

Crown UK Investments Limited
(Registered Number: 07623405)

Annual Report and Financial
Statements

Year ended 30 June 2022



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Crown UK Investments Limited

Contents

| | Pages |
|---|--------------|
| Strategic report for the year ended 30 June 2022 | 2 |
| Directors' report for the year ended 30 June 2022 | 4 |
| Independent auditor's report to the members of Crown UK Investments Limited | 6 |
| Statement of comprehensive income for the year ended 30 June 2022 | 10 |
| Statement of changes in equity for the year ended 30 June 2022 | 11 |
| Statement of financial position as at 30 June 2022 | 12 |
| Notes to the financial statements for the year ended 30 June 2022 | 13 |

Crown UK Investments Limited

Strategic Report for the year ended 30 June 2022

The directors have pleasure in submitting the Strategic Report, their Directors' Report and the audited financial statements of the company for the year ended 30 June 2022.

Principal activity and review of the business

The principal activity of the company is that of an investment holding company for Aspinall's Club Limited, a licensed gaming establishment incorporated in the United Kingdom.

The result after taxation was a loss of £8.5m (2021: loss of £17.7m).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of Aspinall's Club Limited which is a 100% fully owned investment.

- a) Credit risk is the risk of financial loss arising from a customer or counterparty failing to meet its contractual obligations. The Company mitigates this risk by reference to a broad range of information to establish the Source of Wealth (SoW) and Source of Funds (SoF), which is monitored and updated to assess a patron's ability to meet all current and future contractual obligations.
- b) Volatility risk is the risk of fluctuations in the hold percentage, due to runs of good or bad luck, experienced by all high end casinos. The Company mitigates this risk by building business volumes and thereby increasing the likelihood of a normalised hold percentage.
- c) Liquidity risk is the risk to cash flows of maturing assets and liabilities not being matched. The Company mitigates this risk by maintaining strong controls, ensuring access to adequate finance facilities and proactive financial planning to ensure the Company can meet its liabilities as they fall due.
- d) Taxation & regulatory risk is the risk of financial loss due to non-compliance and changes in government regulation and taxation of licensed gaming operations. The Company mitigates this risk by engaging in active dialogue with both the industry regulator and sponsoring government department and participation in an industry body, seeking to maximise awareness and minimise any adverse effects of such industry changes.
- e) Public health risk is the risk of financial losses occurring due to reduced capacity and increased costs of complying with government policy and operating guidelines, and from decreased visitation due to weakened customer sentiment. The Company mitigates this risk by participation in an industry body to set industry best practice, maintaining an agile operating model and close relationships with its patrons, and accessing government support where available.

Section 172 statement

Section 172 of the Companies Act 2006 requires directors of a company to act in the way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to, amongst other matters, the following factors:

- Likely consequences of any decisions in the long-term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impacts of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and;
- Need to act fairly between members of the company.

Crown UK Investments Limited

Strategic Report for the year ended 30 June 2022 (continued)

The directors have considered the factors set out above when making strategic decisions that affect the long-term success of the Company. In addition, the interests and views of our intermediate parent company, Crown Resorts Limited have been considered. The directors aim to ensure that decisions support the Group's approved purpose, vision and values, together with its strategic priorities.

The Company has adopted a Code of Conduct which reflects the Company's values and outlines the standard of ethical behaviour that is expected of its Directors and of its employees at all times. Any person who performs work for or on behalf of the Company must comply with the Code of Conduct, which contains the Standards of Conduct and procedure for reporting breaches of Code of Conduct as core requirements. The directors and employees receive training on their obligations under the code and the senior management are advised of any material breaches of the Code of Conduct as soon as possible.

Going concern

At 30 June 2022, the company had net liabilities of £19.3m (2021: net liabilities of £10.9m). The Company incurred a loss after taxation for the year ended 30 June 2022 of £8.5m (2021: loss of £17.7m). The directors have performed a going concern assessment, which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company Crown Resorts Limited, to meet its liabilities as they fall due during the going concern assessment period. Crown Resorts Limited has indicated that it will provide sufficient financial support to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Having made enquiries of the directors of Crown Resorts Limited to understand the group's financial position, the Directors are satisfied the group continues to maintain the financial resources required to provide such support, taking into account that Crown Resorts Limited has obtained a letter of financial support from the ultimate parent company, SS Silver Pty Ltd. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of the company's financial position and the support from Crown Resorts Limited, the Directors continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

By Order of the Board



M Branson
Managing Director
23 March 2023

Crown UK Investments Limited

Directors' Report for the year ended 30 June 2022

Directors and company information

| | |
|--------------------|--|
| Directors: | M R Branson C J Tynan (Appointed 8 August 2022) |
| Secretary: | WB Company Services Ltd |
| Registered office: | 4 th Floor Devonshire House, 1 Devonshire Street, London, W1W 5DR |
| Company number: | 07623405 |

Dividends

No dividends were paid or declared during the year (2021: £nil).

Future developments

The director does not anticipate any changes in the company's activity in the forthcoming year.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Crown UK Investments Limited

Directors' Report for the year ended 30 June 2022 (continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control that they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

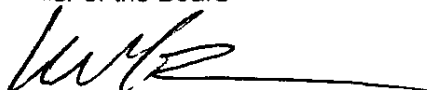
Other information

Liquidity, cash flows and credit risk disclosure requirements have been included in the Strategic Report on page 2.

Provision of information to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all the steps that they ought to have taken as a director, in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By Order of the Board



M Branson
4th Floor Devonshire House, 1 Devonshire Street,
London,
W1W 5DR

Managing Director

23 March 2023

Independent Auditor's report to the members of Crown UK Investments Limited

Opinion

We have audited the financial statements of Crown UK Investments Limited ("the Company") for the year ended 30 June 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's report to the members of Crown UK Investments Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board meeting minutes and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's report to the members of Crown UK Investments Limited (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report to the members of Crown UK Investments Limited (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.


Jonathan Tricker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

23 March 2023

Crown UK Investments Limited

Statement of comprehensive income for the year ended 30 June 2022

| | <i>Note</i> | 2022 £'000 | 2021 £'000 |
|--|-------------|-----------------------|-----------------------|
| Other operating income | | - | - |
| Operating profit | 3 | - | - |
| Impairment of investment in subsidiary | 6 | (7,035) | (16,215) |
| Interest payable to group undertaking | | (1,431) | (1,389) |
| Loss on ordinary activities before taxation | | (8,466) | (17,604) |
| Tax on profit on ordinary activities | 5 | 0 | (141) |
| Loss on ordinary activities after taxation for the financial year | | (8,466) | (17,745) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the financial year | | (8,466) | (17,745) |

All results relate to continuing operations. The accompanying notes forms an integral part of these Financial Statements.

Crown UK Investments Limited

Statement of changes in equity for the year ended 30 June 2022

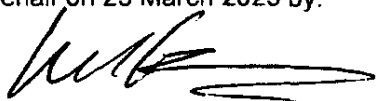
| | Share capital | Share premium | Profit and loss account | Total |
|---------------------------------------|------------------|------------------|-------------------------------|----------|
| | £'000 | £'000 | £'000 | £'000 |
| At 1 July 2020 | 12,908 | 28,092 | (34,129) | 6,871 |
| Total comprehensive loss for the year | - | - | (17,745) | (17,745) |
| At 1 July 2021 | 12,908 | 28,092 | (51,874) | (10,874) |
| Total comprehensive loss for the year | - | - | (8,466) | (8,466) |
| At 30 June 2022 | 12,908 | 28,092 | (60,340) | (19,340) |

Crown UK Investments Limited

Statement of financial position at 30 June 2022

| | Note | 2022 £'000 | 2021 £'000 |
|--|------|---------------|---------------|
| Non Current assets | | | |
| Investments in subsidiaries | 6 | 29,146 | 36,181 |
| Current assets | | | |
| Debtors | 7 | - | - |
| Cash at bank and in hand | | - | - |
| Creditors: Amounts falling due within one year | 8 | - | - |
| Net current assets | | - | - |
| Total assets less current liabilities | | 29,146 | 36,181 |
| Creditors: Amounts falling due after more than one year | 8 | (48,486) | (47,055) |
| Net liabilities | | (19,340) | (10,874) |
| Capital and reserves | | | |
| Called up share capital | 9 | 12,908 | 12,908 |
| Share premium account | 9 | 28,092 | 28,092 |
| Profit and loss account | | (60,340) | (51,874) |
| Shareholders' funds | | (19,340) | (10,874) |

The accompanying notes forms an integral part of these Financial Statements. The financial statements on pages 10 to 19 were authorised for issue by the board of directors and signed on its behalf on 23 March 2023 by:



M Branson

Managing Director
Registered Number: 07623405

Crown UK Investments Limited

Notes to the Financial Statements for the year ended 30 June 2022

1 Authorisation of financial statements and statement of compliance with FRS 102

The financial statements of Crown UK Investments Limited (the "Company") for the year ended 30 June 2022 were authorised for issue by M Branson on 23 March 2023 and the statement of financial position was signed on the board's behalf by M Branson. Crown UK Investments Limited is a private company limited by shares, incorporated and domiciled in England and Wales.

The Company's financial statements have been prepared in compliance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The Company has taken advantage of the exemption under s401 of the Companies Act 2006 not to prepare group accounts as it is wholly owned, indirectly, by Crown Resorts Limited.

The results of Crown UK Investments Limited are included in the consolidated financial statements of Crown Resorts Limited which are available from Level 3, Crown Towers, 8 Whiteman Street, Southbank VIC 3006, Australia.

The principal accounting policies adopted by the Company are set out in Note 2.

2 Accounting policies

a) Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2022.

The following disclosure exemptions available under FRS 102 have been applied to these financial statements:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to present a statement of cash flows and related Notes. The company's parent company, Crown Resorts Limited, has included the required consolidated cash flow statement within its consolidated financial statements.
- The requirement of Section 33 Related Party Disclosures paragraph 33.5 in respect of transactions with wholly owned subsidiaries

Crown UK Investments Limited

Notes to the Financial Statements for the year ended 30 June 2021 (Continued)

Going concern

At 30 June 2022, the company had net liabilities of £19.3m (2021: net liabilities of £10.9m). The Company incurred a loss after taxation for the year ended 30 June 2022 of £8.5m (2021: loss of £17.7m). The directors have performed a going concern assessment, which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company Crown Resorts Limited, to meet its liabilities as they fall due during the going concern assessment period. Crown Resorts Limited has indicated that it will provide sufficient financial support to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

Having made enquiries of the directors of Crown Resorts Limited to understand the group's financial position, the Directors are satisfied the group continues to maintain the financial resources required to provide such support, taking into account that Crown Resorts Limited has obtained a letter of financial support from the ultimate parent company, SS Silver Pty Ltd. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On the basis of the company's financial position and the support from Crown Resorts Limited, the Directors continue to believe that the going concern basis of accounting is appropriate in preparing the annual financial statements.

b) Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments have had the most significant effect on amounts recognised in the financial statements:

The Company makes a judgement as to the carrying value of investments held. Where there are indicators of impairment, the company performs impairment tests by considering key factors such as performance, the underlying assets of the entity in which the investment is held, discount rates and long term growth rates.

c) Investments

Investments in subsidiaries are held at historical cost less any applicable provision for impairment.

The Company assesses its investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the Statement of comprehensive income.

Crown UK Investments Limited

Notes to the Financial Statements for the year ended 30 June 2021 (Continued)

d) Interest bearing loan

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the statement of comprehensive income.

e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

f) Debtors

Debtors, which relate to amounts owed by group undertakings, are recognised and carried at the lower of their original value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision for impairment is made through the statement of comprehensive income when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

g) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the director considers it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Crown UK Investments Limited

Notes to the Financial Statements for the year ended 30 June 2022 (Continued)

3 Operating loss

The audit fee of the company of £10k (2021: £10k) has been borne by another group company. There were no non-audit fees.

4 Directors' emoluments

One director (M Branson) (2021: three directors) was paid a total of £307k (2021: £654k) by the subsidiary, Aspinall's Club Limited, but not recharged to the company as their services as directors are considered incidental to their employment with the subsidiary.

The emoluments (excluding pension contributions) of the highest paid director were £307k (2020: £342k). Pension contributions in respect of a money purchase benefit scheme with regard to the highest paid director were £nil (2021: £nil).

The aggregate value of pension contributions in respect of money purchase benefit schemes accruing to one director was £31k (2021: £18k).

5 Tax on loss on ordinary activities

(a) Tax charge in the statement of comprehensive income

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Current income tax: | | |
| UK corporation tax at 19% | | |
| - current year | - | - |
| Deferred taxation | - | (141) |
| Tax charge in the statement of comprehensive income | - | (141) |

Crown UK Investments Limited

Notes to the Financial Statements for the year ended 30 June 2022 (Continued)

(b) Factors affecting the total tax charge

The tax charge in the statement of comprehensive income for the year is different from the standard rate of corporation tax in the UK of 19% (2021: 19%). The corporation tax rate in the UK will increase to 25% for the financial year beginning 1 April 2023. The differences are reconciled below:

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Loss on ordinary activities before taxation | (8,466) | (17,604) |
| Tax calculated at UK standard rate of corporation tax of 19% (2021: 19%) | (1,609) | (3,345) |
| Expense not allowed for taxation | 1,337 | 3,081 |
| Deferred tax expense on loss not recognised | 272 | 141 |
| Adjustment in respect of group relief | - | 264 |
| Tax charge in the statement of comprehensive income | 0 | 141 |

6 Investments

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Investment in subsidiaries at cost | 72,336 | 72,336 |
| Impairment losses (cumulative) | (43,190) | (36,155) |
| | 29,146 | 36,181 |

The investment in subsidiaries represents the company's 100% investment in Aspinall's Club Limited, a licensed gaming establishment incorporated in the United Kingdom.

The impairment loss reflects a charge of £7,035k (2021: £16,215k) due to the prolonged impacts of COVID-19.

7 Debtors

| | 2022 £'000 | 2021 £'000 |
|-------------------|---------------|---------------|
| Deferred taxation | - | - |
| | - | - |

Crown UK Investments Limited

Notes to the Financial Statements for the year ended 30 June 2022 (Continued)

8 Creditors

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year | | |
| Amounts due to group undertakings | - | - |
| Amounts falling due after more than one year | | |
| Amounts due to group undertakings | 48,486 | 47,055 |
| | 48,486 | 47,055 |

The amounts due to group undertakings falling due after more than one year are repayable to those group companies in February 2024 and accrue interest at 3.00%.

9 Capital and reserves

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Authorised Shares | | |
| 12,908,343 Ordinary shares of £1 each | 12,908 | 12,908 |
| Ordinary shares issued and fully paid at 1 July | 12,908 | 12,908 |
| Ordinary shares issued during the year | - | - |
| Ordinary shares issued and fully paid at 30 June | 12,908 | 12,908 |
| Share Premium | | |
| At 1 July | 28,092 | 28,092 |
| Share premium issued and fully paid | - | - |
| At 30 June | 28,092 | 28,092 |

There is a single class of ordinary shares and each share carries one vote. There are no restrictions on the distribution of dividends and the repayment of capital.

There have been no movements in the number of shares in issue at the beginning and the end of the year in 2022 or 2021.

Notes to the Financial Statements for the year ended 30 June 2022 (Continued)

10 Immediate and ultimate parent undertaking

The immediate parent undertaking of the company is Crown Resorts International Holding Limited (formerly called Publishing and Broadcasting International Holdings Limited), a company registered in Bahamas, and during the period until 24 June 2022 the ultimate parent undertaking is Crown Resorts Limited, a company registered in Australia (for the period since 24 June 2022, refer to note 11 for further information).

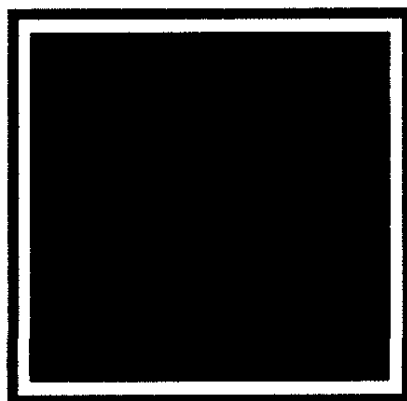
On 24 June 2022, Crown Resorts Limited was acquired by SS Silver II Pty Ltd, an entity owned by funds managed or advised by Blackstone Inc, a company registered on the New York Stock Exchange (NYSE:BX). Blackstone's registered office is 345 Park Avenue, New York, NY 10154.

11 Subsequent Events - Guarantor of debt facilities

Following completion of the acquisition of the Crown Resorts Group by SS Silver Pty Ltd, Crown Resorts Limited, in conjunction with other members of the group, acceded to the term debt and revolving debt facilities and became a guarantor of the amounts drawn under these facilities. The probability of these guarantees being called upon is considered unlikely, and therefore it is not practicable to disclose an indication of the uncertainties relating to the amount or timing of cash flows.

CROWN UK INVESTMENTS LIMITED 07623405

CONSOLIDATED PARENT COMPANY ACCOUNTS.



CROWN RESORTS LIMITED

A.B.N. 39 125 709 953

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CONTENTS:

Directors' Report
Statement of Profit or Loss
Statement of Comprehensive Income
Statement of Financial Position
Cash Flow Statement
Statement of Changes in Equity
Notes to the Financial Statements
Auditor's Independence Declaration
Independent Auditor's Report
Directors' Declaration

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Directors' Report

For the year ended 30 June 2022

The Directors of Crown Resorts Limited ("Crown" or the "Company") present their report, together with the audited financial statements of the consolidated entity, consisting of Company and its controlled entities (together the "Group"), for the financial year ended 30 June 2022.

