

SkyCity Entertainment Group Limited
99 Albert Street, Auckland 1010
New Zealand

PO Box 6443, Auckland 1141
New Zealand

p +64 9 363 6000
w www.skycityentertainmentgroup.co.nz

1 February 2024

Client Market Services
NZX Limited
Level 1, NZX Centre
11 Cable Street
WELLINGTON

Copy to:

ASX Market Announcements
Australian Stock Exchange
Exchange Centre
Level 6
20 Bridge Street
Sydney NSW 2000
AUSTRALIA

Dear Sir/Madam

**RE: SKYCITY ENTERTAINMENT GROUP LIMITED (SKC)
UPDATE ON AUSTRAC CIVIL PENALTY PROCEEDINGS AND
ACCOUNTING PROVISION**

Please find **attached** a market release providing an update on the AUSTRAC civil penalty proceedings and related accounting provision.

Authorised by:



Jo Wong
Company Secretary
Phone: +64 9 363 6143
Email: jo.wong@skycity.co.nz

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MARKET RELEASE

SkyCity Entertainment Group Limited
(SKC.NZX/SKC.AX)

1 February 2024

UPDATE ON AUSTRAC CIVIL PENALTY PROCEEDINGS AND ACCOUNTING PROVISION

Case Management Hearing

SkyCity Entertainment Group Limited (**SkyCity**) advises that a case management hearing was held on 1 February 2024 in relation to the civil penalty proceedings filed by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) against SkyCity Adelaide Pty Limited (**SkyCity Adelaide**) on 7 December 2022 alleging contraventions by SkyCity Adelaide under the Australian Anti-Money Laundering and Counter-Terrorism Financing Act (**AML/CTF Act**).

SkyCity Adelaide and AUSTRAC have jointly informed the Court that the parties have come to an agreement in relation to the contraventions that SkyCity Adelaide will admit in the proceedings and the amount of a civil penalty they will jointly propose as appropriate in the circumstances subject to finalisation of a Statement of Agreed Facts and Admissions.

The Court has listed the matter for a hearing in relation to the civil penalty to be imposed on 7 June 2024.

SkyCity expects that a resolution of these matters will be reached during the 2024 financial year. As previously identified, a resolution of the matter will involve SkyCity Adelaide admitting serious breaches of the AML/CTF Act and the imposition by the Court of a material civil penalty.

SkyCity Adelaide continues to cooperate with AUSTRAC more generally, particularly in relation to the ongoing implementation of enhancements to its Adelaide AML/CTF control frameworks.

Revised Provision

In accordance with the requirements of accounting standard NZ IAS 37 in connection with the preparation of SkyCity's financial statements for the six months ended 31 December 2023, SkyCity has revised its provision for a potential AUSTRAC civil penalty and associated legal costs from A\$45 million (NZ\$49 million) as at 30 June 2023 to A\$73 million (NZ\$79 million) as at 31 December 2023.

The revised provision is an estimate of the potential exposure to penalties and legal costs associated with the AUSTRAC civil penalty proceedings following discussions with AUSTRAC. Notwithstanding the indication provided to the Court, the final amount of any civil penalty and associated legal costs that SkyCity Adelaide may be required to pay remains uncertain. The level of any penalty is a matter for the discretion of the Court. Any eventual civil penalty applied by the Court to SkyCity Adelaide in relation to the proceedings may be significantly different than the provision.

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As advised to the market on 14 August 2023, judgments in civil penalty proceedings brought by AUSTRAC to date demonstrate that the Court's determination of the appropriate penalty (where contraventions are admitted or established) is very specific to the facts in each case and that the Court will have regard to a broad range of factors in determining an appropriate civil penalty, including the nature and extent of any contravention(s), loss and damage suffered as a result of any contravention(s), steps taken to improve existing systems, and the relative size and financial position of the business

The timing of any civil penalty to be paid by SkyCity Adelaide is also uncertain.

SkyCity will release its group financial statements for the six months ended 31 December 2023 on 22 February 2024. The revised provision and group financial statements for the six months ended 31 December 2023 remain subject to external audit and final review by the SkyCity Board.

Ends

For more information, please contact:

Investors and analysts	Media
Craig Brown Head of Investor Relations & Corporate Development Mobile: +64 27 470 6802 E-mail: craig.brown@skycity.co.nz	Graeme Muir Communications Manager Phone: +64 216 70 442 Email: graeme.muir@skycity.co.nz