AUSTRALIAN SHAREHOLDERS' ASSOCIATION

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The Star continues to be covered by storm clouds…

Company/ASX Code	**The Star Entertainment Group Ltd/SGR**
AGM time and date	**Thursday, 25 November at 10.00am QLD time (AEST)**
Location	The Star Gold Coast, Broadbeach, QLD
Registry	MUFG
Type of meeting	Live and online through openbriefing.com
Monitor	Steven Mabb assisted by Susan Bailey and Noel Ambler
Pre-AGM Meeting	Yes with Chair Anne Ward and Chair of Remuneration and People Committee Michael Issenberg.

Monitor Shareholding: The individuals involved in the preparation of this voting intention have no shareholding in this company.

1. How we intend to vote

No.	Resolution description	
2	**Re-election of Anne Ward as a Director**	For
3	**Election of Mr Bruce Mathieson Jr as a Director**	For
4	**Remuneration Report**	For
5	**Conditional Spill Resolution**	Against

2. Summary of Issues and Voting Intentions for AGM/EGM

- Issues with Board composition going forward as the new shareholders in Bally's Corporation (Bally's) and Investment Holdings Pty Ltd (Investment Holdings) (controlled by the Mathieson family) plan to appoint some new Directors. The importance of a proper Board Skills matrix going forward is particularly important given this likely development.
- The suitability of an unusual and mostly guaranteed remuneration plan for the CEO in the short term, given his skills and the dire situation Star has been operating in for the past few years.
- The pending fine from AUSTRAC and challenges re competitors not operating under the same rules re betting limits and carded play.

See ASA Voting guidelines and Investment Glossary for definitions

3. Matters Considered

Accounts and reports

It has been another tumultuous year for the management and staff of The Star Entertainment Group Ltd (Star) and in turn results for shareholders continue to be very disappointing indeed. And as your monitors have written in recent years, it would be very tempting to protest and vote against all resolutions each year given the performance of the company's shares however the correct course of action is to assess the current management and their performance for the past year.

Most of the troubles at Star have their origins at least 5 years ago now and all of the Board and almost all of the management teams that oversaw these regulatory and governance failures have long since departed.

So, what we effectively have now is a newish group of Directors and a newish team of Managers, that are effectively trying to save the company. The alternative here is the company loses its license to operate and/or becomes insolvent, which would likely result in shareholders receiving zero value on their original investment.

On the regulatory front, in September 2025 the QLD government deferred the suspension of its Gold Coast casino licence to September 30, 2026. The government also extended the appointment of an external advisor for Star Brisbane until next September.

The deferral comes after regulator-appointed Special Manager Nicholas Weeks, who oversees Gold Coast's operations, submitted a report stating that Star has made "steady progress" on its remediation efforts, but it was slower than anticipated due to the group's financial challenges.

Another major issue is AUSTRAC, who are Australia's financial crimes watch dog and have a pending fine over Star for historical breaches of counterterrorism and anti-money laundering laws. They are seeking a fine of $400 million. However, Star has warned it will not be able to pay a fine of this size and that it would likely end its efforts to revitalise the business. The date for this to be finalised is still unknown. Linked to this is a major issue for shareholders in your monitors' view – the current rules require much tougher spending limits and identification requirements for patrons at Star, than they do at large pubs and clubs. In essence this is making Star a less desirable place for some players to visit and is a headwind for sales and profit growth. A more level playing field moving forward would be likely be advantageous to the company and shareholders.

The other major news in April 2025, was US-based Casino operator Bally's and Investment Holdings - Star's largest investor, agreed to a $300 million rescue package which was then voted for by shareholders in June 2025.

The agreement comprised convertible notes and debt instruments that once converted will see Bally's and Investment Holdings control about 56% of Star's shares.

Finally, in August 2025 Star announced it had struck a deal with their Hong Kong based business partners, to sell the remaining half of the new Queens Wharf complex in Brisbane. This deal had the support of Bally's and Investment Holdings.

The deal significantly improved Star's financial position, removing more than $700 million in liabilities and more than $350 million in development costs.

Financial performance

(As at FYE)	**2025**	**2024**	**2023**	**2022**	**2021**
NPAT ($m)	-427.9	-1684.6	-2435.2	-202.5	57.9
Share price ($)	0.14	0.49	1.16	2.79	3.69
Dividend (cents)	NIL	NIL	NIL	NIL	NIL
Simple TSR (%)	-72%	-58%	-59%	-24%	30%
EPS (cents)	-14.9	-66.8	-211.7	-21.3	6.1
CEO total remuneration, actual ($m)	4.954	5.124	1.136	1.960	1.729

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Governance and culture

There is good detail in the Annual Report about what the company has been doing to overhaul its operations, culture and compliance with regulatory requirements.

There is also a very good and readable overview of the many risks Star is facing and what is being done to mitigate them as much as possible.

On the Board, it appears to be a very committed and hard working group, with 91 meetings held in FY25 – this is around 10 times the number of meetings of a typical ASX listed company and no doubt reflective of the many moving parts they are currently dealing with.