Directors

The following persons were directors of the Company during the whole of the financial period and up to the date of this financial report, unless otherwise stated:

| | |
|-------------------------|--|
| William McBeath | Non-Executive Chairman (appointed 24 June 2022) |
| Dr Ziggy Switkowski AO | Non-Executive Chairman (appointed 29 November 2021 until 24 June 2022) |
| The Hon. Helen A Coonan | Non-Executive Chairman (until 27 August 2021) |
| Stephen McCann | Managing Director (appointed 20 October 2021 until 24 June 2022) |
| Bruce Carter | Non-Executive Director (appointed 25 August 2021 until 24 June 2022) |
| Jane Halton AO PSM | Non-Executive Director (until 24 June 2022) |
| Nigel Morrison | Non-Executive Director (until 24 June 2022) |
| Antonia Korsanos | Non-Executive Director (until 21 October 2021) |
| Anne Ward | Non-Executive Director (appointed 13 January 2022 until 24 June 2022) |
| John Borghetti AO | Non-Executive Director (appointed 24 June 2022) |
| James Carnegie | Non-Executive Director (appointed 24 June 2022) |
| Robert Heady | Non-Executive Director (appointed 24 June 2022) |
| Alan Miyasaki | Non-Executive Director (appointed 24 June 2022) |
| Stephen Revell | Non-Executive Director (appointed 24 June 2022) |
| Christopher Tynan | Non-Executive Director (appointed 24 June 2022) |
| John Van Der Wielen | Non-Executive Director (appointed 24 June 2022) |

On 7 July 2022, Crown announced the appointment of Ciarán Carruthers as Director and CEO of the Company, subject to the receipt of any necessary regulatory approvals.

Principal activities

Crown is one of Australia's largest entertainment groups with its core businesses and investments in the integrated resorts sector.

In Australia, Crown owns and operates three of Australia's leading integrated resorts - Crown Melbourne, Crown Perth and Crown Sydney.

Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district.

Crown has interests in various digital businesses, including Betfair Australasia (100%), DGN Games (100%) and Chill Gaming (50%), and holds equity interests in Aspers Group (50%) and Nobu (20%).

Crown also holds a 100% interest in the One Queensbridge development site which is strategically located adjacent to the Crown Melbourne entertainment complex.

Dividends

No dividends were paid during the financial year (2021: nil).

Review of operations

The 2022 financial year was another challenging year for Crown, with intense regulatory scrutiny and significant impacts on business operations from the COVID-19 pandemic.

For the year ended 30 June 2022, Crown recorded statutory revenue of \$1,935.6 million, up 26.0% on the prior comparable period (pcp), EBITDA loss of \$699.6 million, and a net loss after tax attributable to the parent of \$945.4 million. Theoretical EBITDA before Closure Cost and Significant Items was \$127.4 million, down 47.3% on the pcp.

Directors' Report

For the year ended 30 June 2022

The COVID-19 pandemic continued to have a significant impact on business performance throughout the 2022 financial year, with Crown being directed by relevant Governments to modify its operating conditions and ultimately suspend its gaming activities and other non-essential services in response to the COVID-19 pandemic.

Government mandated closures that occurred during the financial year are detailed below:

| Property | Dates of Closure |
|-----------------|-------------------------------------|
| Crown Melbourne | 16 Jul 21 – 27 Jul 21 |
| Crown Melbourne | 6 Aug 21 – 28 Oct 21 |
| Crown Perth | 1 Jul 21 – 5 Jul 21 ⁽¹⁾ |
| Crown Sydney | 1 Jul 21 – 10 Oct 21 ⁽²⁾ |

(1) Gaming activities ceased at Crown Perth on 29 June 2021.

(2) Crown Sydney was substantially closed on 26 June 2021.

The closure dates for Crown Melbourne and Crown Perth reflect the periods when no gaming activities were permitted. In some instances, during the closure periods where gaming activities were not permitted, Crown Melbourne and Crown Perth were able to continue operating certain Food & Beverage and Hotel operations in a severely limited capacity. Given the restrictions in place in Melbourne and Perth at the time, as well as a large portion of the property being closed, volumes in Food & Beverage and Hotels were minimal.

As Crown Sydney's gaming activities were not operational during the financial year, the closure dates for Crown Sydney above reflect the period when the complex was largely closed due to COVID-19 restrictions on Food & Beverage and Hotel operations imposed by the NSW Government.

During mandated closure periods, whilst Crown did not generate any gaming revenues, Crown continued to incur expenses to maintain its operations and corporate responsibilities. Crown has separately identified these costs in reporting its results for the 2022 financial year as Closure Costs.

In addition to the impact of COVID-19 on Crown's business operations, throughout the 2022 financial year, Crown was under significant regulatory and public scrutiny. This includes the Victorian and Perth Royal Commissions, and AUSTRAC enforcement investigations. A summary of these processes are outlined later in this Directors' Report.

Crown Melbourne

Crown Melbourne is Australia's leading integrated resort and one of the most visited tourist destinations in Australia with its dynamic and diverse facilities.

Revenue of \$939.9 million was up 61.4% on the pcip.

Theoretical EBITDA before Closure Costs and Significant Items was \$91.0 million, down 3.3% on the pcip.

Crown Perth

Crown Perth is one of Western Australia's largest tourist destinations, with an exceptional range of entertainment and tourism experiences.

Revenue of \$735.2 million was down 1.0% on the pcip.

Theoretical EBITDA before Closure Costs and Significant Items was \$174.7 million, down 31.3% on the pcip.

Crown Sydney

Crown Sydney is located at One Barangaroo Avenue on the foreshore of Sydney Harbour and is Sydney's first six-star hotel and a landmark building with views of some of Australia's most celebrated icons, the Sydney Harbour Bridge and Sydney Opera House.

Revenue of \$113.4 million was up 65.3% on the pcip.

Theoretical EBITDA before Closure Costs and Significant Items was a loss of \$16.0 million, 29.8% favourable to the pcip.

Crown Aspinalls

Crown Aspinalls is a high-end casino in London's prime West End entertainment district.

Theoretical revenue was \$17.9 million, with theoretical EBITDA a loss of \$6.5 million.

Directors' Report

For the year ended 30 June 2022

Crown Digital

Crown's wagering and online social gaming operations comprise Betfair Australasia and DGN Games.

EBITDA from Crown's wagering and online social gaming operations was \$29.5 million, down 13.5% on the pcip.

Corporate Costs

Crown's corporate costs before Significant Items were \$145.3 million, \$33.7 million above the pcip. Corporate costs were driven by legal, consulting and other costs associated with various regulatory inquiries and other related matters.

Significant Items

During the financial year, several transactions occurred that were not in the ordinary course of business or were material and unexpected due to their size and nature, which have been separately recorded as Significant Items as set out below. For more details, see note 3(e) to the Financial Statements.

| | 2022 | 2021 |
|---|----------------|---------------|
| | \$m | \$m |
| Profit on disposal of Crown Sydney apartments | 97.2 | 207.8 |
| Profit on disposal of other non-current assets | 11.7 | - |
| Crown Sydney pre-opening costs | (58.1) | (62.0) |
| Contribution towards class action settlement | (20.0) | - |
| One-off allowance for expected credit losses | (13.1) | (27.2) |
| Restructuring & other costs | (110.6) | (21.7) |
| Regulatory & other matters | (617.2) | (12.5) |
| Underpayment of casino tax | - | (37.4) |
| Significant items included in EBITDA | (710.1) | 47.0 |
| Net asset impairment | (52.1) | (53.6) |
| Reassessment of contingent consideration - DGN | - | (2.0) |
| Early repayment of debt facilities | (108.2) | - |
| Interest on underpayment of casino tax | (16.5) | (23.8) |
| Income tax benefit/(expense) on significant items | 52.8 | (22.2) |
| Significant items included in NPAT | (834.1) | (54.6) |

Significant changes in the state of affairs

Regulatory matters

AUSTRAC enforcement investigations

As announced by Crown on 19 October 2020 and 7 June 2021 respectively, each of Crown Melbourne and Crown Perth was the subject of an AUSTRAC enforcement investigation.

On 1 March 2022 Crown Melbourne and Crown Perth were served with civil penalty proceedings commenced by AUSTRAC. AUSTRAC alleges each of Crown Melbourne and Crown Perth:

- breached and continue to breach section 81 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) on an innumerable number of occasions by not adopting and maintaining an AML/CTF program that complies with all the requirements of the AML/CTF Act and the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument (No.1) 2007* (Cth); and
- breached section 36 of the AML/CTF Act by not conducting appropriate ongoing customer due diligence on 165 occasions in respect of Crown Perth and 382 occasions in relation to Crown Melbourne, giving a total of 547 contraventions in relation to 507 customers.

Crown continues to engage with AUSTRAC in relation to the proceedings.

Directors' Report

For the year ended 30 June 2022

Victorian Gambling and Casino Control Commission

The Victorian Gambling and Casino Control Commission ('VGCCC') has issued Crown with notices relating to potential disciplinary action under the *Casino Control Act 1991* (Vic) ('CCA Vic') relating to findings of the Victorian Royal Commission and other matters. During the year, the Victorian Government passed the Casino and Gambling Legislation Amendment Act 2021. That Act imposed new regulatory obligations on Crown and increased the maximum fine under the CCA Vic to \$100 million from \$1 million.

Other regulatory matters

Regulators, including Crown's gaming regulators, and other bodies routinely conduct investigations and reviews of Crown's operations in the normal course of regulatory oversight and of matters disclosed by Crown to regulators and those disclosed to the market. Crown receives various notices and requests for information from regulators regarding a wide variety of matters and some of these remain open and subject to further review, investigation and possible action.

New South Wales

On 9 February 2021, the Commissioner's report of the inquiry under section 143 of the Casino Control Act 1992 (NSW) (Inquiry Report) was released. The New South Wales Independent Liquor and Gaming Authority (ILGA) wrote to Crown Resorts Limited stating that, having regard to the contents of the Inquiry Report, it presently considered that Crown Sydney Gaming Pty Ltd (Crown Sydney Gaming) is no longer a suitable person to give effect to the Restricted Gaming Licence in New South Wales and that Crown Sydney Gaming had breached clause 14(a) of the VIP Gaming Management Agreement (VIP GMA) and had given Crown Resorts Limited a notice to that effect. Following the consultation process contemplated under the VIP GMA, on 22 June 2022 ILGA announced that it had provided approval for Crown Sydney Gaming to commence gaming operations for an initial conditional gaming period scheduled to expire on 31 December 2023. During this period Crown will work closely with ILGA and the independent monitor of Crown Sydney, Kroll Associates, to demonstrate its suitability and that it is implementing an approved remediation action plan.

The Casino Legislation Amendment Bill 2022 (NSW) ('the Bill'), which amends the Casino Control Act (NSW) ('CCA NSW') and Casino Control Regulation ('the Regulation'), was passed on 11 August 2022. It commenced on 5 September 2022, other than certain provisions relating to cashless gaming which are to commence on 10 August 2024 unless proclaimed earlier.

The legislation also provided for the establishment of the New South Wales Independent Casino Commission (NICC) as a new independent regulator of casinos in NSW, which commenced operations on 5 September 2022.

The Bill made a number of changes to the CCA NSW. In particular:

- the maximum financial penalty for disciplinary action was increased from \$1 million to \$100 million and this can be applied to conduct occurring prior to 5 September 2022. Amendments to the CCA NSW by the Bill also enable disciplinary action to be taken directly against close associates of the casino operator (which is broadly defined);
- an annual supervisory levy of \$19 million, half of which is payable by Crown, has been introduced;
- the maximum penalty which applies to a number of other specific offences under the CCA NSW was increased;
- no compensation is payable for any regulatory action, including any claims for compensation or damages under any agreements entered into with the State;
- in calculating any duty or levies based on revenue of a casino, 'revenue' will include all revenue from the face value of wagers placed including wagers placed by means of complimentary chip purchase, vouchers or reward points; and
- there are a number of new obligations and requirements in connection with casino operation. These new obligations may have an impact on financial performance however the full extent of such impact is not yet known.

Victoria

On 22 February 2021, a Royal Commission was established into the suitability of Crown Melbourne Limited to hold a casino licence. The Hon. Ray Finkelstein AO QC was appointed as Commissioner and Chairperson of the Royal Commission. On 15 October 2021, the Commissioner delivered his report to Government, and the report was tabled and released publicly on 26 October 2021. The Commissioner made a number of findings regarding Crown Melbourne and its associates (including Crown Resorts), including that Crown Melbourne is not a suitable person to continue to hold a casino licence under the CCA Vic. The Commissioner did not recommend the immediate cancellation of Crown Melbourne's casino licence. Instead, the Commissioner recommended that Crown Melbourne be required to operate under the oversight and direction of a Special Manager for a period of two years, with the costs of establishing and implementing the office of the Special Manager to be borne by Crown Melbourne.

The Commissioner made 33 recommendations in total, addressing a broad range of areas affecting Crown Melbourne's structure and operations. Shortly after the publication of the report, the Victorian Government enacted legislation giving effect to nine 'priority' recommendations, including establishing the position of the Special Manager; repealing certain provisions that provided that the State may be liable to pay compensation to Crown in certain circumstances; and increasing the maximum penalty that can be imposed for disciplinary action. The legislation also provided for the establishment of the VGCCC, which commenced operations on 1 January 2022.

Following the passage of that legislation, Mr Stephen O'Bryan QC was appointed as the Special Manager from 1 January 2022. The relevant Instrument of Appointment provides that Mr O'Bryan is appointed for two years and six months, and has the

Directors' Report

For the year ended 30 June 2022

functions, powers and reporting obligations set out in sections 36C to 36G of the CCA Vic. The Instrument further provides that the Special Manager is to investigate any matter concerning the conduct of Crown Melbourne which he identifies during his period of appointment and which he considers requires investigation, including the matters listed in Appendix I of the Report of the Victorian Royal Commission.

The Special Manager is required to provide interim reports to the VGCCC and the Minister, and a final report at the end of the second year of his appointment. The VGCCC must consider each report of the Special Manager and take whatever action the VGCCC considers appropriate in light of the findings and recommendations of the report. Within 90 days of receiving the Special Manager's final report, the VGCCC may determine in its sole discretion that it is clearly satisfied that Crown is a suitable person to continue to hold the casino licence and that it is in the public interest for the licence to continue in force. Unless the VGCCC makes such a determination, the casino licence will be cancelled, with the cancellation taking effect 180 days after the day on which the Special Manager's final report is received by the VGCCC.

The Government has expressed its support for the remaining 24 recommendations of the Victorian Royal Commission subject to further detailed analysis and consultation being undertaken. Those recommendations cover a range of areas, including the *minimisation of gambling harm; structural reforms to Crown Melbourne; and the addressing of anti-money laundering risks.*

On 23 June 2022, the *Gambling and Liquor Legislation Amendment Bill 2022* was passed in Parliament with the majority of changes taking effect on 1 July 2022. That Bill expanded the grounds for disciplinary action to include a single breach of the Responsible Gambling Code of Conduct; introduced enforceable undertakings as a regulatory tool; provided the Minister with a new power to give written directions to the VGCCC; inserted new objectives for the VGCCC which include minimising gambling harm and ensuring the management and operations of casinos remain free from criminal influence and exploitation; introduced a mandatory reporting regime for VGCCC inspectors; expanded the powers of VGCCC inspectors to allow inspectors to issue notices to access surveillance systems; and created a new regulatory body for liquor regulation, the Victorian Liquor Commission.

On 2 August 2022, the *Casino Legislation Amendment Bill (Royal Commission Implementation and Other Matters) Bill 2022* was introduced into Parliament and subsequently passed into law. The Bill implemented a further 12 Victorian Royal Commission recommendations (with the remaining 9 to be delivered over the course of the next 12 months). The Bill introduced amendments to the CCA Vic and the *Gambling Regulation Act 2003* (Vic) in relation to patron identification, carded play, cashless gaming, pre-commitment and time limits, corporate ownership and governance including the expansion of the definition of associates and the repositioning of a supervision charge.

Crown will continue to work cooperatively and constructively with the Victorian Government in relation to the findings and recommendations of the Report of the Victorian Royal Commission, and the Government's response.

Western Australia

On 5 March 2021, the Honourable Neville Owen (AO), the Honourable Lindy Jenkins and Mr Colin Murphy (PSM), were appointed Royal Commissioners to inquire into the suitability of Crown Perth to continue holding a casino gaming licence in Western Australia. The Commissioners also examined the State's regulatory framework for casino gaming, including any matters that might enhance the Gaming and Wagering Commission's future capability and effectiveness.

The Commissioners delivered their report on 4 March 2022 and the report was released publicly on 24 March 2022. The Commissioners made a number of findings including that Burswood Nominees is not a suitable person to hold the casino licence and the other Burswood entities and Crown Resorts Limited are not suitable persons to be associated with a licensed casino.

The Commissioners did not recommend the immediate cancellation of the Casino Licence but required Crown to undertake a 2-year pathway to suitability with remediation activities overseen by an Independent Monitor, the costs of which are to be borne by Crown.

The Commission also found the regulatory framework was not fit for purpose and reforms were required to improve the effectiveness of the Gaming and Wagering Commission ('GWC').

The Commissioners made 59 recommendations (over half directed to the GWC and the Department). The recommendations covered areas of governance and risk, responsible gaming, regulatory matters including periodic suitability reviews undertaken by the Regulator at least every 5 years, prohibition on junkets and increased penalties for breach of the casino legislation to \$100m and Regulator cost recovery.

