



THE STAR

ASX Announcement

20 January 2025

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2024

The Star Entertainment Group Limited (ASX: SGR) (**The Star, the Group or the Company**) today released its unaudited quarterly activities report for the second quarter ended 31 December 2024. This announcement should be read in conjunction with the Unaudited Appendix 4C – Quarterly Cash Flow Report also released to ASX today.

### SUMMARY

- Q2 FY25 revenue of \$299 million (down 15% compared to Q1) and Q2 FY25 EBITDA loss of \$8 million (excluding significant items), an improvement on the result for Q1 FY25, which was an EBITDA loss of \$18 million. EBITDA results throughout this Announcement excludes significant items, which will be disclosed in Star's first half FY25 results announcement
- The results for the period reflect continued weakness in the operating performance of the Group due to the ongoing challenging consumer environment, the impact of mandatory carded play and cash limits in NSW, and costs associated with ongoing remediation activities
- Breakeven Group EBITDA over the last two months of the quarter versus an EBITDA loss of \$8.5 million in October 2024, reflecting the impact of seasonally stronger revenue in December 2024 and the benefit of the Group's cost out program
- Group revenue down by 15% compared to the previous quarter due to the closure of Treasury Brisbane Casino, continued softness at The Star Sydney following the implementation of mandatory carded play and cash limits, partially offset by revenue growth at The Star Gold Coast
- Operating expenses down \$52 million (18%) on the prior quarter due to lower corporate costs, reduced activity and the closure of the Treasury Brisbane casino (\$22 million)
- The Star Brisbane commenced its phased opening from 29 August 2024. The Star no longer receives any contribution from Treasury Brisbane Casino which was permanently closed on 25 August 2024
- As announced to the ASX on 17 October 2024, the New South Wales Independent Casino Commission (**NICC**) imposed a \$15 million pecuniary penalty on The Star Sydney, payable in three equal instalments in December 2024, March 2025 and June 2025. The first instalment of \$5 million was paid in December 2024. This cost will be included in significant items
- During the quarter, The Star made equity contributions to the Destination Brisbane Consortium Integrated Resort joint venture (DBC) of \$36 million
- The Group had available cash at 31 December 2024 of \$78 million<sup>1</sup>

<sup>1</sup> Comprising total cash balance of approx. \$229 million less approx. \$93 million of restricted cash (excluding cage cash) and approx. \$58 million of cage cash

- The Group drew down the first \$100 million tranche of the New Facility<sup>2</sup> in early December 2024 netting additional available cash of \$37.1 million<sup>3</sup> (this is reflected in the closing balance noted above)
- The Group continues to work towards the fulfillment of conditions precedent that must be met in order to draw down the additional \$100 million under Tranche 2 of the New Facility. A number of these conditions remain challenging to meet given the Group's current circumstances. In particular, the Group's capacity to raise \$150 million of subordinated debt is limited in the short term in the absence of additional liquidity solutions. In addition to seeking to fulfill the conditions precedent for Tranche 2 of the New Facility, the Group continues to also explore other possible liquidity solutions
- Given the reduction in the Group's available cash as at 31 December 2024 and the Group's ongoing financial and liquidity challenges, the Company and its directors continue to seek external advice in respect of their duties, including the applicability of, and the ongoing reliance on, the safe harbour provisions under the *Corporations Act* (as previously noted in the Company's ASX announcement on 4 September 2024). As noted above, the Group continues to explore other possible liquidity solutions. While discussions continue with respect to a range of different solutions, there is no certainty that any of these negotiations will result in one or more definitive arrangements that might materially increase the Group's liquidity position. In the absence of one or more of those arrangements, there remains material uncertainty as to the Group's ability to continue as a going concern

<sup>2</sup> Refer to the ASX announcements dated 25 September 2024, 21 November 2024, and 3 December 2024 in respect of the New Facility comprising 2 tranches of \$100 million each

<sup>3</sup> The figure of \$37.1 million is comprised of the total \$100 million for Tranche 1 less \$59.5 million in proceeds from the Treasury Casino building sale which was placed in escrow less approximately \$3.4 million fees payable in respect of the drawdown of Tranche 1

## FINANCIAL SUMMARY

### Group

	QUARTERLY FINANCIALS (A\$m)			CHANGE	
	Q2 FY25	Q1 FY25	Q2 FY24	vs. Q1 FY25 (last quarter)	vs. Q2 FY24 (pcp)
Revenue	\$299	\$351	\$438	(15%)	(32%)
EBITDA	(\$8)	(\$18)	\$51	58%	(115%)