We would like to see an improved Board skills matrix moving forward as the current version is a table that doesn't list each Directors specific skills and in turn what value they add to the Board. We would also request that Directors are scored based on extensive or expert skill rather than general awareness etc.

We also appreciate the Company continuing to offer a hybrid AGM so all shareholders can participate fully.

Key events

There have been many significant events this year again in particular:

- The QLD government deferring the suspension of their license to operate until September 2026. The NSW regulator has also extended the suspension of their license to operate until March 2026.
- The deal struck with Bally's and Investment Holdings in April 2025, that will likely change the operations and leadership of the business moving forward.
- The deal struck with their Hong Kong partners to offload the Queens Wharf complex in Brisbane.
- The sale of the old Brisbane Treasury Casino property.
- The pending fine from AUSTRAC, that while progressing still looms as a possible breaking point for the turnaround.
- Introduction of tougher rules around daily spend limits and carded play. Whilst this may be a good idea re money laundering regulations, other competitors like big pubs and clubs are not currently operating under these same restrictions.

Key board or senior management changes

There have been no Board changes during FY25 however the existing Directors have all only been appointed in the past 2 or 3 years.

CEO and Managing Director Steve McCann joined the company in July 2024 and seems a very sound appointment by the Board, when former CEO Robbie Cooke stepped down. Steve had a successful career at Lendlease before joining Crown Casino group after their regulatory problems emerged and appeared to stabilise the business and return it to viability. Given the similarity to what Star is now facing, he seems a very appropriate hire.

Frank Krile joined as CFO in December 2024.

Most of the other Senior Management in the business have only been on board for between 1 and 2 years.

Sustainability/ESG

There is a comprehensive sustainability report in the Annual Report and it's well worth reading for those that are interested in this area.

4. Rationale for Voting Intentions

Resolution 2: Re-election of Anne Ward as a Director – (FOR)

Anne Ward has served as a Director since Nov 2022 and as Chair since April 2024. She was a Commercial Lawyer for 28 years and former General Counsel at NAB. She has also had numerous past Directorships, including at Crown Casino during their remediation period.

While running for re-election to ensure stability, she has indicated she will step down once the Bally's and Investment Holdings rescue package is finalised as they will then appoint some new Directors to the Board.

We are happy to support her re-election given the circumstances.

Resolution 3: Election of Bruce Mathieson Jr as a Director – (FOR)

Bruce was officially appointed in October 2025 and has 30 years' experience in hotels, hospitality and gaming. He is the nominee for Investment Holdings and was previously the CEO of ALH Group and former Director of Endeavour Group.

Given his deep industry experience and soon to be major shareholding with company, he seems a very valuable addition to the Board and for other shareholders and we will support his election.

Resolution 4: Remuneration Report – (FOR)

It is fair to say the current Star remuneration plan is unusual and one the ASA would usually be unwilling to support. The CEO compensation is "generous" given the current level of revenue and profits of the company and also has a minimal amount "at risk".

However, these are unusual times at Star and we have considered what was the alternative.

The Board is also well aware that the current plan is not viable long term and this was also reflected in the 43% against vote at last year's AGM. They have indicated they see a return to a more traditional plan from FY27, with much tougher metrics for STI and LTI and more compensation at risk. We will be watching that very closely.

In essence we have a CEO in Steve McCann who seems very qualified and capable. There have been many achievements as listed above in the past year, that seem to demonstrate his negotiating skills and sense of urgency to save the business.

So, it is perhaps unsurprising that he has negotiated a remuneration plan with the Board, that minimises downside in his first few years at the company. He likely knows how valuable he is to the company and its shareholders and the limited options the Board had to find a highly capable leader.

Effectively, he is paid a base salary of $2.5 million and then receives a further $2.5 million in cash as STI and a further $2.5 million in cash as LTI, for both FY25 and FY26. He

needs to remain employed during this period and is also effectively a secured creditor. So, while we considered not supporting the Remuneration Report due to this, for $7.5 million a year over the next 2 years, we arguably have the most likely executive in the country in place to rescue the business and deliver future value for shareholders. If he can achieve this, it is probably money well spent as he was unwilling to sign up to a traditional plan given the huge uncertainty surrounding the current business. And if he is not the "right person" for the job, then the new Directors from Bally's and Investment Holdings will most likely make a change.

For the remainder of the management team other than the new CFO, who are on more traditional STI and LTI, no amounts were awarded in FY25 as the hurdles were obviously not met.

We will continue to monitor the situation closely and will certainly vote against the remuneration plan in future years if a more traditional level of alignment with shareholders doesn't emerge, all else being equal.

Resolution 5: Conditional Spill Resolution – (AGAINST)

As the company received a first strike against its remuneration report in FY24, this resolution is required to be put to the meeting if they receive a second strike this year. Given the significant changes to Board and Management already made over the past few years, plus the likely addition of new Directors from Bally's and Investment Holdings, we will vote against a Board spill if the company receives a second strike.

Appendix 1
Remuneration framework detail

CEO rem. Framework for FY26	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.5	33%	2.5	33%
STI - Cash	2.5	33%	2.5	33%
STI - Equity	0	0%	0	0%
LTI	2.5	33%	2.5	33%
Total	7.5	100.0%	7.5	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.