On 22 June 2022 a first tranche of legislative reform was introduced into the WA Parliament, was passed and received Royal Assent on 28 September 2022. Following the passage of the legislation, Mr Paul Steel was appointed as the Independent Monitor and commenced in the role on 31 October 2022. The role of the Independent Monitor is to oversee the preparation and approval of the Remediation Plan for Crown Perth.

The Independent Monitor is also to report at least on three monthly intervals to the Regulator and as requested by the Minister over the 2-year period. At the end of the 2-year remediation period he is to provide a final report to the Regulator.

The Western Australian Government will also investigate a modernised regulatory framework, including substantive reforms of the Regulator.

Directors' Report

For the year ended 30 June 2022

Blackstone transaction

On 14 February 2022, Crown entered into a scheme implementation deed (Implementation Deed) with SS Silver Pty Ltd, a subsidiary of funds managed and advised by Blackstone Inc. and its affiliates (together, Blackstone), under which Blackstone would acquire all of the shares in Crown by way of a Scheme of Arrangement (Scheme) at a price of \$13.10 cash per share.

On 20 May 2022, Crown shareholders approved the Scheme, which was implemented on 24 June 2022.

Matters subsequent to the end of the financial year

On 7 July 2022, Crown announced that Stephen McCann would step down as CEO Crown Resorts and CEO of Crown Melbourne and Ciarán Carruthers would be appointed CEO of Crown Resorts subject to the receipt of regulatory approvals.

On 8 August 2022, Crown Sydney commenced gaming operations with the Crystal Room gaming floor opening and the Mahogany Room gaming floor set to open at a later date.

On 28 July 2022, Crown redeemed all outstanding subordinated notes listed on the ASX, in accordance with a Condition 4.3(a) of the terms of the Notes. The mandatorily deferred interest payments were paid as part of the redemption amount of the notes. Following redemption, the Notes were cancelled and there were no outstanding notes.

On 7 November 2022, VGCCC imposed fines totalling \$120 million against Crown Melbourne for failing its Responsible Service of Gambling obligations.

Likely developments and expect results of operations

Other than information disclosed within this Directors' Report and the accompanying financial statements, there are no other material likely developments affecting the operations of the Group.

Environmental regulation

The National Greenhouse and Energy Reporting Act 2007 (NGER Act) established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. Crown is required to report emissions under the NGER Act. Relevant reports have been submitted during the year.

Key features of the NGER Act include:

- reporting of greenhouse gas emissions, energy consumption and production by large corporations;
- corporate level public disclosure of greenhouse gas emissions and energy information; and
- providing consistent and comparable data for decision making.

Under the Western Australian Water By-laws legislation, Crown Perth is required to complete annual water management assessments and submit water efficiency management plans. Relevant reports have been submitted during the year.

Environmental issues are important to Crown and it has taken a number of initiatives in this regard.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the period ended 30 June 2022 and up to the date of this report.

Directors' Report

For the year ended 30 June 2022

Indemnity and insurance of officers

The Group has indemnified the directors and certain executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and certain executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Following the Blackstone transaction, the intermediate parent entity of SS Silver II Pty Ltd, SS Silver Pty Ltd, paid a premium in respect of a contract to insure the directors and certain executives of the Group against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

To the extent permitted by law, the Group has agreed to indemnify its auditors, KPMG, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify KPMG during or since the financial year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 74.

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors:



Stephen Revell
Director

22 November 2022

Statement of Profit or Loss

For the year ended 30 June 2022

| | | 2022 | 2021 |
|--|------|------------------|----------------|
| | Note | \$m | \$m |
| Revenues | 3 | 1,935.6 | 1,536.8 |
| Other income | 3 | 108.9 | 207.8 |
| Expenses | 3 | (3,095.4) | (1,975.4) |
| Share of profits/(losses) of associates | 2,9 | 18.1 | (8.7) |
| Profit/(loss) before income tax and finance costs | | (1,032.8) | (239.5) |
| Finance costs | 3 | (208.9) | (69.1) |
| Profit/(loss) before income tax | | (1,241.7) | (308.6) |
| Income tax benefit/(expense) | 2,5 | 296.3 | 47.3 |
| Net profit/(loss) after tax | | (945.4) | (261.3) |
| Attributable to: | | | |
| Equity holders of the Parent | | (945.4) | (261.6) |
| Non-controlling interests | | - | 0.3 |
| | | (945.4) | (261.3) |

The above Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the year ended 30 June 2022

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$m | \$m |
| Net profit/(loss) after tax | (945.4) | (261.3) |
| Other Comprehensive Income | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Foreign currency translation | 13.8 | (16.0) |
| Movement in cash flow hedge reserve | (5.1) | (13.7) |
| Other comprehensive income / (loss) for the period, net of income tax | 8.7 | (29.7) |
| Total comprehensive income / (loss) for the period | (936.7) | (291.0) |
| Attributable to: | | |
| Equity holders of the Parent | (936.7) | (290.4) |
| Non-controlling interests | - | (0.6) |
| | (936.7) | (291.0) |

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2022

| | | 2022 | 2021 |
|--------------------------------------|------|----------------|----------------|
| | Note | \$m | \$m |
| Current assets | | | |
| Cash and cash equivalents | 22 | 403.8 | 476.0 |
| Trade and other receivables | 6 | 158.4 | 19.6 |
| Income tax receivable | | 50.0 | 65.3 |
| Inventories | | 25.7 | 21.5 |
| Prepayments | | 43.6 | 45.4 |
| Assets held for sale | 7 | 160.6 | 425.8 |
| Total current assets | | 842.1 | 1,053.6 |
| Non-current assets | | | |
| Other financial assets | 8 | - | 12.7 |
| Investments in associates | 9 | 149.5 | 127.4 |
| Property, plant and equipment | 10 | 4,089.5 | 4,316.6 |
| Intangible assets - licences | 12 | 1,014.0 | 1,030.6 |
| Other intangible assets | 13 | 297.1 | 330.4 |
| Deferred tax assets | 5 | 281.5 | 183.5 |
| Other assets | 15 | 42.3 | 45.6 |
| Total non-current assets | | 5,873.9 | 6,046.8 |
| Total assets | | 6,716.0 | 7,100.4 |
| Current liabilities | | | |
| Trade and other payables | 16 | 379.7 | 429.4 |
| Loans and borrowings | 17 | 1,497.3 | 314.3 |
| Provisions | 18 | 757.4 | 304.1 |
| Other financial liabilities | | - | 0.1 |
| Total current liabilities | | 2,634.4 | 1,047.9 |
| Non-current liabilities | | | |
| Other payables | 16 | 182.2 | 177.2 |
| Loans and borrowings | 17 | 62.6 | 974.1 |
| Deferred tax liabilities | 5 | 299.3 | 406.7 |
| Provisions | 18 | 13.1 | 28.7 |
| Total non-current liabilities | | 557.2 | 1,586.7 |
| Total liabilities | | 3,191.6 | 2,634.6 |
| Net assets | | 3,524.4 | 4,465.8 |
| Equity | | | |
| Contributed equity | 19 | (203.3) | (203.3) |
| Reserves | 20 | (19.8) | (23.8) |
| Retained earnings | 20 | 3,747.5 | 4,692.9 |
| Total equity | | 3,524.4 | 4,465.8 |

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2022

| | | 2022 | 2021 |
|---|-------------|----------------|---------------|
| | Note | \$m | \$m |
| Cash flows from operating activities | | | |
| Receipts from customers | | 2,061.8 | 1,605.2 |
| Payments to suppliers and employees | | (2,394.5) | (1,471.6) |
| Dividends received | | 21.7 | - |
| Interest received | | 0.7 | 1.1 |
| Borrowing costs paid | | (105.7) | (76.4) |
| Income tax received/(paid) | | 40.7 | (72.3) |
| Net cash flows from/(used in) operating activities | 22b | (375.3) | (14.0) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (133.5) | (559.1) |
| Proceeds from sale of property, plant and equipment | | 340.7 | 650.5 |
| Payment for the acquisition of equity accounted associates | | (1.5) | (1.8) |
| Payment for the acquisition of controlled entities | | - | (16.3) |
| Other (net) | | 0.1 | 0.3 |
| Net cash flows from/(used in) investing activities | | 205.8 | 73.6 |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 300.0 | 590.0 |
| Repayment of borrowings | | (203.3) | (459.8) |
| Net cash flows from/(used in) financing activities | | 96.7 | 130.2 |
| Net increase/(decrease) in cash and cash equivalents | | (72.8) | 189.8 |
| Cash and cash equivalents at the beginning of the financial year | | 476.0 | 286.9 |
| Effect of exchange rate changes on cash | | 0.6 | (0.7) |
| Cash and cash equivalents at the end of the financial year | 22a | 403.8 | 476.0 |

Government subsidies and JobKeeper are presented net of cash receipts and payments in payments to suppliers and employees.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2022

| | Ordinary Shares \$m | Retained Earnings \$m | Reserves \$m | Total \$m | Non- Controlling Interest \$m | Total Equity \$m |
|--|---------------------------|-----------------------------|-----------------|----------------|--|------------------------|
| Year ended 30 June 2022 | | | | | | |
| Balance at 1 July 2021 | (203.3) | 4,692.9 | (23.8) | 4,465.8 | - | 4,465.8 |
| Profit/(loss) for the period | - | (945.4) | - | (945.4) | - | (945.4) |
| Other comprehensive income/(loss) | - | - | 8.7 | 8.7 | - | 8.7 |
| Total comprehensive income/(loss) for the period | - | (945.4) | 8.7 | (936.7) | - | (936.7) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Share based payments | - | - | (4.7) | (4.7) | - | (4.7) |
| Balance at 30 June 2022 | (203.3) | 3,747.5 | (19.8) | 3,524.4 | - | 3,524.4 |
| Year ended 30 June 2021 | | | | | | |
| Balance at 1 July 2020 | (203.3) | 4,954.5 | 3.1 | 4,754.3 | - | 4,754.3 |
| Profit/(loss) for the period | - | (261.6) | - | (261.6) | 0.3 | (261.3) |
| Other comprehensive income/(loss) | - | - | (28.8) | (28.8) | (0.9) | (29.7) |
| Total comprehensive income/(loss) for the period | - | (261.6) | (28.8) | (290.4) | (0.6) | (291.0) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Movement in non-controlling interest put option | - | - | (1.4) | (1.4) | 0.6 | (0.8) |
| Share based payments | - | - | 3.3 | 3.3 | - | 3.3 |
| Balance at 30 June 2021 | (203.3) | 4,692.9 | (23.8) | 4,465.8 | (0.0) | 4,465.8 |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2022

1. Significant Accounting Policies

1.1 Basis of preparation

This financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and investments that have been measured at fair value and investments in associates accounted for using the equity method.

The amounts contained in the financial report have been rounded to the nearest hundred thousand dollars unless otherwise stated under the option available to Crown Resorts Limited (Crown or the Company) under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Crown is an entity to which this Instrument applies.

The financial report of Crown Resorts Limited and its controlled entities (the Group) for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 22 November 2022. Crown is a for profit company limited by shares incorporated in Australia. Prior to 24 June 2022 Crown's shares were publicly traded on the Australian Securities Exchange. On 24 June 2022, all ordinary shares of the Company were acquired by SS Silver Pty Ltd (through its wholly owned subsidiaries), an entity owned by funds managed or advised by Blackstone Inc and its affiliates (Blackstone), by way of a scheme arrangement (SS Silver acquisition).

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and *International Financial Reporting Standards (IFRS)* as issued by the *International Accounting Standards Board*.

Going concern

At 30 June 2022, the Group is in a net current liability position (exclusive of related party borrowings) of \$931.6 million (2021: net current asset position of \$5.7 million), of which \$630.0 million relates to the Subordinated Notes listed on the ASX which were redeemed subsequent to year end on 28 July 2022 (refer note 23) funded by related party loans (refer note 17). At 30 June 2022, the Group had \$300.7 million in available cash and cash equivalents (excluding working capital cash) (refer note 22). The financial statements have been prepared on a going concern basis. In determining the appropriateness of the basis of preparation, the Group has considered the potential outcomes of the various regulatory inquiries and investigations on the Group's financial position at 30 June 2022 and its operations in future periods. The Group has also received a letter of financial support from its intermediate parent entity, SS Silver Pty Ltd.

Based on the above, the Group is satisfied that it will be able to continue to meet its liabilities as and when they fall due, for a minimum of the next twelve months.

1.2 Standards issued but not yet effective

Standards and Interpretations not expected to be material

Certain other new Accounting Standards and Interpretations have been published that are not mandatory for the 30 June 2022 reporting period. The Group has assessed the impact of these new Accounting Standards and Interpretations that are relevant to the Group, and does not expect any material impact on net assets, net profit, presentation or disclosures when these standards become effective and are adopted.

Notes to the Financial Statements

For the year ended 30 June 2022

1. Significant Accounting Policies *continued*

1.3 Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Crown Resorts Limited (the parent entity) and all entities that Crown Resorts Limited controlled from time to time during the year and at reporting date (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control. Change of ownership interest of a subsidiary without the loss of control is accounted for as an equity transaction.

Subsidiary acquisitions are accounted for using the acquisition method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

The accounting policies adopted have been applied consistently throughout the two reporting periods.

1.4 Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

The key estimates and assumptions used to determine the recoverable amounts of the cash-generating units assumes prevailing regulatory and licence conditions at Crown Melbourne, Crown Perth and Crown Sydney.

The assumptions used in this estimation of recoverable amounts and the carrying amount of non-financial assets are discussed in note 14.

Taxes

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Expected credit losses

An allowance is recognised based on the expected credit loss from the time the financial instrument is initially recognised.

An impairment analysis is performed at each reporting date to measure allowance for expected credit losses. The allowance for expected credit losses is based on a provision matrix that reflects the Group's historical credit loss experience, adjusted for management's knowledge of specific customers' circumstances, including changes in financial circumstances, significant delay in payments and gambling activity, as well as current collection trends and business conditions.

The assumptions used in the estimation of the allowance for expected credit losses are discussed further in note 6.

Trade receivables are written off, after taking into account regulatory considerations, when there is no reasonable expectation of recovery.

Market value rent for Crown Melbourne Main Site

In 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which the Crown Melbourne Entertainment Complex is located. For years one to forty inclusive, the annual rent payable is one dollar per annum. For years forty-one to ninety-nine inclusive, the annual rent payable will be the then current market rent for the site. On adoption of AASB 16 in July 2019, this lease was recognised as a right-of-use asset and lease liability. The carrying value of the right-of-use asset has been determined as if the standard had always applied, based on the payments in years forty-one to ninety-nine using the estimated market rent at commencement date of the lease, applying the incremental borrowing rate at date of initial application of the standard. In estimating the market rent at commencement date, the Group engaged an independent property valuer.

The lease liability is measured at the present value of the lease payments to be made in years forty-one to ninety-nine using the estimated market rent at commencement date of the lease.

Lease – Estimating the incremental borrowing rate

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the lessee 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted

Notes to the Financial Statements

For the year ended 30 June 2022

1.4 Significant accounting judgements, estimates and assumptions *continued*

to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Crown Sydney development costs

The Group engaged an independent expert to determine a fair and reasonable apportionment of the total development costs between the assets used in the ongoing operation of Crown Sydney and the residential apartments.

The portion of the development costs relating to the ongoing operation of Crown Sydney will be depreciated over the useful life of the assets in accordance with the Group's depreciation policy.

For residential apartments that were settled prior to 30 June 2022, the cost of each residential apartment is allocated against the proceeds to determine the gain on disposal. The costs relating to residential apartments held by the Group at 30 June 2022 have been disclosed as Assets Held for Sale.

Provisions and Contingent Liabilities

The recognition and measurement of provisions is an inherently uncertain process involving using judgement to determine when a present obligation exists and estimates regarding probability, amounts and timing of cash flows.

The Group is subject to a number of ongoing legal and regulatory matters, the outcome of which remains uncertain. The degree of uncertainty and the method of making accounting estimates depends on the individual matter, with judgement required to determine the probability of the outcome and to make a reliable estimate amount of the potential obligation and the timing of outflows that may arise. The Group has recognised provisions for various matters as appropriate, using the Group's best estimate of the outcome and expenditure required to settle the obligation. For matters where it is not possible to make a reliable estimate of the amount of the obligation, no provision is recognised, however a contingent liability is disclosed. When a contingent liability has been disclosed, where practical, the uncertainties and anticipated timing has been provided.

Significant items

Significant items are transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature. Information relating to Significant items is presented within note 2 Segment Information and is disclosed to allow users of the financial report to see the performance of the Group in a comparable form to that of the comparative period. This is consistent with the information provided to and used by the Chief Operating Decision Makers to evaluate the performance of the Group during the period.

Costs incurred during mandated closure (Closure costs)

Crown's businesses ordinarily operate each day of the year and, apart from minor exceptions, 24 hours each day. Due to the unprecedented nature of the directions from State and Federal Government to suspend operations at Crown Melbourne, Crown Perth and Crown Sydney due to the COVID-19

pandemic, the circumstances surrounding Crown's closure are exceptional. Given these circumstances, Crown has provided information relating to the costs incurred during mandated closure within note 2 Segment Information, on the basis this is consistent with information used by the Chief Operating decision makers during the period.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies

(a) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided on most temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not the Statement of Profit or Loss.

(b) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable;
- gaming revenues; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Gaming taxes and levies are recognised as an expense when incurred.