### Property

	QUARTERLY FINANCIALS (A\$m)			CHANGE	
	Q2 FY25	Q1 FY25	Q2 FY24	vs. Q1 FY25 (last quarter)	vs. Q2 FY24 (pcp)
<b>The Star Sydney</b>					
Revenue	\$176	\$186	\$229	(6%)	(23%)
EBITDA	(\$4)	(\$21)	\$15	80%	(127%)
<b>The Star Gold Coast</b>					
Revenue	\$111	\$108	\$120	3%	(7%)
EBITDA	\$11	\$7	\$22	56%	(48%)
<b>The Star Brisbane<sup>4</sup></b>					
Operator Fee Revenue	\$10	\$4	n/a	169%	n/a
EBITDA	(\$13)	(\$7)	n/a	(84%)	n/a
<b>Treasury Brisbane<sup>4</sup></b>					
Revenue	\$2	\$53	\$89	n/a	n/a
EBITDA	(\$2)	\$2	\$14	n/a	n/a

#### The Star Sydney

- Revenue declined by 6% compared to the previous quarter, impacted by the implementation of mandatory carded play and cash limits which took effect across the broader casino on 19 October 2024
- Since 19 October 2024 (implementation of mandatory carded play and cash limits across the broader casino), revenue declined a further 16% compared to the 4 weeks daily average prior to 19 August 2024 (first stage of implementation)
- Despite the decline in revenue compared to the previous quarter, EBITDA improved due to lower corporate costs

#### The Star Gold Coast

- Revenue growth of 3% compared to the previous quarter with no change to regulatory conditions throughout the period
- Hospitality revenue was 7% ahead of Q1 and 2% up on the prior year, partially offset by a continuing softness in the underlying Gaming performance, with revenue slightly below Q1 and 13% below prior year
- The Star Gold Coast reported improved quarter on quarter margins, reflecting the impact of lower corporate costs. Operating expenses for the quarter were 7% below Q1 and 1% below the prior year

<sup>4</sup> The Treasury Brisbane Casino closed on 25 August 2024 with the staged opening of The Star Brisbane commencing on 29 August 2024

## Treasury Brisbane

- Treasury Brisbane Casino closed on 25 August 2024
- Treasury Brisbane Casino's earnings have been replaced by The Star Brisbane operator fee in the Group's consolidated reported revenue and EBITDA
- Treasury Hotel and carpark continue to operate with a small revenue contribution

## The Star Brisbane

- The staged opening of The Star Brisbane continued throughout the quarter
- The financial results for The Star Brisbane are reported by DBC (Joint Venture 50% owned by The Star). The Group is the operator of The Star Brisbane under an agreement with DBC and recognises the operator fee as revenue and allocated corporate costs to The Star Brisbane as the associated expense. Property earnings for The Star Brisbane are recognised as a share of profit/loss from investment in associates and is not included in The Star's EBITDA
- *Property performance:*
  - Revenue generated by the Managed Integrated Resort for Q2 was \$121 million
  - EBITDA for the Managed Integrated Resort was \$14 million. This excludes certain centralised corporate costs at the joint venture level
  - The initial stage of The Star Brisbane includes the main gaming floor and premium gaming rooms, The Star Grand hotel, Event Centre, Sky Deck, pedestrian bridge, public realm and certain Food & Beverage outlets
  - Further F&B venues, the leisure deck including The Star Grand's Hotel pool and retail spaces will open progressively throughout FY25

## **Operating expenses**

	QUARTERLY FINANCIALS (A\$m)			CHANGE	
	Q2 FY25	Q1 FY25	Q2 FY24	vs. Q1 FY25 (last quarter)	vs. Q2 FY24 (pcp)
Operating expenses	<b>\$235</b>	\$287	\$280	(18%)	(16%)

- Operating expenses of \$235 million were \$52m lower than the previous quarter, reflecting:
  - Lower corporate costs resulting from the commencement of the cost out program
  - Volume related reductions
  - The closure of the Treasury Brisbane casino on 25 August 2024 (\$22 million)
- As announced on 26 September 2024, the Group has now commenced the cost out program targeting at least \$100 million of initial annualised costs savings, with implementation targeted to be completed by March 2025. The Group currently anticipates that the target will be achieved

## **LIQUIDITY UPDATE**

- Available cash as at 31 December 2024 was \$78 million<sup>5</sup> (\$149 million<sup>6</sup> at 30 September 2024). Note the cash balances included in the Appendix 4C report reflect total cash balances including restricted cash
- As referred to in our ASX Announcement on 8 January 2025, the full \$100 million of Tranche 1 under the New Facility was drawn on 9 December 2024, resulting in a net increase in available cash to the Group of \$37.1 million<sup>7</sup>. Adjusting for the impact of the draw down, there has been a reduction in available cash over the three month period ended 31 December 2024 of approximately \$108 million. The Group continues to work towards the fulfillment of conditions precedent that must be met in order to draw down the additional \$100 million under Tranche 2 of the New Facility. A number of these conditions remain challenging to meet given the Group's current circumstances. In particular, the Group's capacity to raise \$150 million of subordinated debt is limited in the short term in the absence of additional liquidity solutions. In addition to seeking to fulfill the conditions precedent for Tranche 2 of the New Facility, the Group continues to also explore other possible liquidity solutions
- The aggregated amount of equity contributions and loans to joint ventures was \$41 million in the quarter. This is shown in Section 6.2 of the Appendix 4C. This related to equity contributions of \$36 million in DBC, \$3 million in loans associated with other joint venture investments of the Group and \$2 million to DBC representing the transfer of liabilities associated with the operation of The Star Brisbane

