to \$334 million which is fully drawn.

The maturity date for the new facility is consistent with the existing term loan (December 2027). The Group will also retain up to \$34 million of bank guarantees under the existing revolving credit facility.

The Company's lenders have agreed to provide covenant waivers for the next two testing dates, being 30 September 2024 and 31 December 2024, with the waiver for the latter date being subject to execution of long-form documentation for the new debt facility and other customary conditions.

Bell Two Report

On 1 August 2024, the NICC advised that its request to extend the term of the appointment of the Manager of The Star Sydney Casino by regulation to 31 March 2025 had been approved. In addition, on 30 August 2024, the NICC provided to the Company and The Star Sydney, a copy of the Bell Two Report. A copy of the non-confidential parts of the Bell Two Report was released to the public on the same day. See Note B3.

On 13 September 2024 the NICC served a 'show cause' notice on the Company pursuant to section 23 of the Casino Control Act 1992 (NSW) in respect of matters arising from the Bell Two Report (**Notice**). In addition to the Notice, the NICC has also asked the Company to make submissions as to the actions being taken by the Company in respect of a number of findings in the Bell Two Report relating to, among other things, the Company's suitability to hold the casino licence for The Star Sydney and progress in respect of its remediation plan. The NICC has also requested information about the Company's current financial position and its proposed plans to address these issues on an ongoing basis so that it can make informed decisions about the Company's (and The Star Sydney's) financial suitability. The Company will lodge its response by Friday, 27 September 2024.

Treasury Brisbane Casino and The Star Brisbane

On 25 August 2024 Treasury Brisbane Casino owned by the Group ceased operation and will surrender its licence no later than 23 October 2024. On 28 August 2024, DBC (of which the Group owns 50%) was issued a casino licence for The Star Brisbane, which subsequently commenced operation on 29 August 2024 under the management of the Group.

On the direction of the Department of Justice and Attorney-General dated 28 August 2024, an External Adviser has been appointed by the Minister for The Star Brisbane casino operations which are managed by the Group, the cost of which will be borne by the Group. On the same date the Group was also directed by the Department of Justice and Attorney-General to prepare a plan for the remediation of the management and operations of The Star Brisbane.

Sale of Treasury Brisbane Casino Building

Agreement was reached to sell the leasehold interest in the Treasury Brisbane Casino Building to Griffith University for \$67.5 million (plus GST). After settlement adjustments, the net proceeds are expected to be \$60.7 million (plus GST). Sale is subject to a number of conditions, including relevant government consents and a new lease in suitable form being granted and registered. Settlement is currently expected to occur on 27 September 2024.

Underpaid NSW casino duty

The Group has reached agreement with L&GNSW in relation to the primary amount of underpaid casino duty payable following the completion of the independent review and an assurance review conducted by L&GNSW (refer B3). Penalty interest, if any, has not been agreed.

Reset Remediation Plan

Following the findings from the Bell Two Report, the Company has prepared an amended remediation plan which incorporates a number of enhancements to the previously approved version of the plan. After extensive engagement with the Manager (The Star Sydney), Special Manager (The Star Gold Coast), External Adviser (The Star Brisbane) to obtain feedback, the Company submitted the amended plan and associated documents to OLGR on 18 September 2024 for consideration and approval by the Queensland Attorney General. The reset remediation plan is subject to the approval of OLGR and government in Queensland. Copies of the plan and associated documents were also submitted to the NICC for information on 20 September 2024.

Other than those events disclosed elsewhere in these financial statements, there have been no other significant events occurring after the balance sheet date and up to the date of this report, which may materially affect either the Group's operations or results of those operations or the Group's state of affairs.

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D GROUP STRUCTURES

D1 INVESTMENT IN ASSOCIATE AND JOINT VENTURE ENTITIES

Set out below are the investments of the Group as at 30 June 2024. The entities listed below have share capital consisting solely of ordinary shares, which are held by the Group. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All investments listed below are measured using the equity accounting method.