(c) Foreign currency translation

Both the functional and presentation currency of Crown Resorts Limited and its Australian subsidiaries is Australian dollars.

Each foreign entity in the Group determines its own functional currency and items included in the financial statements of each foreign entity are measured using that functional currency, which is translated to the presentation currency for Group reporting purposes.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Crown Resorts Limited at the rate of exchange ruling at the reporting date and the profit or loss is translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are recognised through Other Comprehensive Income (OCI) and accumulated in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in the foreign currency translation reserve relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies *continued*

(d) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprises of cash at bank and on hand, and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in future value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, *net of outstanding bank overdrafts*.

(e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any expected credit losses.

An allowance for expected credit losses is recognised based on the expected credit loss from the time the financial instrument is initially recognised. Trade receivables are written off when there is no reasonable expectation of recovery.

Receivables from associates and other related parties are carried at amortised cost less an allowance for impairment. Interest, when charged, is taken up as income on an accrual basis.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Inventories which include food, beverages and other consumables are costed on a weighted average basis; and
- net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(g) Investments in associates

The financial statements of the associates are used by the Group to apply the equity method. Where associates apply *different accounting policies to the Group*, adjustments are made upon application of the equity method.

Investments in associates are carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. The Statement of Profit or Loss reflects the Group's share of the results of operations of the associates.

Where there has been a change in the associates' OCI or equity, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of *Comprehensive Income*.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long term receivables and loans, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

(h) Investments and other financial assets

Financial assets are classified based on:

- The objective of the entity's business model for managing the financial assets; and
- The characteristics of the contractual cash flow.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. For instruments not held for trading, an irrevocable election is made by instrument to determine if the instrument is measured at fair value either through OCI or in the Statement of Profit or Loss.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets at amortised costs or fair value through OCI, directly attributable transaction costs.

The best evidence of fair value is quoted prices in an active market. The fair value of the investments and other financial assets that do not have a price quoted in an active market have been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. The fair value is reassessed each reporting period.

If the fair value through Statement of Profit or Loss approach is adopted, increments and decrements on the fair value of the financial asset at each reporting date are recognised in the Statement of Profit or Loss.

If the fair value through OCI approach is adopted, increments and decrements on the fair value are recognised in OCI, without recycling of gains and losses between the Statement of Profit or Loss and OCI, even on disposal of the investment. Dividends in respect of these investments that are a return on investment are recognised in the Statement of Profit or Loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(i) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation and amortisation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings - 40 to 75 years;
- Fixtures and fittings in buildings - 4 to 20 years; and
- Plant and equipment - 2 to 20 years.

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial yearend.

Cost for construction work in progress includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies *continued*

(i) Property, plant and equipment *continued*

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Profit or Loss in the period the item is derecognised.

(j) Intangible assets

Licences

Licences are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The directors regularly assess the carrying value of casino licences so as to ensure they are not carried at a value greater than their recoverable amount.

The casino licences are carried at cost of acquisition. The Crown Melbourne licence is being amortised on a straight-line basis over the remaining life of the licence to 2050. The Crown Perth licence is assessed as having an indefinite useful life and, as such, no amortisation is charged. The Crown Perth licence is subject to an annual impairment assessment.

Amortisation will commence on the Crown Sydney licence once the gaming activities are operational.

Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. *Goodwill is not amortised.*

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other intangible assets - Acquired both separately and from a business combination

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Profit or Loss.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and annually in the case of intangible assets with indefinite lives, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

(k) Recoverable amount of non-financial assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies *continued*

(l) Trade and other payables

Trade and other payables are recognised for amounts payable in relation to goods received and services rendered, whether or not billed to the Group at reporting date. The Group operates in a number of diverse markets, and accordingly the terms of trade vary by business.

(m) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly associated with qualifying assets are capitalised, including any other associated costs directly attributable to the borrowing. The capitalisation rate to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's outstanding borrowings during the year. Once qualifying assets are ready for use, capitalisation of borrowing costs ceases.

All other borrowing costs are expensed in the period they are incurred.

(n) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) to make a future sacrifice of economic benefits to other entities as a result of past transactions or other events, it is probable that a future sacrifice of economic benefit will be required and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for dividends is not recognised as a liability unless the dividends are declared, or publicly recommended on or before the reporting date.

In the extremely rare circumstances where a reliable estimation of the amount of the obligation cannot be made, a provision is not recognised and a contingent liability is disclosed. When a contingent liability has been disclosed, where practical, the uncertainties and anticipated timing has been provided.

(o) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to reporting date including related on-costs. The benefits include wages and salaries, incentives, compensated absences and other benefits, which are charged against profits in their respective expense categories when services are provided or benefits vest with the employee.

The provision for employee benefits is measured at the remuneration rates expected to be paid when the liability is settled. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Leases

Group as lessee

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are tested for impairment.

Right-of-use assets are included in the heading Property, plant and equipment on the Statement of Financial Position.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate initially measured using the index or rate as at commencement date, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies *continued*

(p) Leases *continued*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities are included in the headings current and non-current interest-bearing loans and borrowings on the Statement of Financial Position.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease payments are recognised as revenue in the period in which the event or condition that triggers those payments occurs.

(q) Derecognition of financial instruments

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(r) Derivative financial instruments and hedging

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year.

The fair value of forward exchange contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair values of interest rate swaps

are determined by reference to market values for similar instruments.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged and the derivative is remeasured to fair value. Gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the Statement of Profit or Loss.

Amounts taken to OCI are accumulated in the cash flow hedge reserve in equity and are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory purchases) when the forecast transaction occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if the hedging relationship is discontinued, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(s) Contributed equity

Ordinary shares are classified as equity. Issued capital is recognised at the fair value of the consideration received, less transaction costs and share buy-backs.

(t) Revenue from contracts with customers

Crown Melbourne, Crown Perth, Crown Sydney and Crown Ascinals

Gaming Revenue

Gaming revenue is the net difference between gaming wins and losses, and is recognised upon the outcome of the game. Commissions rebated to gaming customers or promoters are recorded as a reduction of revenue.

Food and beverage revenue

Food and beverage revenue is recognised as the goods are provided.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies *continued*

(t) Revenue from contracts with customers *continued*

Hotel, entertainment and other operating revenues

Hotel, entertainment and other operating revenues are recognised as services are performed, which for hotels is over the term of the customer's stay and for entertainment is when the event is held. Advance deposits for hotels and advance

ticket sales for entertainment are recorded as customer deposits (i.e. contract liability) until services are provided to the customer. Commissions rebated to third parties relating to Hotel revenue are recorded as an expense.

Complimentary goods or services

For gaming transactions that include complimentary goods or services being provided to customers, the Group allocates revenue from the gaming transaction to the good or service provided based on the standalone selling price which is the arm's length price for that good or service available to the public.

Contract and contract-related liabilities

In providing goods and services to its customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability.

The Group primarily has liabilities related to contracts with customers as follows:

- Unredeemed casino chips, which represent the amounts owed to customers for chips in their possession.
- Loyalty program liabilities, which represent the deferral of revenue until loyalty points are redeemed or expire.
- Advance customer deposits, which represent casino front money deposits that are funds deposited by customers before gaming play occurs, gift vouchers and advance payments on goods and services yet to be provided such as deposits on hotel rooms and convention space.

These liabilities are generally expected to be recognised as revenues within one year of being purchased, earned, or deposited and are recorded within current trade and other payables on the Statement of Financial Position. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers, increases in customer loyalty program balances and additional deposits made by customers.

Wagering and Online

Revenue from exchange betting

Revenue from exchange betting represents commission and other charges earned on betting activity. Revenue is recognised as the performance obligations are satisfied, which is considered to be upon the outcome of the bet being determined.

Social gaming revenue

Social gaming revenue is derived from the purchase of credits. Revenue is recognised in the accounting periods in which the transactions occur on a gross basis and commission costs are expensed as incurred.

(u) Other revenue

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(v) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is deducted against the relevant expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

(w) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if they will be recovered primarily through sale rather than through continuing use, and the sale is highly probable where management is committed to a plan to sell the asset, there is an active programme to locate a buyer and the sale is expected to complete within 12 months from the date of classification.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of sale. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets or employee benefit assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit and loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(x) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

Notes to the Financial Statements

For the year ended 30 June 2022

1.5 Summary of Significant Accounting Policies *continued*

(x) Share-based payments *continued*

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (reserves), over the period in which the service is fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired.

If the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(y) Segment Information

The Group's operating segments have been determined based on geographic location, management reporting structure and the nature of the products and services offered by the Group. Crown has identified the Board of Directors as its Chief Operating Decision Maker that allocates resources and assesses the performance of the operating segments. The segment information presented below is consistent with internal management reporting.

The Group has five operating segments being Crown Melbourne, Crown Perth, Crown Sydney, Crown Aspinalls and Wagering & Online.

(z) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred.

For each business combination the group elects whether to measure the non-controlling interest in the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition

date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 in the Statement of Profit or Loss. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Notes to the Financial Statements

For the year ended 30 June 2022

2. Segment Information

Closure of Crown's Operations

During the financial year, in response to the COVID-19 pandemic, Crown was directed by relevant Governments to suspend its gaming activities and other non-essential services at Crown Melbourne, Crown Perth and Crown Sydney.

Government mandated closures that occurred during the period are detailed below:

| Property | Dates of Closure |
|-----------------|-------------------------------------|
| Crown Melbourne | 16 Jul 21 – 27 Jul 21 |
| Crown Melbourne | 6 Aug 21 – 28 Oct 21 |
| Crown Perth | 1 Jul 21 – 5 Jul 21 ⁽¹⁾ |
| Crown Sydney | 1 Jul 21 – 10 Oct 21 ⁽²⁾ |

(1) Gaming activities ceased at Crown Perth on 29 June 2021.

(2) Crown Sydney was substantially closed on 26 June 2021.

At Crown Melbourne and Crown Perth, the closure dates reflect the periods when no gaming activities were permitted. If gaming activities were permitted for a part day, the entire day has been excluded from Closure Costs, which is consistent with treatment in prior periods. In some instances, during the closure periods when gaming activities were not permitted at the properties, Crown was able to continue operating certain Food & Beverage and Hotel operations in a severely limited capacity. Given the restrictions in place in the relevant cities at the time, as well as a large portion of the properties being closed, volumes in Food & Beverage and Hotels were minimal.

Crown Sydney was substantially closed for a large portion of the period due to COVID-19 restrictions imposed by the NSW Government. As Crown Sydney only received nominal revenue during this period, but continued to incur costs relating to the property, it has been determined that the net costs incurred during this period should be disclosed as Closure Costs, consistent with other properties in the Group. Gaming costs, and a portion of gaming related support department costs, continued to be treated as pre-opening costs in advance of the commencement of gaming. Pre-opening costs include gaming related costs incurred through the entire period, including when Crown Sydney was closed (i.e. Closure Costs do not include gaming pre-opening costs).

Crown's businesses ordinarily operate each day of the year and, apart from minor exceptions, 24 hours each day. Due to the unprecedented nature of the Government mandated closures during the period, the circumstances surrounding Crown's closures were exceptional. During the closure periods for Crown Melbourne, Crown Perth and Crown Sydney, whilst Crown only generated minimal revenue from these businesses, the properties continued to incur expenses to maintain their operations.

Net costs incurred at Crown's properties whilst gaming facilities were closed due to Government orders for the period were \$113.1 million (2021: \$171.4 million).

This is consistent with the information provided to and used by the Chief Operating Decision Makers to evaluate the performance of the Group during this period.

2. Segment Information *continued*

| Theoretical Result ⁽¹⁾⁽⁶⁾ | | | | | | | VIP Win Rate & Commission Adjust-ment ⁽¹⁾⁽²⁾ |
|---|-----------------|------------------|---------------------|-----------------------|-----------------|-----------------|---|
| Crown Melbourne \$m | Crown Perth \$m | Crown Sydney \$m | Crown Aspinalls \$m | Wagering & Online \$m | Unallocated \$m | Crown Group \$m | |
| Operating revenue | | | | | | | |
| Main floor tables | 394.4 | 142.6 | - | - | - | 537.0 | - |
| Main floor machines | 256.3 | 286.8 | - | - | - | 543.1 | - |
| VIP program play | - | - | - | 16.9 | - | 16.9 | (3.6) |
| Wagering & Non gaming | 289.2 | 305.8 | 113.4 | 1.0 | 134.0 | 843.4 | - |
| Commission adjustment | - | - | - | - | - | (0.5) | (0.5) |
| Intersegment | | | | | | (1.4) | - |
| Operating revenue | 939.9 | 735.2 | 113.4 | 17.9 | 134.0 | 1,939.0 | (4.1) |
| Interest revenue | - | - | - | - | - | 0.7 | - |
| Total revenue | 939.9 | 735.2 | 113.4 | 17.9 | 134.0 | 1,939.7 | (4.1) |
| EBITDA before Closure Costs ⁽³⁾ & Significant items ⁽⁴⁾ | 91.0 | 174.7 | (16.0) | (6.5) | 29.5 | 127.4 | (3.8) |
| Costs incurred during mandated closure ⁽³⁾ | (94.5) | (3.8) | (14.8) | - | - | (113.1) | - |
| EBITDA related Significant items ⁽⁴⁾ | (425.0) | (142.8) | 39.1 | - | - | (710.1) | - |
| EBITDA after Closure Costs ⁽³⁾ & Significant items ⁽⁵⁾⁽⁶⁾ | (428.5) | 28.1 | 8.3 | (6.5) | 29.5 | (695.8) | (3.8) |
| Depreciation and amortisation | (154.1) | (72.4) | (51.0) | (4.3) | (15.3) | (299.9) | - |
| Net Asset impairment ⁽⁴⁾ | - | - | - | - | (37.7) | (52.1) | - |
| Earnings before interest and tax "EBIT" ⁽⁶⁾ | (582.6) | (44.3) | (42.7) | (10.8) | (23.5) | (1,047.8) | (3.8) |
| Equity accounted share of associates' net profit/(loss) | | | | | | 18.1 | |
| Net interest income/(expense) | | | | | | (83.5) | |
| Interest, fees and other borrowing costs - Significant item ⁽⁴⁾ | | | | | | (124.7) | |
| Profit/(loss) before tax | | | | | | (1,241.7) | |
| Income tax benefit/(expense) | | | | | | 296.3 | |
| Profit/(loss) after tax | | | | | | (945.4) | |

PAGE 25

Notes to the Financial Statements

For the year ended 30 June 2022

2. Segment Information *continued*

30 June 2021

Operating revenue

Main floor tables
Main floor machines
VIP program play
Wagering & Non gaming
Commission adjustment
Intersegment

Operating revenue

Interest revenue

Total revenue

EBITDA before Closure Costs ⁽¹⁾ & Significant items ⁽⁶⁾Costs incurred during mandated closure ⁽³⁾EBITDA related Significant items ⁽⁴⁾EBITDA after Closure Costs ⁽¹⁾ & Significant items ⁽⁵⁾⁽⁶⁾

Depreciation and amortisation

Asset impairments ⁽⁴⁾Reassessment of contingent consideration ⁽⁴⁾Earnings before interest and tax "EBIT" ⁽⁶⁾

Equity accounted share of associates' net profit/(loss)

Net interest income/(expense)

Interest - Significant item ⁽⁴⁾

Profit/(loss) before tax

Income tax benefit/(expense)

Profit/(loss) after tax

Non-controlling interest

Profit/(loss) attributable to equity holders of the Parent

| | Theoretical Result ⁽¹⁾⁽⁶⁾ | | | | | | VIP Win Rate & Commission Adjust-ment ⁽¹⁾⁽²⁾ | Crown Group \$m |
|---|--------------------------------------|-----------------|------------------|---------------------|-----------------------|-----------------|---|-----------------|
| | Crown Melbourne \$m | Crown Perth \$m | Crown Sydney \$m | Crown Aspinalls \$m | Wagering & Online \$m | Unallocated \$m | | |
| Operating revenue | 241.2 | 171.7 | - | - | - | - | - | 412.9 |
| Main floor tables | 165.7 | 306.6 | - | - | - | - | - | 472.3 |
| Main floor machines | 4.4 | 0.4 | - | 2.1 | - | - | (3.4) | 3.5 |
| VIP program play | 171.2 | 264.1 | 68.6 | 0.2 | 147.0 | - | - | 651.1 |
| Wagering & Non gaming | - | - | - | - | - | - | (2.8) | (2.8) |
| Commission adjustment | - | - | - | - | - | - | - | (1.2) |
| Intersegment | - | - | - | - | - | - | - | - |
| Operating revenue | 582.5 | 742.8 | 68.6 | 2.3 | 147.0 | - | (6.2) | 1,535.8 |
| Interest revenue | - | - | - | - | - | - | - | 1.0 |
| Total revenue | 582.5 | 742.8 | 68.6 | 2.3 | 147.0 | - | (6.2) | 1,536.8 |
| EBITDA before Closure Costs ⁽¹⁾ & Significant items ⁽⁶⁾ | 94.1 | 254.2 | (22.8) | (6.3) | 34.1 | (111.6) | (3.2) | 238.5 |
| Costs incurred during mandated closure ⁽³⁾ | (145.9) | (20.3) | - | (5.2) | - | - | - | (171.4) |
| EBITDA related Significant items ⁽⁴⁾ | (45.4) | (2.3) | 145.8 | (16.9) | - | (34.2) | - | 47.0 |
| EBITDA after Closure Costs ⁽¹⁾ & Significant items ⁽⁵⁾⁽⁶⁾ | (97.2) | 231.6 | 123.0 | (28.4) | 34.1 | (145.8) | (3.2) | 114.1 |
| Depreciation and amortisation | (169.9) | (75.7) | (24.6) | (4.5) | (11.4) | (4.2) | - | (290.3) |
| Asset impairments ⁽⁴⁾ | - | - | - | - | (17.3) | (36.3) | - | (53.6) |
| Reassessment of contingent consideration ⁽⁴⁾ | - | - | - | - | (2.0) | - | - | (2.0) |
| Earnings before interest and tax "EBIT" ⁽⁶⁾ | (267.1) | 155.9 | 98.4 | (32.9) | 3.4 | (186.3) | (3.2) | (231.8) |
| Equity accounted share of associates' net profit/(loss) | - | - | - | - | - | - | - | (8.7) |
| Net interest income/(expense) | - | - | - | - | - | - | - | (44.3) |
| Interest - Significant item ⁽⁴⁾ | - | - | - | - | - | - | - | (23.8) |
| Profit/(loss) before tax | - | - | - | - | - | - | - | (308.6) |
| Income tax benefit/(expense) | - | - | - | - | - | - | - | 47.3 |
| Profit/(loss) after tax | - | - | - | - | - | - | - | (261.3) |
| Non-controlling interest | - | - | - | - | - | - | - | (0.3) |
| Profit/(loss) attributable to equity holders of the Parent | - | - | - | - | - | - | - | (261.6) |

(1) Theoretical results have been adjusted to exclude the impact of any variance from theoretical win rate on VIP program play (at Crown Melbourne, Crown Perth and Crown Aspinalls). The theoretical win rate is the expected hold percentage on VIP program play over time. Accordingly, the theoretical result gives rise to adjustments to VIP program play revenue, operating expenses and income tax expense.