## **OPERATIONAL UPDATE**

### **Mandatory carded play & cash limits**

- Sydney:
  - Mandatory carded play and \$5,000 cash limits commenced in certain areas of the gaming floor on 19 August 2024
  - Mandatory carded play and \$5,000 cash limits were fully implemented across the entire gaming floor on 19 October 2024
  - Cash limits will reduce to \$1,000 by 19 August 2025
- Queensland casinos:
  - Legislation introducing mandatory carded play, mandatory pre-commitments and cash limits passed in the Queensland Parliament in March 2024. The timing of implementation remains subject to the finalisation of Regulations. The Star is currently engaging with the Queensland Regulator to agree the timing

### **Casino Licence Updates**

- The Star Sydney's licence remains suspended and is currently held by the NICC appointed Manager. As announced by the NICC on 17 October 2024, the Manager will continue to have oversight of casino operations until at least 31 March 2025, at which time, the NICC will reassess the Star Sydney's suitability to regain its casino licence
- Suspension of the licence for The Star Gold Coast was deferred until 31 March 2025. The Star's progress across associated remediation activities is due to be reviewed by the regulator in February 2025 and it currently anticipates that it will receive a decision in respect of the licence by 31 March 2025

<sup>5</sup> Comprising total cash balance of approx. \$229 million less approx. \$93 million of restricted cash (excluding cage cash) and approx. \$58 million of cage cash

<sup>6</sup> Comprising total cash balance of approx. \$233 million less approx. \$37 million of restricted cash (excluding cage cash) and approx. \$47 million of cage cash

<sup>7</sup> The figure of \$37.1 million is comprised of the total \$100 million for Tranche 1 less \$59.5 million in proceeds from the Treasury Casino building sale which was placed in escrow less approximately \$3.4 million fees payable in respect of the drawdown of Tranche 1

**Authorised by:**

The Board of Directors

**For further information:**

<b>Financial analysts and shareholders</b>	John Polinelli – General Manager Strategy	Tel: +61 429 471 427
<b>Media</b>	Helen Karlis – Sodali & Co	Tel: +61 404 045 325

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

The Star Entertainment Group Limited

**ABN**

85 149 629 023

**Quarter ended ("current quarter")**

31 December 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	306,811	645,357
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(127,551)	(227,031)
(c) advertising and marketing	(12,159)	(24,022)
(d) leased assets	(4,074)	(6,308)
(e) staff costs	(167,356)	(358,197)
(f) administration and corporate costs	(26,969)	(82,252)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1,620	3,848
1.5 Interest and other costs of finance paid	(7,895)	(15,964)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(37,572)</b>	<b>(64,568)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(19,300)	(43,721)
(d) investments	(36,250)	(127,750)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	7,309	85,832
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(2,707)	6,693
2.4	Dividends received (see note 3)	540	540
2.5	Other (provide details if material)	(2,495)	(7,486)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(52,904)</b>	<b>(85,892)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	100,000	100,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(14,076)	(20,214)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>85,924</b>	<b>79,786</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	233,454	299,577
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(37,572)	(64,568)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(52,904)	(85,892)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	85,924	79,786
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>228,902</b>	<b>228,902</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	228,902	233,454
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>228,902</b>	<b>233,454</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(41,453)
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	434,000	430,600
7.2	Credit standby arrangements	-	-
7.3	Other (please specify) – bank guarantees	-	-
7.4	<b>Total financing facilities</b>	434,000	430,600
7.5	<b>Unused financing facilities available at quarter end</b>		3,400
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>In September 2024, the Group refinanced its existing debt facility of \$450 million by reducing it to \$334 million. The Group also entered into a new debt facility of \$200 million of which the first Tranche of \$100 million was drawn on 9 December 2024. The second Tranche is subject to various conditions precedent which the Group announced on 8 January would remain challenging to meet. Therefore, the second Tranche of \$100 million has not been included in Items 7.1 and 7.4 above.</p> <p>The all-in coupon for the new facility is 13.50% per annum (assuming cash pay is elected), and the previous \$300 million term facility (BBSY plus 6%) has been repriced to this level:</p> <ul style="list-style-type: none"> <li>• the TSEG Group has the flexibility to capitalise a component of the interest at its election; and</li> <li>• there is a reduction in the coupon subject to the TSEG Group's Adjusted Net Leverage Ratio falling below 4.0x.</li> </ul> <p>The facilities are currently unsecured and the maturity date is December 2027.</p> <p>The new debt facility will involve the granting to the lender group of security over the Group's regulated entities (subject to regulatory approval).</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(37,572)
8.2 Cash and cash equivalents at quarter end (item 4.6)	228,902
8.3 Unused finance facilities available at quarter end (item 7.5)	3,400
8.4 Total available funding (item 8.2 + item 8.3)	232,302
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	6.2
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 January 2025.....

Authorised by: Board of Directors.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.