2024				Share of	Carrying
Name of entity	Country of incorporation	% of ownership	Nature of ownership	(loss)/profit \$m	amount \$m
Material					
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd (DBC)	Australia	50	Associate	(7.6)	-
Destination Gold Coast Investments Pty Ltd	Australia	50	Joint venture	28.9	65.6
Destination Gold Coast Consortium Pty Ltd	Australia	33.3	Joint venture	(1.7)	75.6
Non material					
Festival Car Park Pty Ltd	Australia	50	Joint venture	0.4	14.1
Destination Sydney Consortium Investments Pty Ltd	Australia	50	Joint venture	(0.3)	6.4
Total equity accounted investments				19.7	161.7

Total share of profit is up \$15.3 million on the pcp primarily due to Destination Gold Coast Investments Pty Ltd, which is the joint venture that completed the sale of the Sheraton Grand Mirage Gold Coast in November 2023. This sale resulted in a gain, of which the Group's share is \$22.9 million (refer to note A7).

Parent Company Guarantees over associate and joint venture entity debt facilities

The Group has guaranteed debt facilities held by:

- DBC: the guarantee covers 50% of the SFA G&E facility (of which \$1.5 billion is outstanding at 30 June 2024) (see below).
- Destination Gold Coast Consortium Pty Ltd: the guarantee covers up to 46.3% of the \$309.5 million in facilities.

DBC Financing Arrangements

The Company and its joint venture partners Chow Tai Fook Enterprises Limited (**CTFE**) and Far East Consortium International Limited (**FECI**) entered into debt facility agreements in 2020 in relation to DBC's \$1.6 billion project-level debt funding. The aggregate amount outstanding is \$1.5 billion at 30 June 2024 (**DBC Funding**). The DBC Funding comprises two equal facilities, drawn approximately equally, separately provided under a Gaming and Entertainment syndicated facility agreement (**SFA G&E**) and a Tourism and Leisure syndicated facility agreement (**SFA T&L**). Amounts outstanding under the SFA G&E are guaranteed by the Company and amounts outstanding under the SFA T&L are guaranteed by CTFE and FECI. The two facilities are cross-collateralised against the property leases.

DBC's ability to refinance its debt on reasonable terms as it becomes due in December 2025 or to repay the debt, its ability to raise further finance, and its borrowing costs will depend on a range of factors including, but not limited to, prevailing market conditions and DBC's operating performance at the time any refinancing takes place. If DBC is unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse impact on the financial position and performance of the Group, in particular in circumstances where the Company is required to contribute additional equity to the joint venture as part of any financing or the Company's SFA G&E guarantee is called upon.

Commitments

At 30 June 2024, the Group had \$230.3 million of committed equity contributions to DBC. Subsequent to 30 June, the Group committed to a further \$92.7 million of equity contributions and has currently estimated a further \$35 million will be required to fund costs to complete the development. Further contributions will be required as the Group expects to fund costs associated with operations during the DBC business growth phase or to support the refinancing of the DBC debt which matures in December 2025.

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E OTHER DISCLOSURES

E1 LOSS PER SHARE

	2024	2023
	\$m	\$m
Net loss after tax attributable to ordinary shareholders	(1,684.6)	(2,435.2)
Basic loss per share (cents per share)	(66.8)	(211.7)
Diluted loss per share (cents per share)	(66.8)	(211.7)

	2024	2023
	Number	Number
Weighted average number of shares used as the denominator		
Number of ordinary shares issued at the beginning of the year	1,616,195,845	950,118,767
Adjustment for issue of new share capital on 6 October 2023 ^a	680,535,539	-
Adjustment for issue of new share capital on 19 October 2023 ^b	226,669,736	-
Adjustment for issue of new share capital on 7 March 2023 ^c	-	135,723,473
Adjustment for issue of new share capital on 20 March 2023 ^d	-	65,920,550
Movement in treasury shares	275,977	(1,602,749)
Weighted average number of shares used as the denominator	2,523,677,097	1,150,160,041
Adjustment for calculation of diluted earnings per share:		
Adjustment for Performance Rights	-	-
Weighted average number of ordinary shares and potential ordinary shares as used as the denominator in calculating diluted earnings per share at the end of the year	2,523,677,097	1,150,160,041

^a On 6 October 2023, the Group issued 925,933,112 shares for the private placement to institutional investors under the accelerated non-renounceable entitlement offer. The capital raising is after \$8.0 million of costs, net of tax.

^b On 19 October 2023, the Group issued 324,066,888 new shares for retail component of the accelerated non-renounceable entitlement offer. The capital raising is after \$2.8 million of costs, net of tax.

^c On 7 March 2023, the Group issued 430,774,501 new shares for private placement to institutional investors under the accelerated non-renounceable entitlement offer. The capital raising is after \$9.7 million of costs, net of tax.