Revenue from gaming transactions that include complimentary goods or services being provided to customers is not allocated from gaming revenue to the good or service provided.

(2) During the year Crown incurred \$2.8 million of actual VIP program play commission expenses. In the actual results, the commission expenses have been allocated out of Operating Expenses and recognised as a reduction to revenue. This difference between the theoretical and actual result is included in the VIP Win Rate & Commission Adjustment column above.

(3) Closure Costs reflect all costs incurred whilst the properties were closed due to Government direction (refer commentary above), excluding costs in relation to hotel quarantine services and Crown's Wagering and Online businesses during the closure period. The operating segments impacted by the closures were Crown Melbourne, Crown Perth and Crown Aspinalls.

(4) These items have been classified as Significant items. Refer note 3(e) for further details. Significant items are transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature.

(5) Significant items in 'EBITDA after Closure Costs & Significant items' includes EBITDA related Significant items only.

(6) Non-IFRS measures.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Revenue and Expenses

| | 2022 \$m | 2021 \$m |
|--|----------------|----------------|
| Profit before income tax expense includes the following revenues and expenses: | | |
| (a) Revenue | | |
| Crown Melbourne | 923.8 | 567.5 |
| Crown Perth | 731.7 | 740.9 |
| Crown Sydney | 113.0 | 68.4 |
| Crown Aspinalls | 14.3 | 2.5 |
| Wagering & Online | 132.9 | 145.9 |
| Less Commissions | (0.5) | (2.8) |
| Total Revenue from Contracts with Customers | 1,915.2 | 1,522.4 |
| Tenancy revenue | 19.7 | 13.4 |
| Interest | 0.7 | 1.0 |
| | 1,935.6 | 1,536.8 |
| (b) Other income | | |
| Profit on disposal of Crown Sydney apartments | 97.2 | 207.8 |
| Profit on disposal of other non-current assets | 11.7 | - |
| | 108.9 | 207.8 |
| (c) Expenses | | |
| Employment costs ⁽¹⁾ | 926.8 | 695.4 |
| Superannuation expenses | 68.9 | 53.2 |
| Depreciation and amortisation (refer below) | 299.9 | 290.3 |
| Taxes & levies | 399.1 | 373.1 |
| Cost of sales | 141.9 | 112.7 |
| Property costs | 109.2 | 102.7 |
| Regulatory and other related matters | 617.2 | 12.5 |
| Net credit loss expense | 13.1 | 27.4 |
| Net foreign currency (gains)/losses | (0.6) | 0.1 |
| Net asset impairments | 52.1 | 53.6 |
| Other expenses ⁽²⁾ | 467.8 | 254.4 |
| | 3,095.4 | 1,975.4 |

⁽¹⁾ Employment costs include salaries, wages, bonuses, redundancies and other benefits.

⁽²⁾ Other expenses include marketing and promotional costs, IT costs, operating supplies and corporate expenses.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Revenue and Expenses *continued*

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$m | \$m |
| Depreciation of non-current assets (included in 3(c)) | | |
| Buildings | 125.4 | 106.8 |
| Plant and equipment | 145.4 | 153.7 |
| Right-of-use assets | 7.3 | 7.9 |
| | 278.1 | 268.4 |
| Amortisation of non-current assets (included in 3(c)) | | |
| Casino licence fee and management agreement | 20.3 | 20.3 |
| Other assets | 1.5 | 1.6 |
| | 21.8 | 21.9 |
| Total depreciation and amortisation expense | 299.9 | 290.3 |
| (d) Other income and expense disclosures | | |
| Finance costs expensed: | | |
| Debt facilities | 81.4 | 85.6 |
| Lease liabilities | 2.8 | 2.9 |
| Interest, fees and borrowing costs significant items (refer to note 3(e)) | 124.7 | 23.8 |
| Capitalised interest | - | (43.2) |
| | 208.9 | 69.1 |

Notes to the Financial Statements

For the year ended 30 June 2022

3. Revenue and Expenses *continued*

| | 2022 | 2021 |
|---|----------------|---------------|
| | \$m | \$m |
| (e) Significant items - income / (expense)⁽¹⁾ | | |
| Profit on disposal of Crown Sydney apartments ⁽²⁾ | 97.2 | 207.8 |
| Profit on disposal of other non-current assets ⁽³⁾ | 11.7 | - |
| Crown Sydney pre-opening costs ⁽⁴⁾ | (58.1) | (62.0) |
| Contribution towards class action settlement ⁽⁵⁾ | (20.0) | - |
| One-off allowance for expected credit losses ⁽⁶⁾ | (13.1) | (27.2) |
| Restructuring & other costs ⁽⁷⁾ | (110.6) | (21.7) |
| Regulatory & other matters ⁽⁸⁾ | (617.2) | (12.5) |
| Underpayment of casino tax ⁽⁹⁾ | - | (37.4) |
| EBITDA related Significant items | (710.1) | 47.0 |
| Net asset impairment ⁽¹⁰⁾ | (52.1) | (53.6) |
| Reassessment of contingent consideration - DGN ⁽¹¹⁾ | - | (2.0) |
| Early repayment of debt facilities ⁽¹²⁾ | (108.2) | - |
| Interest on underpayment of casino tax ⁽⁹⁾ | (16.5) | (23.8) |
| Income tax benefit/(expense) on significant items | 52.8 | (22.2) |
| Total Significant items (net of tax) | (834.1) | (54.6) |

(1) Significant items are transactions that are not in the ordinary course of business or are material and unexpected due to their size and nature.

(2) Profit on disposal of Crown Sydney apartments represents the proceeds received for apartments settled during the year less construction and selling costs.

(3) Profit on disposal of other non-current assets relates to the sale of two Aircrafts and a parcel of land at 15-23 Kings Way Southbank.

(4) The pre-opening costs primarily relate to payroll and other ancillary operating costs incurred before the opening of Crown Sydney including recruitment and training expenses. The pre-opening costs also include Gaming relating costs (including an appropriate allocation of Support Departments) that continue to be incurred prior to the commencement of gaming operations.

(5) Contribution towards the settlement of the shareholder class action commenced against Crown on 4 December 2017 in the Federal Court of Australia (Zantran Pty Limited v Crown Resorts Limited) of \$125 million (inclusive of interest and costs).

(6) One-off adjustment to the allowance for expected credit losses.

(7) Restructuring and other costs, including Crown's acquisition related costs and corporate management and international VIP operating activities.

(8) Costs related to Regulatory and other matters, including provisions for the AUSTRAC enforcement investigation and penalties related to other regulatory matters.

(9) On 27 July 2021, Crown announced that it resolved to make a payment to the Victorian Commission for Gambling and Liquor Regulation (VCGLR), representing an underpayment of casino tax by Crown Melbourne of \$37.4 million over the period commencing in the 2012 financial year to date relating to the incorrect deduction of certain bonus rewards provided to patrons in connection with play on Crown Melbourne's electronic gaming machines. Under the terms of Crown's regulatory agreements with the State of Victoria, Crown is required to pay interest on any underpayment of casino tax. The interest component is \$14.7 million in 2022 (2021: \$23.8 million).

(10) Net asset impairments. Refer notes 9, 10 & 14 for further information.

(11) Reassessment of contingent consideration related to acquisition of DGN.

(12) Interest and fees paid on the early repayment of debt facilities. Refer to note 17 for further information.

Notes to the Financial Statements

For the year ended 30 June 2022

4. Dividends Paid and Declared

| | 2022 | 2021 |
|---|----------|----------|
| | \$m | \$m |
| (a) Dividends declared and paid during the financial year | | |
| <i>Prior year final dividend</i> | | |
| No prior year final dividend paid (2021: No prior year final dividend paid) | - | - |
| <i>Current year interim dividend</i> | | |
| No interim dividend paid (2021: No interim dividend paid) | - | - |
| Total dividends appropriated | - | - |
| (b) Dividends declared and not recognised as a liability | | |
| <i>Current year final dividend</i> | | |
| No final dividend declared (2021: No final dividend declared) | - | - |

Notes to the Financial Statements

For the year ended 30 June 2022

5. Income Tax

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$m | \$m |
| (a) Income tax expense/benefit | | |
| The prima facie tax expense/benefit, using the Australian tax rate multiplied by profit/loss differs from income tax provided in the financial statements as follows: | | |
| Profit/(loss) before income tax | (1,241.7) | (308.6) |
| Prima facie income tax expense/(benefit) on profit/loss at the Australian rate of 30% (2021: 30%) | (372.5) | (92.6) |
| Tax effect of: | | |
| Non deductible depreciation and amortisation | 1.7 | 1.7 |
| Share of associates' net losses/(profits) | (5.4) | 2.6 |
| Differences in foreign tax rates | 3.5 | 1.9 |
| Net deferred income tax on temporary differences | (1.3) | (4.3) |
| Net deferred income tax on tax consolidation outcomes ⁽¹⁾ | (122.2) | - |
| Income tax (over)/under provided in prior years | (4.5) | 1.7 |
| Non-deductible/(non-assessable) significant items ⁽²⁾ | 180.0 | 31.9 |
| Revenue losses not brought to account | 1.8 | 2.5 |
| Other items - net | 22.6 | 7.3 |
| Income tax expense/(benefit) | (296.3) | (47.3) |
| Income tax expense/(benefit) comprises: | | |
| Current tax expense/(benefit) | (66.9) | (27.4) |
| Deferred tax expense/(benefit) | (205.7) | (21.6) |
| Adjustments for current income tax of prior periods | (23.7) | 1.7 |
| | (296.3) | (47.3) |
| (b) Deferred income taxes | | |
| Deferred income tax assets | 281.5 | 183.5 |
| Deferred income tax liabilities | (299.3) | (406.7) |
| Net deferred income tax assets/(liabilities) | (17.8) | (223.2) |

⁽¹⁾ Refer note 5(h).

⁽²⁾ Non-deductible/(non-assessable) significant items includes asset impairments, penalties and reassessment of contingent consideration.

Notes to the Financial Statements

For the year ended 30 June 2022

5. Income Tax *continued*

| | Statement of Financial Position | |
|---|---------------------------------|----------------|
| | 2022 | 2021 |
| | \$m | \$m |
| (c) Deferred income tax assets and liabilities at the end of the financial year: | | |
| Allowance for expected credit losses | 0.6 | 28.0 |
| Employee benefits provision | 53.6 | 53.2 |
| Losses available for offsetting against future taxable income | 130.5 | 0.5 |
| Other provisions | 30.8 | 41.0 |
| Prepaid casino tax | (12.7) | (13.1) |
| Licences and intangibles | (205.9) | (204.2) |
| Property, plant & equipment | (46.6) | (147.9) |
| Other | 31.9 | 19.3 |
| Net deferred income tax assets/(liabilities) | (17.8) | (223.2) |

| | Statement of Profit or Loss | |
|---|-----------------------------|---------------|
| | 2022 | 2021 |
| | \$m | \$m |
| The balance comprises temporary differences attributable to: | | |
| Allowance for expected credit losses | 27.4 | (2.5) |
| Employee benefits provision | (0.4) | (7.1) |
| Losses available for offsetting against future taxable income | (130.0) | 1.2 |
| Other provisions | 10.2 | (4.3) |
| Prepaid casino tax | (0.4) | (0.5) |
| Licences and intangibles | 1.7 | (0.9) |
| Property, plant & equipment | (101.6) | (7.3) |
| Other | (12.6) | (0.2) |
| Deferred income tax expense/(income) | (205.7) | (21.6) |

Notes to the Financial Statements

For the year ended 30 June 2022

5. Income Tax *continued*

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$m | \$m |
| (d) Movements in deferred income tax assets and liabilities during the financial year | | |
| Carrying amount at the beginning of the year | (223.2) | (249.8) |
| Tax income / (expense) during the period recognised in profit or loss | 83.5 | 21.6 |
| Exchange differences | (2.2) | (0.9) |
| Tax income / (expense) - derivatives | 2.2 | 5.0 |
| Other | (0.3) | - |
| Tax consolidation outcomes on joining new tax consolidated group | 122.2 | - |
| Carrying amount at the end of the year | (17.8) | (223.2) |
| (e) Tax losses not brought to account, as the realisation of the benefits represented by these balances is not considered to be probable | | |
| Tax losses arising in Australia for offset against future capital gains ⁽¹⁾ | - | 564.9 |
| Foreign income tax losses for offset against future foreign profits | 928.4 | 849.7 |
| Foreign capital losses for offset against future capital gains | 376.2 | 346.2 |
| Total tax losses not brought to account | 1,304.6 | 1,760.8 |
| Potential tax benefit at respective tax rates | 274.0 | 419.9 |

⁽¹⁾ Tax losses were transferred to new tax consolidated group on 24 June 2022.

(f) Unrecognised temporary differences

At 30 June 2022, there is no recognised or unrecognised deferred income tax liability (2021: \$nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

(g) Tax consolidation

Crown Resorts Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2007. Crown Resorts Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing arrangement with Crown Resorts Limited in order to allocate income tax expense between Crown Resorts Limited and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

Following the SS Silver acquisition on 24 June 2022, a new tax consolidated group was formed, with SS Silver Pty Ltd as the head entity. Members of the group have entered into a tax sharing arrangement with SS Silver Pty Ltd in order to allocate income tax expense between SS Silver Pty Ltd and the wholly owned subsidiaries. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date the possibility of default is remote.

Notes to the Financial Statements

For the year ended 30 June 2022

5. Income Tax *continued*

(h) Tax effect accounting by members of the tax consolidated group

Members of the Crown Resorts Ltd and SS Silver Pty Ltd tax consolidated groups have entered into tax funding agreements. The tax funding agreements provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the period. The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries inter-company accounts with the applicable tax consolidated group head company, Crown Resorts Limited or SS Silver Pty Ltd.

From 24 June 2022, Crown Resorts Ltd applied the stand-alone taxpayer approach in accounting for current and deferred tax in its financial statements, as if it continued to be a taxable entity in its own right.

As a result of Crown Resorts Limited joining the SS Silver Pty Ltd tax consolidated group on 24 June 2022, the tax bases of certain assets and liabilities were reset, resulting in adjustments to deferred tax in accordance with UIG Interpretation 1052 – Tax consolidation.

Notes to the Financial Statements

For the year ended 30 June 2022

6. Trade and Other Receivables

| | 2022 | 2021 |
|--|--------------|-------------|
| | \$m | \$m |
| Current | | |
| Trade receivables | 52.1 | 174.6 |
| Allowance for expected credit losses (a) | (23.2) | (166.5) |
| | 28.9 | 8.1 |
| Related party receivables | 123.0 | - |
| Other receivables | 6.5 | 11.5 |
| | 158.4 | 19.6 |

(a) Allowance for expected credit losses

Trade debtors are non-interest bearing and are generally 30 day terms.

An allowance for expected credit losses is recognised based on the expected credit loss model from the time the financial instrument is initially recognised. The expected credit loss model the Group uses includes a matrix of historical default rates, as well as taking into account current conditions, the time value of money and forecasts of future operating and economic conditions. During the year a number of longstanding debts that were previously fully provided in doubtful debt provisions, being deemed to have no reasonable expectation of recovery were written off. As those amounts were fully provided for, this has had no impact on net debtors.

Movements in the allowance for expected credit losses

| | 2022 | 2021 |
|---|---------------|----------------|
| | \$m | \$m |
| Allowance for expected credit losses at the beginning of the year | (166.5) | (139.0) |
| Net credit loss expense | (13.1) | (27.4) |
| Net amounts written off/(recovered) | 154.1 | 0.7 |
| Exchange differences | 2.3 | (0.8) |
| | (23.2) | (166.5) |

Ageing analysis of trade receivables

| | 0-30 days | >30 days <1 year | >1 year | Total |
|--------------------------------------|-------------|---------------------|------------|-------------|
| | \$m | \$m | \$m | \$m |
| 2022 - consolidated | | | | |
| Gross carrying amount | 21.9 | 6.8 | 23.4 | 52.1 |
| Allowance for expected credit losses | - | (0.9) | (22.3) | (23.2) |
| Net carrying amount | 21.9 | 5.9 | 1.1 | 28.9 |
| 2021 - consolidated | | | | |
| Gross carrying amount | 5.3 | 2.5 | 166.8 | 174.6 |
| Allowance for expected credit losses | - | (0.9) | (165.6) | (166.5) |
| Net carrying amount | 5.3 | 1.6 | 1.2 | 8.1 |

Notes to the Financial Statements

For the year ended 30 June 2022

7. Assets held for sale

Crown remains committed to a plan to divest its interest in Aspers.

During the year, Crown continued settling Crown Sydney apartments. There are still apartments that are yet to be sold and are being actively marketed for sale. Crown expects the apartments to be settled within the next twelve months. Accordingly, Crown has continued to classified the construction costs of the apartments from Property, Plant and Equipment as Assets Held for Sale.

The major classes of assets associated with the assets classified as held for sale are detailed below.

| | 2022 | 2021 |
|-------------------------------|--------------|--------------|
| | \$m | \$m |
| Assets | | |
| Investments in associates | 33.5 | 34.9 |
| Property, plant and equipment | 127.1 | 390.9 |
| Total assets | 160.6 | 425.8 |

8. Other Financial Assets

| | 2022 | 2021 |
|--------------------------------------|------|-------------|
| | \$m | \$m |
| Non-current | | |
| Cross currency swap derivative asset | - | 12.7 |
| | - | 12.7 |

Details of the Group's exposure to interest rate risk and foreign currency changes are provided in note 30.

Notes to the Financial Statements

For the year ended 30 June 2022

9. Investments in Associates

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$m | \$m |
| Investment details | | |
| Associated entities - unlisted shares | 149.5 | 127.4 |
| Total investments in associates | 149.5 | 127.4 |
| | 2022 | 2021 |
| | \$m | \$m |
| Share of profit/(loss) of associates | | |
| Nobu Group | 21.8 | 5.2 |
| Aggregate share of profit/(loss) from non material associates | (3.7) | (13.9) |
| Net profit/(loss) from associates | 18.1 | (8.7) |

| Investments in Associates | Reporting Date | Principal Activity | Principal Place of Business | % Interest | |
|---|-----------------------|------------------------------------|-----------------------------|--------------|--------------|
| | | | | 30 June 2022 | 30 June 2021 |
| Nobu Group | 31 Dec ⁽¹⁾ | Restaurants/Hotels | USA | 20.0 | 20.0 |
| Aspers Holdings (Jersey) Ltd ⁽²⁾ | 30 June | Casino and gaming machine operator | UK | 50.0 | 50.0 |
| Chill Gaming Pty Ltd | 30 June | Gaming software developer | Australia | 50.0 | 50.0 |

⁽¹⁾ The Group uses 30 June results to equity account the investments.⁽²⁾ Investment in Aspers Holdings (Jersey) Ltd is treated as held for sale

The associates outlined above are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material associates is set out below.

| | 2022 | 2021 |
|---|--------------|--------------|
| | \$m | \$m |
| Carrying amount of investment - Nobu Group: | | |
| Balance at the beginning of the financial year | 116.8 | 121.2 |
| Share of associates' net profit/(loss) for the year | 21.8 | 5.2 |
| Impairment reversal | 21.8 | - |
| Foreign exchange movements | 10.3 | (9.6) |
| Dividends received | (21.7) | - |
| Carrying amount of investment in the Nobu Group at the end of the financial year | 149.0 | 116.8 |

Notes to the Financial Statements

For the year ended 30 June 2022

9. Investments in Associates *continued*

Impairment testing

At each reporting date, the Group assesses for each associate whether there is any objective evidence of impairment as a result of one or more events that occurred after initial recognition of the net investment, and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

Chill Gaming

At 30 June 2022, indicators of impairment were identified for the Group's investment in Chill Gaming due to ongoing trading difficulties. An independent valuation undertaken by third parties was utilised to assess the recoverable amount of the Group's investment in Chill Gaming, which has been determined based on fair value less costs of disposal. As a result, the Group's investment in Chill Gaming has been written down to \$0.5 million, resulting in an impairment loss of \$8.0 million (2021: no impairment). This impairment loss has been included in the Statement of Profit or Loss.

Nobu – Impairment reversal

In a prior period, Crown's investment in Nobu was written down by US\$15.0 million (A\$21.7 million). Following recent strong operating results post COVID-19, Crown assessed the recoverable amount of the investment in Nobu. The value was determined based on the value in use method by utilising the present value of the estimated future cash flows expected to arise from dividends to be received from the investment. Based on this analysis, the valuation was in excess of the carrying value of the investment. Accordingly, Crown reversed the impairment of US\$15.0 million (A\$21.8 million) recognised in a prior period. The impairment reversal has been accounted for as a significant item in the Statement of Profit or Loss.

The Group will continue to monitor the performance of all associates going forward and consider the impact on the carrying value.

Notes to the Financial Statements

For the year ended 30 June 2022

10. Property, Plant and Equipment

Property, Plant and Equipment comprises owned and leased assets.

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$m | \$m |
| Property, Plant and Equipment - owned | 4,048.8 | 4,271.1 |
| Right-of-use assets - leased (refer note 11) | 40.7 | 45.5 |
| | 4,089.5 | 4,316.6 |

Owned assets

| | Freehold land & buildings | Buildings on leasehold land | Plant & equipment | Construction work in progress | Total property, plant & equipment |
|--|---------------------------|-----------------------------|-------------------|-------------------------------|-----------------------------------|
| | \$m | \$m | \$m | \$m | \$m |
| Year ended 30 June 2022 | | | | | |
| At 1 July 2021, net of accumulated depreciation and impairment | 1,692.1 | 1,988.5 | 561.6 | 28.9 | 4,271.1 |
| Additions | - | 14.8 | 79.0 | 12.2 | 106.0 |
| Disposals | (0.2) | - | (14.0) | - | (14.2) |
| Depreciation expense | (44.6) | (80.8) | (145.4) | - | (270.8) |
| Impairment ⁽¹⁾ | (28.2) | - | (5.9) | - | (34.1) |
| Exchange differences | - | (0.6) | 3.0 | - | 2.4 |
| Transfer to Intangibles | - | (1.2) | - | - | (1.2) |
| Transfer to Assets held for sale | - | - | - | (10.4) | (10.4) |
| Reclassification | (0.7) | (10.6) | 2.2 | 9.1 | - |
| At 30 June 2022, net of accumulated depreciation and impairment | 1,618.4 | 1,910.1 | 480.5 | 39.8 | 4,048.8 |
| At 30 June 2022 | | | | | |
| Cost (gross carrying amount) | 2,288.5 | 2,904.0 | 2,691.2 | 39.8 | 7,923.5 |
| Accumulated depreciation and impairment | (670.1) | (993.9) | (2,210.7) | - | (3,874.7) |
| Net carrying amount | 1,618.4 | 1,910.1 | 480.5 | 39.8 | 4,048.8 |

⁽¹⁾ Impairment in Freehold land & buildings relates to Queensbridge (refer below) and the impairment in Plant & equipment relates to DGN (refer note 14).

Under its financing facilities, Crown has provided security to the lenders in the form of first ranking mortgages over certain Property, Plant and Equipment.

Impairment Testing

At 30 June 2021, an impairment loss of \$28.0 million was recorded against the carrying value of Property, Plant and Equipment relating to the Queensbridge development project.

For the 30 June 2022 year, an independent valuer was engaged to determine the fair value of the land and buildings at the Queensbridge development site. Given the further deterioration of the Melbourne commercial property market following the impact of COVID-19 and the potential impact on commercial development, the anticipated recoverable amount of a sale of the land and associated buildings, calculated using the fair value less cost to sale method, the carrying value of Property, Plant and Equipment relating to the Queensbridge development project (including directly attributable costs incurred from acquisition) has been written down to its recoverable amount. As a result, an impairment loss of \$28.2 million has been recorded in the Group's Statement of Profit or Loss (2021: \$28.0 million). The recoverable amount was categorised as a Level 2 fair value (as defined in note 30), utilising a comparison of the site with evidence of sales of other similar development sites.

Notes to the Financial Statements

For the year ended 30 June 2022

10. Property, Plant and Equipment *continued*

| | Freehold land & buildings | Buildings on leasehold land | Plant & equipment | Construction work in progress | Total property, plant & equipment |
|--|---------------------------|-----------------------------|-------------------|-------------------------------|-----------------------------------|
| | \$m | \$m | \$m | \$m | \$m |
| Year ended 30 June 2021 | | | | | |
| At 1 July 2020, net of accumulated depreciation and impairment | 1,757.2 | 765.2 | 560.1 | 1,754.9 | 4,837.4 |
| Additions | 5.3 | 16.9 | 72.7 | 480.1 | 575.0 |
| Disposals | - | - | (0.9) | (459.7) | (460.6) |
| Depreciation expense | (43.4) | (63.4) | (153.7) | - | (260.5) |
| Impairment | (28.0) | - | - | - | (28.0) |
| Exchange differences | - | 0.2 | (1.5) | - | (1.3) |
| Reclassification/transfer | 1.0 | 1,269.6 | 84.9 | (1,355.5) | - |
| Reclassification/transfer to Assets held for sale | - | - | - | (390.9) | (390.9) |
| At 30 June 2021, net of accumulated depreciation and impairment | 1,692.1 | 1,988.5 | 561.6 | 28.9 | 4,271.1 |
| At 30 June 2021 | | | | | |
| Cost (gross carrying amount) | 2,289.4 | 2,903.8 | 2,701.8 | 28.9 | 7,923.9 |
| Accumulated depreciation and impairment | (597.3) | (915.3) | (2,140.2) | - | (3,652.8) |
| Net carrying amount | 1,692.1 | 1,988.5 | 561.6 | 28.9 | 4,271.1 |

Notes to the Financial Statements

For the year ended 30 June 2022

11. Leases

Group as Lessee

The Group has lease contracts for various items of property, offices, warehouses, vehicles and other equipment. Major property leases include the Crown Melbourne main site (discussed further below), Crown Melbourne staff car park (leases expiring 2040), a portion of the Crown Aspinalls property (lease expiring in 2031) and administration offices adjacent to the Crown Sydney complex (lease terms of 5 to 7 years).

Set out below are the carrying amounts of Right-of-use assets (included under Property, Plant and Equipment):

| | Land & buildings \$m | Other \$m | Total \$m |
|--|-------------------------|--------------|--------------|
| Net carrying amount | | | |
| 30 June 2022 | 38.0 | 2.7 | 40.7 |
| Depreciation expense for the year ended | | | |
| 30 June 2022 | 6.0 | 1.3 | 7.3 |

| | Land & buildings \$m | Other \$m | Total \$m |
|--|-------------------------|--------------|--------------|
| Net carrying amount | | | |
| 30 June 2021 | 42.9 | 2.6 | 45.5 |
| Depreciation expense for the year ended | | | |
| 30 June 2021 | 6.5 | 1.4 | 7.9 |

Additions to right-of-use assets during 2022 were \$3.4 million (2021: \$21.1 million).

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

| | 2022 \$m | 2021 \$m |
|---|-------------|-------------|
| Balance at the beginning of the financial year | 72.5 | 58.7 |
| Additions | 3.4 | 21.1 |
| Accretion of interest | 2.8 | 2.9 |
| Payments | (8.9) | (10.5) |
| Exchange differences | (0.6) | 0.3 |
| Balance at the end of the financial year | 69.2 | 72.5 |
| Current | 6.6 | 6.8 |
| Non-current | 62.6 | 65.7 |
| | 69.2 | 72.5 |

Notes to the Financial Statements

For the year ended 30 June 2022

11. Leases *continued*

The maturity analysis of lease liabilities is disclosed in note 30.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases. The group recognised rent expense from short-term leases of \$0.4 million (2021: \$0.3 million) and variable lease payments of \$0.3 million (2021: \$0.2 million) during the financial year.

The Group had total cash outflows for leases of \$9.6 million in 2022 (2021: \$10.5 million). As at 30 June 2022, undiscounted potential future cash outflows of \$6.6 million (2021: \$8.2 million) relating to leases with extension options have not been included in the lease liability because it is not reasonably certain that the options will be exercised.

Crown Melbourne main site lease

In 1993 Crown Melbourne entered into a ninety-nine year lease agreement for the site upon which the Crown Melbourne Entertainment Complex is located. For years one to forty inclusive, the annual rent payable is one dollar per annum. For years forty-one to ninety-nine inclusive, the annual rent payable will be the then current market rent for the site. The carrying value of the right-of-use asset has been determined as if the standard had always applied, based on the payments in years forty-one to ninety-nine using the estimated market rent at commencement date of the lease, applying the incremental borrowing rate at date of initial application of the standard. In estimating the market rent at commencement date, the Group engaged an independent property valuer.

Group as Lessor

The Group has entered into operating leases for retail tenancies within its Crown Melbourne, Crown Perth and Crown Sydney properties. The undiscounted lease payments to be received for the operating leases are shown in the table below. The leases have terms between 3 and 12 years.

| | 2022 | 2021 |
|---|-------------|-------------|
| | \$m | \$m |
| Payable within one year | 12.7 | 16.2 |
| Payable after one year but not more than five years | 35.1 | 40.4 |
| Payable more than five years | 4.0 | 9.7 |
| | 51.8 | 66.3 |

Consistent with the prior year, Crown granted rent relief to its tenants as a result of the closure of Crown's properties. The above amounts represent the lease payments contracted, and therefore may be reduced by the rental relief provided to tenants. The extent of rent relief that may be provided depends on the ongoing restrictions impacting Crown's properties.

The total variable lease income recognised during the year is \$4.6 million (2021: \$1.4 million). Variable lease income which may become receivable in the future and separately invoiced amounts for recovery of property outgoings are excluded from the table above.

Notes to the Financial Statements

For the year ended 30 June 2022

12. Intangible Assets - Licences

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$m | \$m |
| Balance at the beginning of the financial year | 1,030.6 | 1,047.3 |
| Amortisation expense | (16.6) | (16.7) |
| Balance at the end of the financial year | 1,014.0 | 1,030.6 |
| | | |
| Cost (gross carrying amount) | 1,297.0 | 1,297.0 |
| Accumulated amortisation and impairment | (283.0) | (266.4) |
| Net carrying amount | 1,014.0 | 1,030.6 |

The casino licences are carried at cost and amortised on a straight line basis over their useful lives, under the prevailing license conditions.

The Crown Melbourne licence (\$473.6 million, 2021: \$490.2 million) is being amortised until 2050. The Crown Perth licence (\$440.4 million) is assessed as having an indefinite useful life, as it does not expire, and therefore no amortisation is charged. Amortisation commenced on the Crown Sydney licence (\$100.0 million) effective 8 August 2022 when gaming activities commenced and is being amortised until 2113.

Notes to the Financial Statements

For the year ended 30 June 2022

13. Other Intangible Assets

| | Goodwill ⁽¹⁾ | Casino Management Agreement ⁽¹⁾ | Other | Total |
|--|-------------------------|--|------------|--------------|
| | \$m | \$m | \$m | \$m |
| Year ended 30 June 2022 | | | | |
| At 1 July 2021, net of accumulated amortisation and impairment | 221.7 | 108.0 | 0.7 | 330.4 |
| Reclassification/transfer | - | - | 1.2 | 1.2 |
| Impairment ⁽²⁾ | (31.8) | - | - | (31.8) |
| Exchange differences | 1.0 | - | - | 1.0 |
| Amortisation expense | - | (3.6) | (0.1) | (3.7) |
| At 30 June 2022, net of accumulated amortisation and impairment | 190.9 | 104.4 | 1.8 | 297.1 |

At 30 June 2022

| | | | | |
|------------------------------|--------------|--------------|------------|--------------|
| Cost (gross carrying amount) | 190.9 | 245.3 | 7.4 | 443.6 |
| Accumulated amortisation | - | (140.9) | (5.6) | (146.5) |
| Net carrying amount | 190.9 | 104.4 | 1.8 | 297.1 |

Year ended 30 June 2021

| | | | | |
|--|--------------|--------------|------------|--------------|
| At 1 July 2020, net of accumulated amortisation and impairment | 243.2 | 111.6 | 0.8 | 355.6 |
| Impairment ⁽²⁾ | (17.3) | - | - | (17.3) |
| Exchange differences | (4.2) | - | - | (4.2) |
| Amortisation expense | - | (3.6) | (0.1) | (3.7) |
| At 30 June 2021, net of accumulated amortisation and impairment | 221.7 | 108.0 | 0.7 | 330.4 |

At 30 June 2021

| | | | | |
|------------------------------|--------------|--------------|------------|--------------|
| Cost (gross carrying amount) | 221.7 | 245.3 | 18.4 | 485.4 |
| Accumulated amortisation | - | (137.3) | (17.7) | (155.0) |
| Net carrying amount | 221.7 | 108.0 | 0.7 | 330.4 |

⁽¹⁾ Purchased as part of business combinations.⁽²⁾ Impairment relates to the goodwill in DGN. Refer note 14 for further details.

Goodwill is considered to have an indefinite life and is tested annually for impairment (see note 14). The goodwill balance at 30 June 2022 is allocated to Crown Melbourne \$27.0 million (2021: \$27.0 million), Crown Perth \$144.0 million (2021: \$144.0 million), DGN \$Nil (2021: \$30.8 million) and Betfair \$19.9 million (2021: \$19.9 million).