^d On 20 March 2023, the Group issued 235,892,166 new shares for retail component of the accelerated non-renounceable entitlement offer (including shares issued to CTFE and FECl under the placement and institutional entitlement offer, in accordance with the retail entitlement offer timetable). The capital raising is after \$5.3 million of costs, net of tax.

40,201 performance rights (2023: 430,985) could potentially dilute basic earnings per share in the future, but were not included in the calculation above because they are antidilutive for the period presented.

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2024

F ACCOUNTING POLICIES AND CORPORATE INFORMATION

BASIS OF PREPARATION

The Preliminary Financial Report is unaudited and has been prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards (IFRS) to meet the requirements of the Australian Securities Exchange listing rule 4.3A - Appendix 4E Preliminary Final Report. The Company currently anticipates that it will issue an audited Financial Report by 30 September 2024 which is likely to include a material uncertainty in relation to going concern and an emphasis of matter in relation to Regulatory and Legal Provisions and Contingent Liabilities, from its external auditor, EY.

GOING CONCERN

The following matters, detailed in note B3 create material uncertainty relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern:

- The elevated earnings uncertainty arising from the combination of decreasing revenue profile due to a loss of market share across all of the Group's casinos, financial crime remediation activities, the impact of casino operating reforms (including cashless and carded play and safer gambling) on gaming revenues and a softening macroeconomic backdrop; together with an increase in the cost base to execute the Group's uplifted risk and control environment and its compliance with new casino regulations.
- The ability of the Group to return to suitability following the indefinite suspension of the Sydney Casino licence (from 21 October 2022) and the deferred suspension of the Queensland Casino licences for The Star Gold Coast and Treasury Brisbane (from 1 December 2023 to 20 December 2024, noting Treasury Brisbane will surrender its casino licence by 23 October 2024). On 30 August 2024, the NICC provided to the Company and The Star Sydney, a copy of the Bell Two Report which concludes that the Company and The Star Sydney are presently unsuitable to be concerned in, or associated with, the management and operation of The Star Sydney (refer to note B3). A copy of the non-confidential parts of the Bell Two Report was released to the public on the same day. On 13 September 2024, the NICC served a 'show cause' notice (**Notice**) on the Company, requesting a response to the Breach Findings from the Bell Two inquiry. The NICC has also requested information about the Company's current financial position and its plans to address these issues so that it can make informed decisions about the Company's financial suitability to hold the casino licence for The Star Sydney. The Company will lodge its response by Friday, 27 September 2024. A range of disciplinary actions are available to the NICC, including among other things, the imposition of a penalty, letter of censure, amendments to the conditions, further suspension, or cancellation, of The Star Sydney's licence. On 1 August 2024, the NICC advised that its request to extend the appointment of the Manager of The Star Sydney by regulation to 31 March 2025 was approved. The Department of Justice QLD and Attorney-General QLD will also have consideration for the Bell Two findings.
- The phased opening of the DBC Queens Wharf Integrated Resort (of which the Group is a 50% shareholder and provides management services) commenced operations on 29 August 2024, including The Star Brisbane casino operations, The Star Grand hotel, the Event Centre, certain food and beverage outlets, the carpark, and the public realm. Additional facilities, including additional restaurants, cafes, and leisure deck amenities, are scheduled to open between September and December 2024. The Rosewood and Dorsett Hotels (comprising an additional 522 rooms) are planned to open by the end of calendar year 2026. The phased opening of a property of this size and scale causes uncertainty in the timeframe it may take for the DBC property's earnings and cashflows to grow to a level where assistance is no longer required from its owners (including the Group). The Group has capital commitments (refer to note D1) in relation to future construction which needs to be funded and has associated risks such as delays and increased costs. DBC will also need to undertake a refinance of its debt facilities in December 2025 and the Group has a guarantee with lenders (refer note B3).
- The outcomes (magnitude and timing of payments) of various provisions and contingent liabilities, including the AUSTRAC proceeding, historic underpaid casino duty, outstanding class action and any material penalties which may be levied against the Group for regulatory breaches identified in the Bell Two Report or subsequently.

The Group and its lenders executed a commitment letter on 25 September 2024 for a new debt facility (of up to \$200 million in two tranches) which will become effective upon completion of long-form documentation and satisfaction of various conditions precedent.

The Group's existing \$450 million facility has been reduced to \$334 million which is fully drawn.