The useful life of the Crown Melbourne Casino Management Agreement is amortised on a straight line basis to 2050.

Notes to the Financial Statements

For the year ended 30 June 2022

14. Impairment Testing of CGUs

Intangible assets deemed to have indefinite lives are allocated to the Group's cash generating units (CGUs) identified according to the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash flows from other assets or groups of assets.

The allocation of goodwill and other intangible assets with indefinite useful lives to the Group's CGUs are outlined in note 12 and note 13.

The recoverable amount of a CGU is defined as the higher of the value in use and the fair value less cost of disposal. This implied value is then compared with the carrying value of the CGU to determine any impairment required. The recoverable amount of the Crown Melbourne, Crown Perth, Crown Sydney and Betfair CGUs at 30 June 2022 has been determined based on a value in use calculation using a discounted cash flow methodology covering a five year period, with an appropriate terminal value at the end of that period. The methodology utilises cash flow forecasts that are based primarily on business plans prepared by management.

The recoverable amount of the DGN CGU, in both the current and prior years, has been determined based on fair value less costs of disposal, utilising a combination of independent valuations undertaken by third parties, market acquisition prices as well as trading multiples of entities of a similar nature to each CGU.

Value in use assessment

The following describes each key assumption on which the Group has based its cash flow projections to undertake impairment testing under the value in use method.

- Cash flow forecasts are based on past performance and expectations for the future using a five year cash flow period, risk adjusted where applicable. COVID-19 continues to have an impact on Australian and international economies. A level of uncertainty previously unseen has resulted in increased difficulty in developing cash flow forecasts. Therefore the Group considered the uncertainty around the impact of COVID-19 determining cash flow forecasts.
- For the purposes of impairment testing the impairment modelling assumed prevailing regulatory and licence conditions at Crown Melbourne and Crown Perth, and Crown Sydney commence gaming operations early in the 2023 financial year. The impairment modelling also assumes that the properties remain open throughout the plan period. The plan assumed a recovery to pre COVID-19 levels of economic activity over the short to medium term within the context of the five year forecast period.
- Terminal value is calculated using a perpetuity growth formula based on cash flow forecasts using a weighted average cost of capital (after tax) and forecast growth rate.
- Forecast growth rates are based on past performance and management's expectations of future performance as at 30 June 2022, based on the current circumstances and the nature of the products and industries in which each business operates. The terminal growth rates do not exceed the forecasted long-term Australian inflation rate of 2.50% (2021: 2.50%) with the exception of the Crown Sydney CGU which used a terminal growth rate of 3.50% (2021: 2.50%). Due to the start-up nature of the business, the terminal growth rate for the Crown Sydney CGU includes real long-term growth at least equal to the population growth in the casino's target markets, being an estimated 1.00% based on long-term NSW population growth forecasts.
- A weighted average cost of capital (before tax) of between 11.7% and 17.1% (2021: 9.8% and 13.6%) was used by the Group in impairment testing, risk adjusted where applicable.

Fair value less costs of disposal assessment

Independent valuations undertaken by third parties, including consideration of average and median EV/EBITDA multiples of peer listed comparable companies have been utilised to determine the fair value.

The fair value measurement for the DGN CGU is considered to be level 3 in the fair value hierarchy, as it is based on using inputs that are not based on observable market data. Where available, applicable level 2 information has been taken into account (refer to note 30 for explanation of the valuation hierarchy).

Notes to the Financial Statements

For the year ended 30 June 2022

14. Impairment Testing of CGUs *continued*

Outcome of impairment tests

Based on the valuation techniques performed, an impairment loss of \$37.8 million (US\$27.2 million) related to the DGN CGU has been recorded against the CGU's goodwill and plant & equipment during the period. At 30 June 2021 there were indicators of impairment for the DGN CGU, and based on the impairment testing, an impairment loss of \$17.3 million (US\$13.0 million) was recorded against the goodwill of DGN in the prior year.

As at 30 June 2021, goodwill relating to the acquisition of DGN was \$30.9 million (US\$23.1 million). During the year, indicators of impairment were identified for the DGN CGU. These indicators were considered taking into account the re-forecast of cash flows of DGN, along with independent valuations of the CGU in the current market. Based on the impairment testing undertaken, the carrying amount of the CGU exceeded its recoverable amount at 30 June 2022. As a result, Crown has reduced goodwill and plant & equipment of DGN by \$37.8 million (US\$27.2 million). This impairment loss has been included as a Significant Item in the Statement of Profit or Loss.

Sensitivity analysis

The key estimates and assumptions used to determine the value in use or fair value less costs of disposal for each CGU are based on management's current expectations based on past experience, prevailing regulatory and licence conditions, prevailing COVID-19 conditions, future plans and external market information. They are considered to be reasonably achievable, however significant changes in any of the key estimates and assumptions or regulatory environments may result in a CGUs carrying value exceeding its recoverable value, resulting in an impairment charge.

With respect to Crown Sydney, based on the cash flows adopted in the calculation of recoverable amount, an increase in the discount rate (weighted average cost of capital after tax) of 200bps (2021: 80bps), a decrease in terminal growth rate of 295bps (2021: 110bps) or a decrease in EBITDA by 20.6% (2021: 9.3%) per annum throughout the plan period, in isolation and with all other assumptions held constant, could give rise to an impairment.

Regarding Crown Perth, based on the cash flows adopted in the calculation of recoverable amount, an increase in the discount rate (weighted average cost of capital after tax) of 145bps, a decrease in terminal growth rate of 200bps or a decrease in EBITDA by 14.0% per annum throughout the plan period, in isolation and with all other assumptions held constant, could give rise to an impairment.

For Crown Melbourne and Betfair, no reasonable possible adverse changes in any of the assumptions utilised to determine the recoverable amount would result in an impairment charge of the CGUs.

In the case of DGN where an impairment charge was taken, an adverse change in any of the assumptions utilised to determine the recoverable amount would lead to a further impairment charge of the CGU.

Crown is currently subject to regulatory processes regarding the suitability of Crown Melbourne, Crown Perth and Crown Sydney to hold casino licences and operate gaming (outlined in note 18). The outcome of these processes remains uncertain.

The key estimates and assumptions used to determine the recoverable amounts of the CGUs assumes prevailing regulatory and licence conditions at Crown Melbourne, Crown Perth and Crown Sydney continue. Given the uncertainty regarding the outcome of the current regulatory processes, Crown considered the impact on the carrying amount of each CGU in the event that Crown is found not suitable and the casino licence at Crown Melbourne and Crown Perth is cancelled, and Crown Sydney is not able to operate gaming.

The outcome of the sensitivity analysis of the cancellation of the Crown Melbourne casino licence would result in the impairment of the Crown Melbourne licence (\$473.6 million), the casino management agreement asset (\$104.4 million) and prepaid casino tax asset (\$42.3 million).

The outcome of the sensitivity analysis of the cancellation of the Crown Perth casino licence would be an impairment of the Crown Perth licence (\$440.4 million).

In both CGUs, cancellation of the licence could result in the potential impairment of the goodwill intangible as well as adjustments to any deferred tax balances relating to the licences.

The outcome of the sensitivity analysis of Crown Sydney not being able to operate gaming would be an impairment of the Crown Sydney licence (\$100.0 million) and a probable impairment to the property, plant and equipment relating to the CGU.

The Group will continue to monitor the performance of all CGUs going forward and consider the impact on the impairment testing assumptions and carrying value.

Notes to the Financial Statements

For the year ended 30 June 2022

15. Other Assets

| | 2022 | 2021 |
|----------------------------|-------------|-------------|
| | \$m | \$m |
| Non-current | | |
| Prepaid casino tax at cost | 100.8 | 100.8 |
| Accumulated amortisation | (58.5) | (56.9) |
| | 42.3 | 43.9 |
| Other prepayments | - | 1.7 |
| | 42.3 | 45.6 |

Prepaid casino tax relates to Crown Melbourne, is carried at cost and amortised on a straight line basis to 2050.

16. Trade and Other Payables

| | 2022 | 2021 |
|--|--------------|--------------|
| | \$m | \$m |
| Current - unsecured | | |
| Trade and other payables | 220.7 | 231.5 |
| Contract and contract-related liabilities ⁽¹⁾ | 157.1 | 128.5 |
| Other | 1.9 | 69.4 |
| | 379.7 | 429.4 |
| Non-current - unsecured | | |
| Casino licence payable ⁽²⁾ | 182.2 | 177.2 |
| | 182.2 | 177.2 |

⁽¹⁾ Contract and contract related liabilities include unredeemed casino chips, loyalty program liabilities and advance customer deposits which increased by \$28.6 million during the year (2021: decreased by \$9.3 million).

⁽²⁾ Net present value of the \$250.0 million payment due in 2033 relating to the Crown Melbourne Casino licence.

Notes to the Financial Statements

For the year ended 30 June 2022

17. Loans and Borrowings

| | 2022 | 2021 |
|---|----------------|--------------|
| | \$m | \$m |
| Current | | |
| Bank Loans ⁽¹⁾ | - | 307.5 |
| Capital Markets Debt ⁽²⁾ | 630.0 | - |
| Loans from related parties ⁽⁴⁾ | 860.7 | - |
| Lease Liabilities | 6.6 | 6.8 |
| | 1,497.3 | 314.3 |
| Non-current | | |
| Bank Loans ⁽¹⁾ | - | 112.5 |
| Capital Markets Debt ^{(2) & (3)} | - | 795.9 |
| Lease Liabilities | 62.6 | 65.7 |
| | 62.6 | 974.1 |

⁽¹⁾ Following the SS Silver acquisition, Crown's bank loans were repaid on 24 June 2022 along with the outstanding interest and fees calculated through to repayment date.

⁽²⁾ Following the SS Silver acquisition, Crown elected to redeem all outstanding Subordinated Notes listed on the ASX, on 28 July 2022 (the Early Redemption Date), in accordance with a Condition 4.3(a) of the terms of the Notes. Following redemption, the Notes were cancelled and there were no outstanding notes.

⁽³⁾ Following the SS Silver acquisition, Crown issued a prepayment notice to the Euro Medium Term Notes ('EMTN') Noteholder related to the voluntary prepayment of outstanding amounts and the voluntary cancellation of the notes. The notes were repaid prior to 30 June 2022.

⁽⁴⁾ The repayment of Crown's existing facilities and related charges was funded by SS Silver II Pty Ltd (a wholly owned subsidiary of SS Silver Pty Ltd), with Crown entering into a new related party loan with SS Silver II Pty Ltd. The related party loan is interest free and repayable at call of the lender.

Notes to the Financial Statements

For the year ended 30 June 2022

17. Loans and Borrowings *continued*

Fair Value Disclosures

Details of the fair value disclosures of the Group's interest bearing liabilities are set out in note 30.

Financial Risk Management

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 30.

Financing and Credit Facilities

Credit facilities are provided as part of the overall debt funding structure of the Crown Group as follows:

| Facility Type | Facility Amount \$m | Drawn Amount \$m | Letters of Credit Issued \$m | Available \$m | Expiry Dates |
|------------------------------|---------------------------|------------------------|------------------------------------|------------------|-------------------------|
| Debt Capital Markets | | | | | |
| AUD Subordinated Notes | 630.0 | 630.0 | - | - | Apr 2075 ⁽¹⁾ |
| | 630.0 | 630.0 | - | - | |
| Total at 30 June 2022 | 630.0 | 630.0 | - | - | |
| | | | | | |
| Total at 30 June 2021 | 1,485.9 | 1,215.9 | 99.3 | 170.7 | |

⁽¹⁾ Following the SS Silver acquisition, Crown elected to redeem all outstanding subordinated notes listed on the ASX, on 28 July 2022 (the Early Redemption Date), in accordance with a Condition 4.3(a) of the terms of the Notes. Following redemption, the Notes were cancelled and there were no outstanding notes.

Notes to the Financial Statements

For the year ended 30 June 2022

18. Provisions, Contingent Liabilities and Related Matters

| | Employee Entitlements ⁽¹⁾ | Other ⁽²⁾ | Total |
|--------------------------|---|----------------------|--------------|
| | \$m | \$m | \$m |
| At 1 July 2021 | 214.8 | 118.0 | 332.8 |
| Arising during the year | 125.9 | 539.7 | 665.6 |
| Utilised during the year | (115.3) | (112.6) | (227.9) |
| At 30 June 2022 | 225.4 | 545.1 | 770.5 |
| Current 2022 | 212.3 | 545.1 | 757.4 |
| Non-current 2022 | 13.1 | - | 13.1 |
| At 30 June 2022 | 225.4 | 545.1 | 770.5 |
| Current 2021 | 200.3 | 103.8 | 304.1 |
| Non-current 2021 | 14.5 | 14.2 | 28.7 |
| At 30 June 2021 | 214.8 | 118.0 | 332.8 |

(1) Employee entitlements are comprised of provisions for annual leave, long service leave, employee incentives, self-insurance liability and other employee entitlements.

(2) Other provisions at 30 June 2021 were predominantly comprised of provisions for gaming tax matters, including Crown Melbourne tax shortfall of approximately \$25 million and provision for underpayment of casino tax (including interest) of \$61.2 million. These provisions were paid during the current financial year.

During the period, Crown recognised provisions in relation to a number of regulatory and other matters including the AUSTRAC enforcement investigation, notices issued by the Victorian Gambling and Casino Control Commission arising out of the Victorian Royal Commission, and other regulatory matters. Given the current status and range of potential outcomes, some of the information usually required by AASB 137 is not disclosed on the grounds that it can be expected to seriously prejudice the outcomes of these matters.

Regulatory matters

AUSTRAC enforcement investigations

As announced by Crown on 19 October 2020 and 7 June 2021 respectively, each of Crown Melbourne and Crown Perth was the subject of an AUSTRAC enforcement investigation.

On 1 March 2022 Crown Melbourne and Crown Perth were served with civil penalty proceedings commenced by AUSTRAC. AUSTRAC alleges each of Crown Melbourne and Crown Perth:

- breached and continue to breach section 81 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (**AML/CTF Act**) on an innumerable number of occasions by not adopting and maintaining an AML/CTF program that complies with all the requirements of the AML/CTF Act and the *Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument (No.1) 2007* (Cth); and
- breached section 36 of the AML/CTF Act by not conducting appropriate ongoing customer due diligence on 165 occasions in respect of Crown Perth and 382 occasions in relation to Crown Melbourne, giving a total of 547 contraventions in relation to 507 customers.

Crown continues to engage with AUSTRAC in relation to the proceedings.

Victorian Gambling and Casino Control Commission

The Victorian Gambling and Casino Control Commission ('VGCCC') has issued Crown with notices relating to potential disciplinary action under the *Casino Control Act 1991* (Vic) ('CCA Vic') relating to findings of the Victorian Royal Commission and other matters. During the year, the Victorian Government passed the Casino and Gambling Legislation Amendment Act 2021. That Act imposed new regulatory obligations on Crown and increased the maximum fine under the CCA Vic to \$100 million from \$1 million. Where appropriate, provisions have been made in relation to these matters.

Notes to the Financial Statements

For the year ended 30 June 2022

18. Provisions, Contingent Liabilities and Related Matters *continued*

Other regulatory matters

Regulators, including Crown's gaming regulators, and other bodies routinely conduct investigations and reviews of Crown's operations in the normal course of regulatory oversight and of matters disclosed by Crown to regulators and those disclosed to the market. Crown receives various notices and requests for information from regulators regarding a wide variety of matters and some of these remain open and subject to further review, investigation and possible action.

In addition, Crown continues to liaise with relevant authorities relating to various indirect tax matters as appropriate.

New South Wales

On 9 February 2021, the Commissioner's report of the inquiry under section 143 of the Casino Control Act 1992 (NSW) (Inquiry Report) was released. The New South Wales Independent Liquor and Gaming Authority (ILGA) wrote to Crown Resorts Limited stating that, having regard to the contents of the Inquiry Report, it presently considered that Crown Sydney Gaming Pty Ltd (Crown Sydney Gaming) is no longer a suitable person to give effect to the Restricted Gaming Licence in New South Wales and that Crown Sydney Gaming had breached clause 14(a) of the VIP Gaming Management Agreement (VIP GMA) and had given Crown Resorts Limited a notice to that effect. Following the consultation process contemplated under the VIP GMA, on 22 June 2022 ILGA announced that it had provided approval for Crown Sydney Gaming to commence gaming operations for an initial conditional gaming period scheduled to expire on 31 December 2023. During this period Crown will work closely with ILGA and the independent monitor of Crown Sydney, Kroll Associates, to demonstrate its suitability and that it is implementing an approved remediation action plan.

The Casino Legislation Amendment Bill 2022 (NSW) ('the Bill'), which amends the Casino Control Act (NSW) ('CCA NSW') and Casino Control Regulation ('the Regulation'), was passed on 11 August 2022. It commenced on 5 September 2022, other than certain provisions relating to cashless gaming which are to commence on 10 August 2024 unless proclaimed earlier.

The legislation also provided for the establishment of the New South Wales Independent Casino Commission (NICC) as a new independent regulator of casinos in NSW, which commenced operations on 5 September 2022.

The Bill made a number of changes to the CCA NSW. In particular:

- the maximum financial penalty for disciplinary action was increased from \$1 million to \$100 million and this can be applied to conduct occurring prior to 5 September 2022. Amendments to the CCA NSW by the Bill also enable disciplinary action to be taken directly against close associates of the casino operator (which is broadly defined);
- an annual supervisory levy of \$19 million, half of which is payable by Crown, has been introduced;
- the maximum penalty which applies to a number of other specific offences under the CCA NSW was increased;
- no compensation is payable for any regulatory action, including any claims for compensation or damages under any agreements entered into with the State;
- in calculating any duty or levies based on revenue of a casino, 'revenue' will include all revenue from the face value of wagers placed including wagers placed by means of complimentary chip purchase, vouchers or reward points; and
- there are a number of new obligations and requirements in connection with casino operation. These new obligations may have an impact on financial performance however the full extent of such impact is not yet known.

Victoria

On 22 February 2021, a Royal Commission was established into the suitability of Crown Melbourne Limited to hold a casino licence. The Hon. Ray Finkelstein AO QC was appointed as Commissioner and Chairperson of the Royal Commission. On 15 October 2021, the Commissioner delivered his report to Government, and the report was tabled and released publicly on 26 October 2021. The Commissioner made a number of findings regarding Crown Melbourne and its associates (including Crown Resorts), including that Crown Melbourne is not a suitable person to continue to hold a casino licence under the CCA Vic. The Commissioner did not recommend the immediate cancellation of Crown Melbourne's casino licence. Instead, the Commissioner recommended that Crown Melbourne be required to operate under the oversight and direction of a Special Manager for a period of two years, with the costs of establishing and implementing the office of the Special Manager to be borne by Crown Melbourne.

The Commissioner made 33 recommendations in total, addressing a broad range of areas affecting Crown Melbourne's structure and operations. Shortly after the publication of the report, the Victorian Government enacted legislation giving effect to nine 'priority' recommendations, including establishing the position of the Special Manager; repealing certain provisions that provided that the State may be liable to pay compensation to Crown in certain circumstances; and increasing the maximum penalty that can be imposed for disciplinary action. The legislation also provided for the establishment of the VGCCC, which commenced operations on 1 January 2022.

Following the passage of that legislation, Mr Stephen O'Bryan QC was appointed as the Special Manager from 1 January 2022. The relevant Instrument of Appointment provides that Mr O'Bryan is appointed for two years and six months, and has the functions, powers and reporting obligations set out in sections 36C to 36G of the CCA Vic. The Instrument further provides that the Special Manager is to investigate any matter concerning the conduct of Crown Melbourne which he identifies during his period of appointment and which he considers requires investigation, including the matters listed in Appendix I of the Report of the Victorian Royal Commission.

Notes to the Financial Statements

For the year ended 30 June 2022

18. Provisions, Contingent Liabilities and Related Matters *continued*

The Special Manager is required to provide interim reports to the VGCCC and the Minister, and a final report at the end of the second year of his appointment. The VGCCC must consider each report of the Special Manager and take whatever action the VGCCC considers appropriate in light of the findings and recommendations of the report. Within 90 days of receiving the Special Manager's final report, the VGCCC may determine in its sole discretion that it is clearly satisfied that Crown is a suitable person to continue to hold the casino licence and that it is in the public interest for the licence to continue in force. Unless the VGCCC makes such a determination, the casino licence will be cancelled, with the cancellation taking effect 180 days after the day on which the Special Manager's final report is received by the VGCCC.

The Government has expressed its support for the remaining 24 recommendations of the Victorian Royal Commission subject to further detailed analysis and consultation being undertaken. Those recommendations cover a range of areas, including the minimisation of gambling harm; structural reforms to Crown Melbourne; and the addressing of anti-money laundering risks.

On 23 June 2022, the *Gambling and Liquor Legislation Amendment Bill 2022* was passed in Parliament with the majority of changes taking effect on 1 July 2022. That Bill expanded the grounds for disciplinary action to include a single breach of the Responsible Gambling Code of Conduct; introduced enforceable undertakings as a regulatory tool; provided the Minister with a new power to give written directions to the VGCCC; inserted new objectives for the VGCCC which include minimising gambling harm and ensuring the management and operations of casinos remain free from criminal influence and exploitation; introduced a mandatory reporting regime for VGCCC inspectors; expanded the powers of VGCCC inspectors to allow inspectors to issue notices to access surveillance systems; and created a new regulatory body for liquor regulation, the Victorian Liquor Commission.

On 2 August 2022, the *Casino Legislation Amendment Bill (Royal Commission Implementation and Other Matters) Bill 2022* was introduced into Parliament and subsequently passed into law. The Bill implemented a further 12 Victorian Royal Commission recommendations (with the remaining 9 to be delivered over the course of the next 12 months). The Bill introduced amendments to the CCA Vic and the *Gambling Regulation Act 2003* (Vic) in relation to patron identification, carded play, cashless gaming, pre-commitment and time limits, corporate ownership and governance including the expansion of the definition of associates and the reimposition of a supervision charge.

Crown will continue to work cooperatively and constructively with the Victorian Government in relation to the findings and recommendations of the Report of the Victorian Royal Commission, and the Government's response.

Western Australia

On 5 March 2021, the Honourable Neville Owen (AO), the Honourable Lindy Jenkins and Mr Colin Murphy (PSM), were appointed Royal Commissioners to inquire into the suitability of Crown Perth to continue holding a casino gaming licence in Western Australia. The Commissioners also examined the State's regulatory framework for casino gaming, including any matters that might enhance the Gaming and Wagering Commission's future capability and effectiveness.

The Commissioners delivered their report on 4 March 2022 and the report was released publicly on 24 March 2022. The Commissioners made a number of findings including that Burswood Nominees is not a suitable person to hold the casino licence and the other Burswood entities and Crown Resorts Limited are not suitable persons to be associated with a licensed casino.

The Commissioners did not recommend the immediate cancellation of the Casino Licence but required Crown to undertake a 2-year pathway to suitability with remediation activities overseen by an Independent Monitor, the costs of which are to be borne by Crown.

The Commission also found the regulatory framework was not fit for purpose and reforms were required to improve the effectiveness of the Gaming and Wagering Commission ('GWC').

The Commissioners made 59 recommendations (over half directed to the GWC and the Department). The recommendations covered areas of governance and risk, responsible gaming, regulatory matters including periodic suitability reviews undertaken by the Regulator at least every 5 years, prohibition on junkets and increased penalties for breach of the casino legislation to \$100m and Regulator cost recovery.

On 22 June 2022 a first tranche of legislative reform was introduced into the WA Parliament, was passed and received Royal Assent on 28 September 2022. Following the passage of the legislation, Mr Paul Steel was appointed as the Independent Monitor and commenced in the role on 31 October 2022. The role of the Independent Monitor is to oversee the preparation and approval of the Remediation Plan for Crown Perth.

The Independent Monitor is also to report at least on three monthly intervals to the Regulator and as requested by the Minister over the 2-year period. At the end of the 2-year remediation period he is to provide a final report to the Regulator.

The Western Australian Government will also investigate a modernised regulatory framework, including substantive reforms of the Regulator.

Notes to the Financial Statements

For the year ended 30 June 2022

18. Provisions, Contingent Liabilities and Related Matters *continued*

Litigation matters

As announced by Crown on 14 December 2020, Maurice Blackburn Lawyers commenced a shareholder class action proceeding against Crown in the Supreme Court of Victoria. The claim alleges that, in the period from 11 December 2014 to 18 October 2020, Crown had inadequate systems and processes for ensuring compliance with its obligations under anti-money laundering laws, and with its casino tax obligations. In connection with these allegations, the claim alleges that Crown engaged in misleading or deceptive conduct, breached its continuous disclosure obligations and conducted its affairs contrary to the interests of members as a whole in the period. The claim seeks declarations that Crown engaged in misleading or deceptive conduct and breached its continuous disclosure obligations, and compensation from Crown. Crown is defending the proceeding. The potential outcome and total costs related to the above matter remain uncertain. Crown's shares ceased trading on the ASX at the close of trading on 16 June 2022, with SS Silver Pty Ltd acquiring the shares on 24 June 2022.

In addition to the above matter, entities within the Group are defendants from time to time in legal proceedings arising from the conduct of their business. The Group does not consider that the outcome of any ongoing proceedings, either individually or in aggregate, is likely to have a material effect on its financial position. Where appropriate, provisions have been made.

Guarantor of debt facilities

Following completion of the acquisition of the Company by SS Silver Pty Ltd, Crown Resorts Limited, in conjunction with other members of the group, acceded to the term debt and revolving debt facilities and became a guarantor of the amounts drawn under these facilities. The probability of these guarantees being called upon is considered unlikely, and therefore it is not practicable to disclose an indication of the uncertainties relating to the amount or timing of cash flows.

Notes to the Financial Statements

For the year ended 30 June 2022

19. Contributed Equity

| | 2022 | 2021 |
|-----------------------------|-------------|-------------|
| | \$m | \$m |
| Issued share capital | | |
| Ordinary shares fully paid | (203.3) | (203.3) |
| | | |
| | 2022 | 2021 |
| | No. | No. |
| Issued share capital | | |
| Ordinary shares fully paid | 677,158,271 | 677,158,271 |

Due to share buy-backs in prior periods being undertaken at higher prices than the original subscription prices, the balance of contributed equity is reflected as a negative balance, which shows the excess value of shares bought over the original amount of subscribed capital. Refer note 29 for details of the Parent Entity's share capital, which has significant paid up capital.

Terms and Conditions of Contributed Equity

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of shares held.

The voting rights attaching to ordinary shares provide that each ordinary shareholder present in person or by proxy or attorney or being a corporation present by representative at a meeting shall have:

- (a) on a show of hands, one vote only;
- (b) on a poll, one vote for every fully paid ordinary share held.

All ordinary shares of the Company were acquired by SS Silver Pty Ltd (through its wholly owned subsidiaries), an entity owned by funds managed or advised by Blackstone Inc. and its affiliates (Blackstone), by way of scheme arrangement on 24 June 2022.

Notes to the Financial Statements

For the year ended 30 June 2022

20. Reserves and Retained Earnings

| | 2022 | 2021 |
|--------------------------------------|---------------|---------------|
| | \$m | \$m |
| Foreign currency translation reserve | (24.9) | (38.7) |
| Employee equity benefits reserve | 20.9 | 25.6 |
| Net unrealised gains reserve | (15.8) | (15.8) |
| Cash flow hedge reserve | - | 5.1 |
| | (19.8) | (23.8) |

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations. It is also used to recognise gains and losses on hedges of the net investment in foreign operations.

| | | |
|---|---------------|---------------|
| Balance at the beginning of the financial year | (38.7) | (23.6) |
| Net foreign exchange translation | 13.8 | (16.0) |
| Non-controlling interest | - | 0.9 |
| Balance at the end of the financial year | (24.9) | (38.7) |

Employee Equity Benefits Reserve

The employee equity benefits reserve is used to record share based remuneration obligations to executives in relation to ordinary shares.

| | | |
|---|-------------|-------------|
| Balance at the beginning of the financial year | 25.6 | 22.3 |
| Movement for the period | (4.7) | 3.3 |
| Balance at the end of the financial year | 20.9 | 25.6 |

Net Unrealised Gains Reserve

The net unrealised gains reserve records the movement from changes in ownership interests in a subsidiary, investments and associates equity, which do not impact control.

| | | |
|---|---------------|---------------|
| Balance at the beginning of the financial year | (15.8) | (14.4) |
| Movement in non-controlling interest put option | - | (1.4) |
| Balance at the end of the financial year | (15.8) | (15.8) |

Cash Flow Hedge Reserve

The cash flow hedge reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

| | | |
|---|----------|------------|
| Balance at the beginning of the financial year | 5.1 | 18.8 |
| Movement in interest rate swaps | 0.1 | 1.7 |
| Movement in cross currency swaps | (5.2) | (15.4) |
| Balance at the end of the financial year | - | 5.1 |

Notes to the Financial Statements

For the year ended 30 June 2022

20. Reserves and Retained Earnings *continued*

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$m | \$m |
| Retained Earnings | | |
| Balance at the beginning of the financial year | 4,692.9 | 4,954.5 |
| Net profit/(loss) after tax attributable to equity holders of the parent | (945.4) | (261.6) |
| Balance at the end of the financial year | 3,747.5 | 4,692.9 |

21. Commitments

Capital expenditure commitments

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$m | \$m |
| Estimated capital expenditure contracted for at balance date, but not provided for: | | |
| Payable within one year | 18.7 | 14.9 |
| | 18.7 | 14.9 |

Crown Sydney gaming tax guarantees

Crown has provided two gaming tax guarantees to the NSW Government relating to Crown Sydney. Firstly, Crown has guaranteed that over the three consecutive financial years, beginning with the financial year in which Crown Sydney commences gaming operations, the aggregate of normalised gaming taxes generated by Crown and The Star is at least equal to three times the normalised gaming taxes generated by The Star in the financial year prior to commencement of gaming at Crown Sydney. Secondly, that over the first 15 years of Crown Sydney's full operations, the NSW Government will receive from Crown at least \$1 billion in normalised gaming taxes, including the licence fee of \$100 million previously paid.

Notes to the Financial Statements

For the year ended 30 June 2022

22. Cash Flow Statement Reconciliation

| | 2022 | 2021 |
|-------------------------------------|--------------|--------------|
| | \$m | \$m |
| (a) Cash balance represents: | | |
| Cash on hand and at bank | 398.0 | 471.7 |
| Deposits at call | 5.8 | 4.3 |
| | 403.8 | 476.0 |

The above closing cash balances includes \$103.1 million (2021: \$85.9 million) of cash on the company's premises and cash held in bank accounts to run the day to day operations of the businesses and cash (including deposits on call) of \$300.7 million (2021: \$390.1 million) for other purposes. All deposits at call are with approved counterparties with investment grade ratings. Refer note 30(c) for further details.

| | 2022 | 2021 |
|--|----------------|---------------|
| | \$m | \$m |
| (b) Reconciliation of the profit/(loss) after tax to the net cash flows from operating activities | | |
| Profit/(loss) after tax | (945.4) | (261.3) |
| Non cash items and items dealt with separately: | | |
| - Depreciation and amortisation | 299.9 | 290.3 |
| - Asset impairment | 52.1 | 53.6 |
| - Share of associates' net (profit)/loss | (18.1) | 8.7 |
| - Net foreign exchange (gain)/loss | - | (0.1) |
| - Reassessment of contingent consideration - DGN | - | 2.0 |
| - Other non cash expenses | 4.6 | 3.4 |
| Cash items not included in profit/(loss) after tax: | | |
| - Dividends received from associates | 21.7 | - |
| Items classified as investing/financing activities: | | |
| - (Profit)/loss on sale of property, plant and equipment | (108.9) | (207.8) |
| Working Capital changes: | | |
| - (Increase) / decrease in trade receivables and other assets | (16.2) | 42.9 |
| - (Increase) / decrease in inventories | (4.2) | (4.3) |
| - (Decrease) / increase in tax provisions | (133.2) | (117.6) |
| - (Decrease) / increase in trade and other payables, accruals, provisions and other liabilities | 472.4 | 176.2 |
| Net cash flows from operating activities | (375.3) | (14.0) |

Notes to the Financial Statements

For the year ended 30 June 2022

23. Events After the Reporting Period

On 7 July 2022, Crown announced that Stephen McCann would step down as CEO Crown Resorts and CEO of Crown Melbourne and Ciarán Carruthers would be appointed CEO of Crown Resorts subject to the receipt of regulatory approvals.

On 25 July 2022, Crown announced that Crown Sydney's gaming operations will commence on 8 August 2022. On 8 August 2022, Crown Sydney's Crystal Room gaming floor opened, with the Mahogany Room set to open at a later date.

On 28 July 2022, Crown redeemed all outstanding subordinated notes listed on the ASX, in accordance with a Condition 4.3(a) of the terms of the Notes. The mandatorily deferred interest payments were paid as part of the redemption amount of the notes. Following redemption, the Notes were cancelled and there were no outstanding notes.

On 29 July 2022, Crown, trading as 'CWN' and the subordinated notes, trading as 'CWNHB', were removed from the Australian Securities Exchange's official list as of close of trade.

On 7 November 2022, VGCCC imposed fines totalling \$120 million against Crown Melbourne for failing its Responsible Service of Gambling obligations.

Notes to the Financial Statements

For the year ended 30 June 2022

24. Auditor's Remuneration

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Auditor of the Group | | |
| Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities ⁽¹⁾ | 2,752,157 | 1,658,100 |
| Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm | 546,827 | 75,525 |
| Fees for other services: | | |
| - Taxation services | 18,025 | 86,681 |
| - Other advisory services | 184,776 | 213,372 |
| | 3,501,785 | 2,033,678 |

⁽¹⁾ \$724,500 of which relates to audit fees for finalisation of FY2021 audit.



To: Shauna Lavery-Davies
From: Kerilee Pearse
Topic: **2022 remuneration review letters**
Date: 20 September 2022

Dear Shauna,

Could you please distribute the enclosed performance and remuneration review letters ASAP. I have attached a list of employees in your department for your record, along with notes for any employees who were not eligible to be included in this year's review. This does not need to be returned to HR.

| First name | Last name | Job Title | HR notes |
|------------|---------------|----------------------------|---|
| Shalu | Chaudhary | Data Analytics Manager | Ineligible - <6 months' service |
| Phoebe | Dagwell | Finance Manager | |
| Neil | Jenkin | Customer Accounts Manager | |
| Shauna | Lavery-Davies | Financial Controller | Ineligible - off cycle review August 2022 |
| Stevie | Leinster | Accounts Payable Assistant | |
| Xanthe | Roantree | Assistant Accountant | Ineligible due to performance rating |

If you have any questions, please speak to a member of the HR team.

Regards,
Kerilee Pearse