The new facility comprises two tranches of \$100 million each. The first tranche is expected to be available to be drawn, subject to conditions precedent, from the end of October 2024 through to 20 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2024

The first tranche is subject to certain conditions precedent being met, including:

- the provision of unsecured guarantees from some of the Group's regulated entities and enhanced security granted to lenders;
- regulatory consents and government approvals as required for guarantees and enhanced security for the lender group;
- the establishment of a disposal proceeds account with a credit balance of an amount representing the net proceeds of the sale of the Treasury Brisbane casino building and any other non-core asset proceeds completed before the draw down; and
- other customary conditions precedent.

The second tranche is subject to more extensive conditions precedent but, if satisfied, would be expected to be available to be drawn from the end of December 2024 and have a 4 month availability period following the drawing of the first tranche.

The conditions precedent for the second tranche drawdown include:

- the receipt of required regulatory consents and finalisation of documentation for the granting to the lender group of security over the Group's regulated entities;
- provision of information in relation to the Group's long-term strategy;
- all lender approval of the Group's strategic plan and long-term financial forecasts;
- the Company raising additional subordinated capital of at least \$150m; and
- other customary conditions precedent.

The all-in coupon for the new facility is 13.50% per annum (assuming cash pay is elected), and the existing \$300 million term facility has been repriced to this level:

- the Company has the flexibility to capitalise a component of the interest at its election; and
- there is a reduction in the coupon subject to the Group's Adjusted Net Leverage Ratio falling below 4.0x.

The maturity date for the new facility is consistent with the existing term loan (December 2027). The Group will also retain up to \$34 million of bank guarantees under the existing revolving credit facility.

In addition to the new debt facility set out above and in response to the operating environment, management has identified approximately \$100 million of annualised cost savings (currently targeted to be achieved by the end of March 2025) and a reduction in capital expenditure (excluding remediation expenditure) in FY25. The Group is in the process of selling its Treasury buildings in Brisbane and will continue to review the potential sale of other non-core assets and identify any additional cost savings.

The Group's lenders have agreed to provide covenant waivers for the next two testing dates, being 30 September 2024 and 31 December 2024, with the waiver for the latter date being subject to execution of long-form documentation for the new debt facility and other customary conditions. It is the Group's intention to engage with its lenders in relation to the 31 March 2025 and 30 June 2025 testing dates prior to 31 March 2025.

Notwithstanding the new debt facility, there is material uncertainty as to the outcome of the matters outlined above which may cast significant doubt on the Group's ability to continue as a going concern, the Preliminary Financial Report (unaudited) has been prepared on the basis there are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due, provided that:

- the conditions precedent in relation to the new debt facility outlined above are able to be satisfied and the Group receives the required support of its lenders;
- the Group is able to access additional sources of liquidity to fund ongoing operations, commitments and any pecuniary penalties if required;
- the Group is able to further progress its plans to implement longer-term funding arrangements that provide the Group with sufficient additional flexibility having regard to the uncertainties outlined above. These arrangements are expected to involve continued discussions and negotiations with various stakeholders including regulators, Governments, lenders, shareholders and other parties;
- the outcomes of the provisions and contingent liabilities outlined in note B3 are of such a magnitude, and with adequate flexibility on timing of payments, so as to not render the Group unable to pay its debts as and when they fall due;
- the reduction of earnings due to the implementation of cashless and carded play in Sydney and Queensland casinos is not materially worse than expected and there are not further regulatory changes that materially reduce earnings;
- the capital commitments required for the completion of the DBC Queens Wharf Integrated Resort can be funded;
- the costs associated with remediation activities do not materially increase;

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

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- management successfully undertakes initiatives relating to reductions in cost and capital spend, and expected non-core asset sales; and
- the Group, by continuing to work with its Regulators, the Manager (The Star Sydney), Special Manager (The Star Gold Coast) and External Adviser (The Star Brisbane), is able to develop and implement its remediation measures and restore the Group to suitability to hold its casino licences on an unconditional basis.

If the Group is unable to successfully address or resolve any one or more of the matters outlined above, it is likely that the Group would not remain a going concern and be unable to pay its debts as and when they fall due. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classifications of liabilities that might be necessary should the entity not continue as a going concern.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of the Preliminary Financial Report (unaudited) in accordance with Australian Accounting Standards and IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Going concern (refer note above);
- Asset useful lives and residual values;
- Impairment of assets (refer to note B2);
- Significant items (refer to note A7); and
- Provisions, contingent liabilities and regulatory matters (refer to note B3).

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.